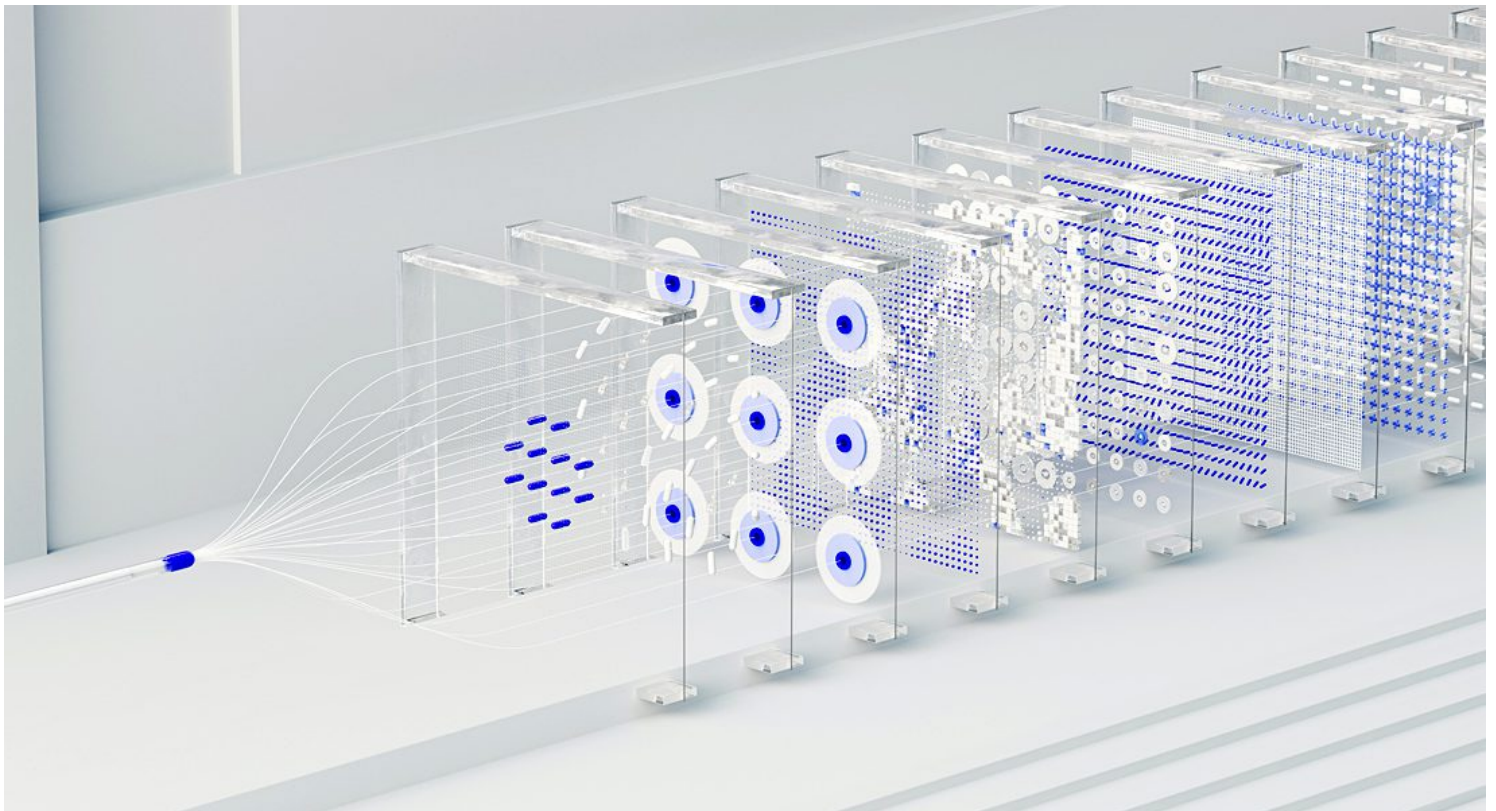


NEWS & INSIGHTS

Protect your data asset in the era of AI

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AI systems rely on large quantities of data to give its most accurate predictions and ideas. But what if an AI system is using the proprietary data of your business without your knowledge?

An AI system with more data access can recognize more sophisticated and detailed patterns and make more informed predictions and develop more innovative technologies. The importance of data for AI-infused technology and business will be like petroleum for mass production in the early 20th century, fueling AI to go further and faster than we knew possible. With AI systems mining as much data as it can find – and will continue to do so until told to stop – every company and entrepreneur should build their current and future business models with considerations for safe data aggregation, data monetization, data sharing, and security.

Vendors and service providers should be prepared to negotiate data ownership and use terms allowing for the reuse of data collected to enhance the AI services. The critical issues surrounding data asset protection include:

- The nature of the data collected and the reason for its collection
- Right and reason to aggregate with data from other sources and transactions
- Option to anonymization
- Confidentiality and security obligations of the data collected
- Right to ingest the data and share it with third parties
- Right to augment the data and generate metadata
- Backup obligations
- Data cleaning

In addition to protecting your data through contractual provisions, data and databases may be protected as one form of intellectual property asset, such as trade secrets, copyrights, or database patents. For data to be protected under these categories, some closer review would be necessary.

In general, it is the best practice to maintain a record of a clear and verifiable chain of title. It is also important to set up internal procedures for access control. Open-source data and software development should document the source code and versions. Have your counsel review the scope of the licensing terms to safeguard your data asset when signing any software license, cloud service agreement, nondisclosure agreement, etc. If you have any questions on how to protect your data asset in your business, please contact a member of our [Intellectual Property](#) Group.

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