

By VINCENT MANANCOURT

with LAURIE CLARKE, TOM BRISTOW and JOSEPH BAMBRIDGE

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SNEAK PEEK

- On Microsoft/OpenAI, NGOs smell blood.
- Michelle Donelan will set out DSIT's 2024 priorities next week. But don't hold your breath for an AI white paper response.
- Palantir risks getting into trouble with the NHS.

Good morning,

This is Vince, not feeling exactly enticed back into the office amidst a flurry of emails about the heating being broken.

You can get in touch with your news, tips and views by emailing [Vincent Manancourt](#), [Tom Bristow](#) and [Laurie Clarke](#). You can also follow us on Twitter, [@vmanancourt](#), [@TomSBristow](#) and [@llaurieclarke](#).

DRIVING THE DAY

INVESTIGATE NOW: A coalition of NGOs has called on the Competition and Markets Authority to investigate Microsoft's investment in OpenAI. In [a submission](#) to the CMA's consultation on the arrangement seen by POLITICO, Foxglove along with Mozilla, the Open Markets Institute, Irish Council for Civil Liberties and others, said that the Sam Altman firing-and-rehiring snafu in November had "expose[d] as a fiction the idea of an 'arm's-length relationship' between the two companies."

Recap: The November fracas, which saw OpenAI's board fire and then rehire Sam Altman as CEO after reportedly coming under pressure from Microsoft, is thought to be the reason why the CMA has decided to look into the arrangement. "Indeed, [the events of late November 2023] demonstrated that Microsoft has a real role in the operation and strategic direction of OpenAI, with profound implications for competition between the two companies, and in AI more generally," the NGOs' submission reads.

Calling Microsoft's bluff: The NGOs are skeptical of what they understand are Microsoft's claims that its latest \$10 billion investment in early 2023 did not change the nature of its relationship with OpenAI, which it had previously plugged money into. "Companies are deliberately reconfiguring their 'deals' to look like innocent 'agreements,' which is fundamentally a circumvention of scrutiny. This is particularly true for Microsoft's partnership with OpenAI," reads their submission.

Big influence: The submission argues that Microsoft's influence goes far beyond its financial investment, including as OpenAI's exclusive cloud provider and lays out the competition issues the CMA should investigate, such as the extent to which OpenAI has operational and strategic independence. "As the first competition authority to formally investigate the Microsoft/OpenAI partnership, the CMA can lead the way in preserving an open and diverse AI ecosystem," the submission reads. No pressure!

Responses: The CMA declined to comment. Microsoft declined to comment or to share its response to the CMA, but repeated the statement from its president Brad Smith back in December that OpenAI's independence had been "preserved" through the partnership and the only thing that had changed was it now had a non-voting, observer role on its board.

AGENDA

SPEECH DATE: Invites have started going out for a speech by Michelle Donelan at lunchtime next Tuesday (January 16) at [Plexal's](#) base in Stratford. It will set out DSIT's priorities for the year and ambitions to make the U.K. a tech superpower.

Don't expect much on the AI white paper. The government's response to that consultation will now come later than mid-January. Donelan said in December it would be published in early 2024.

COMMITTEE CORRIDOR: Online safety campaigner and crossbench peer Beeban Kidron is among those giving evidence to an education committee session on [online harms and digital literacy](#) for children at 10 a.m. The U.K.'s relationship with China is expected to come up when Foreign Secretary David Cameron [gets his first grilling](#) from MPs on the foreign affairs committee this afternoon. The session kicks off at 2:30 p.m.

AROUND THE WORLD

ACROSS THE POND: Senior European and American leaders are expected to meet in Washington, D.C., the week of January 29 for a trade and technology summit that will include discussions around artificial intelligence, according to three European Union officials. Our colleagues Mark Scott and Camille Gijs have the [story](#).

LOOKING EAST: Amazon, Microsoft and Google are all bowing to pressure from Saudi Arabia to expand their presence in the country. The Saudi government has threatened to withhold lucrative contracts from overseas firms that don't have regional HQs in the Gulf state. Bloomberg has [more](#).

CHIP WARS: U.S. lawmakers are pushing the Biden administration to introduce measures to loosen China's grip on the production of older-generation chips, the WSJ [reports](#).

AI ASSISTANT: Deloitte's European staff will be given access to an AI chatbot to help them draft emails, create presentations and write code, [per the FT](#).

OFCOM

ROUND TWO: This morning, MPs are [set to examine](#) a draft regulatory instrument that will increase international intel sharing between Ofcom and overseas online safety regulators. A piece of secondary legislation spawned by the [Online Safety Act](#), the instrument details which regulators Ofcom will be able to collaborate with.

Well, which regulators? The legislation names France, the Netherlands, Germany, Ireland, Australia and the European Commission as initial partners. DSIT [told the secondary legislation scrutiny \(SLS\) committee](#) that it expects more to be added in future, for example, if the U.S. ever designates an online safety regulator.

Why it matters: Once the instrument becomes law, Ofcom will be able to share information which helps overseas online safety regulators fulfill their functions, as well as supporting online safety-related criminal investigations. "This cooperation may address a source of harm for U.K. users, for example by preventing malign actors from disseminating suicide and self-harm content on regulated services," DSIT told the SLS committee.

