

# Microsoft boss urges rethink of copyright laws for AI

*Satya Nadella says rules must be clear for transformative technology*

by Katie Prescott, The Times Tuesday 22<sup>nd</sup> October 2024

The boss of Microsoft has called for a rethink of copyright laws so that tech giants are able to train artificial intelligence models without risk of infringing intellectual property rights.

Satya Nadella, chief executive of the technology multinational, praised Japan's more flexible copyright laws and said that governments need to develop a new legal framework to define "fair use" of material, which allows people in certain situations to use intellectual property without permission.

Nadella, 57, said governments needed to iron out the rules. "What are the bounds for copyright, which obviously have to be protected? What's fair use?" he said. "For any society to move forward, you need to know what is fair use."

Large language models – the backbone of generative AI that creates new content from existing data – are not simply "regurgitating" information, which would be "copyright infringement", Nadella said.

Speaking after Microsoft's launch of virtual employees at an event in London, he compared the situation to that of using information from textbooks to formulate new ideas. "If I read a set of textbooks and I create new knowledge, is that fair use?" he said.

Intellectual property rights have proved to be a contentious issue as the development of generative AI has accelerated, pitting the creative industries against the technology sector. AI requires high-quality and reliable data in order to produce high-quality results, but that data is expensive to produce.

Jurisdictions are grappling with how to balance innovation in this new technological era with the needs of rights holders.

"What's copyright?" Nadella asked. "If everything is just copyright then I shouldn't be reading textbooks and learning because that would be copyright infringement."

He added: "Whenever there has been a transformative technology, ultimately a framework of law has been established on what fair use looks like, because otherwise there will be no new innovation."

Nadella, who succeeded Steve Ballmer as Microsoft CEO in 2014, said he was "delighted" by the Japanese approach. Japan has become one of the world's most AI-friendly countries with broad rights allowing companies to ingest and use copyrighted works for any type of information analysis, including training AI models.

Nadella said: "Having perhaps gotten behind in software, they want to make sure that they lead when it comes to this next phase. And so they have said that the use of content to create a new generation of models falls under fair use."

Along with OpenAI, a key partner, Microsoft is being sued by The New York Times, which claims its information was used to train the ChatGPT model without permission. Microsoft has subsequently signed a number of licensing deals with companies, such as Informa, the world's biggest exhibitions organiser, to use their data.

Similarly, Getty Images, the visual media company, has launched a case against Stability AI, while Universal Music is suing Anthropic.