

Chapter 7

Artificial Intelligence and Unfair Competition: Legal Strategies for Ethical and Responsible Business Practices

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ABSTRACT

This chapter examines the impact of artificial intelligence (AI) on unfair competition and commercial law, emphasizing ethical implications and corporate social responsibility (CSR). AI has revolutionized market competition and intellectual property protection, providing tools for detecting infringements and optimizing strategies. However, it raises ethical challenges, including privacy concerns, market manipulation, and anticompetitive behavior. The chapter discusses how businesses can ethically use AI while upholding fair competition. It includes case studies and proposes a framework for integrating CSR into AI-driven competition, advocating for legal regulations to define ethical AI boundaries. By exploring the relationship between AI, ethics, and commercial law, the chapter aims to guide companies and policymakers in promoting responsible AI practices in the marketplace.

INTRODUCTION

In today's rapidly evolving global commercial landscape, artificial intelligence (AI) has emerged as a transformative force, redefining how companies compete, innovate, and protect their intellectual property assets. AI's ability to process vast amounts of data, identify patterns, and automate decision-making processes has

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enabled businesses to gain a competitive edge and optimize various aspects of their operations, from market surveillance to customer engagement ((Kaplan & Haenlein, 2020)). However, the growing reliance on AI has also introduced new challenges and ethical dilemmas, particularly in the realm of unfair competition and commercial law. This chapter explores these complex issues, focusing on how AI can both serve as a tool for safeguarding against unfair competition and simultaneously introduce significant ethical concerns in business practices.

AI technologies have given rise to novel forms of commercial strategies, allowing companies to monitor market trends, identify potential intellectual property infringements, and adjust their competitive tactics with unprecedented precision. For instance, AI-driven algorithms can scan online marketplaces to detect counterfeit goods, identify unauthorized use of trademarks, and monitor competitors' activities. This enhanced surveillance capacity provides businesses with the tools necessary to protect their assets effectively and respond quickly to infringements, promoting a more transparent and fair competitive environment (Sharma et al., 2021).

However, the same AI technologies that offer these protective capabilities also present ethical challenges. Automated systems used for market monitoring may cross the line into intrusive data collection, potentially infringing on the privacy rights of consumers and competitors. Similarly, AI algorithms employed for dynamic pricing and market analysis can lead to practices that may be viewed as anticompetitive, such as price-fixing or the exploitation of market dominance. These practices raise important questions about the ethical boundaries of AI use in commerce, as well as the need for legal frameworks that address the implications of AI on fair competition (Calo, 2017).

Moreover, AI's impact on business ethics extends to corporate social responsibility (CSR). In an era where consumers and stakeholders increasingly demand ethical conduct from companies, CSR has become a critical component of business strategy. Companies are not only expected to protect their commercial interests but also to operate in a manner that respects the rights of competitors, consumers, and society at large. The integration of CSR principles into AI-driven business practices is essential to ensure that technological advancements do not compromise fairness, transparency, and respect for the broader market ecosystem (Floridi et al., 2018). Therefore, this chapter seeks to address the pressing need for legal and ethical guidelines that guide companies in using AI responsibly within the competitive landscape.

AI's role in commercial competition is multifaceted, offering both defensive mechanisms against unfair competition and tools for strategic market positioning. On the defensive side, AI technologies empower companies to safeguard their intellectual property (IP) assets. Automated systems can continuously scan the internet for unauthorized use of trademarks, patents, and copyrighted material, providing early detection and facilitating swift enforcement actions. For example, AI-powered image

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