A joined-up approach: The SLS Committee report notes there are no reciprocal information-sharing agreements on the cards right now (although Australia's online safety regulator can already share information globally). But the U.K. expects more sharing in future, pointing to European nations' "Digital Service Coordinators" as a potential point of exchange.

The bigger goal: Reciprocity aside, the government anticipates Ofcom cooperating more with other regulators "will lead to international regulatory alignment, which is likely to reduce the regulatory burden on Ofcom as well as international counterparts," reads the SLS committee report.

Sound familiar? A joined-up approach to online safety is also the goal of the global network of online safety regulators, of which Ofcom is a founding member. Composed of regulators from Australia, Ireland, South Africa, South Korea and Fiji, the network aims to facilitate the sharing of insights, experience and best practice in this space.

Key aims: The group's [strategic plan](#) highlighted "working cooperatively to share information and develop joint research or policy statements" and "identifying opportunities for possible bilateral or multilateral regulatory cooperation" as key aims.

PALANTIR

NHS CONTRACT CONTROVERSY DEEPENS: Palantir's contract to provide the U.K. National Health Service with a data platform is no stranger to controversy. Now it risks being embroiled in even more, after it emerged that Palantir considered hiring social media influencers to push back on claims against the company.

Keep schtum: The influencers were told to "keep the brand confidential and not tag Palantir," according to a briefing document [passed to POLITICO](#) by the Good Law Project, which is accused of "spreading fear" in its campaign against the firm in the same document.

Therein lies the rub: The problem for Palantir is that it could have been required to get the NHS's approval before contemplating the campaign. The NHS is looking into the matter, and a spokesperson said that it had not approved any communications related to its data platform.

Doubling down: Louis Mosley, Palantir's London-based EVP for Europe, said

the company did have concerns about the Good Law Project “communicating misinformation relating to our work and our software.” He described the influencer reach out as part of “an exploratory project,” where an external agency set out an approach and communicated it to social media influencers. “We decided not to pursue the project — as such, the campaign was not discussed with NHS England,” he said.

‘Alarming’: Ian Browne at the Good Law Project, which is prepping legal action against the contract, said he welcomed NHS England’s investigation into the matter. “It’s alarming that Palantir might have breached its contract with NHS England, just weeks after signing it.”

ARTIFICIAL INTELLIGENCE

FIRING BACK: OpenAI last night published a blog [responding to accusations](#) that its products are engaged in rampant copyright infringement, including those made in [a headline-grabbing legal challenge](#) filed in U.S. courts by the New York Times last month.

Objection, your honor: In the post, OpenAI disputes a number of arguments made in the NYT’s lawsuit. The company argues that training AI models using copyrighted content is protected under the broad “fair use” exemption in U.S. law and similar laws in other jurisdictions. (Needless to say, [not everyone agrees](#) with this interpretation of the law.)

The whole truth: OpenAI also argues that examples of its chatbots regurgitating NYT articles word-for-word, as highlighted in the publication’s lawsuit, are “a rare failure” of the tech’s guardrails. It adds that the NYT was “failing to tell the full story,” saying the two companies had been negotiating a “high-value partnership” until the NYT’s lawsuit blew up the talks.

Disclaimer: OpenAI has already struck hefty licensing deals with other publishing groups, including Axel Springer, POLITICO’s parent company.

Closer to home: OpenAI’s riposte comes shortly after the Lords digital and communications committee [published evidence](#) submitted by the AI company to its inquiry into large language models. There, OpenAI told peers that “it would be impossible to train today’s leading AI models without using copyrighted materials” but argued “we believe that legally copyright law does not forbid training.”

Reminder: AI firms and copyright holders remain locked in fruitless talks over a licensing code of conduct that has already missed two previous deadlines. AI and Intellectual Property Minister Jonathan Berry has previously admitted that progress on the code has been hampered by “disagreements that come down to legal interpretations across multiple jurisdictions.”

MOVERS & SHAKERS

ONLINE SAFETY GIG: One of the world’s “best-known tech brands” (our money’s on Meta) is looking for a [public policy manager](#) to work on online safety. The role is for nine months and pays £120,000 a year.

BEFORE YOU GO

JOB HUNTING: Chloe Smith [told Times Radio](#) she is hoping to make a contribution in science and technology when she leaves parliament at the next election and sees her future in the private sector. The Norwich North MP covered for Michelle Donelan’s maternity leave last year.

PLAYTIME: The Children’s Commissioner has [published a report](#) on children’s views on video games. In short: they love them, but as children’s commissioner Rachel de Souza warns: “Gaming is one of those areas where I fear children’s views and interests may be in competition.”

‘LOL’: Elon Musk has sort of responded to claims in the [Wall Street Journal](#) that his alleged drug-taking is worrying executives at Tesla and SpaceX. “Lol,” he [wrote on X](#), followed by: “TMZ has vastly higher standards than the WSJ (actually).”

NUMBER CRUNCHING: ProtonMail has [crunched the numbers](#) to show Big Tech firms have already earned enough this year to pay all the fines they received in 2023.

Morning Technology wouldn’t happen without Oscar Williams, Joseph Bambridge and the production team.

HEADLINES

Here’s a recap of yesterday’s news, along with Pro articles and alerts from overnight.