

04 June 2025

Feedback of

ACT | The App Association
(Transparency Reg. # 72029513877-54)
Rue Belliard 40,
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to the

European Commission

regarding its

Apply AI Strategy

Introduction and statement of interest

ACT | The App Association (hereafter ‘App Association’) welcomes the opportunity to submit comments to the European Commission on the Apply AI Strategy.

The App Association is a policy trade association for the **small business technology developer community**. Our members are entrepreneurs, innovators, and independent developers within the global app ecosystem that engage with verticals across every industry. We work with and for our members to promote a policy environment that rewards and inspires innovation while providing resources that help them raise capital, create jobs, and continue to build incredible technology. Today, the ecosystem the App Association represents—which we call the app economy—is valued at approximately €86 billion and is responsible for over 1.3 million jobs in the European Union (EU).¹

We support the European Commission’s objective of making Europe a global leader in trustworthy artificial intelligence (AI). Please see:

- The App Association’s comprehensive *AI Policy Principles* (<https://actonline.org/wp-content/uploads/Global-Policy-Principles-for-AI-Addressed-to-EU-Policy-Makers.pdf>); and
- The App Association’s *AI Roles & Interdependencies Framework*, which defines a typical AI value chain’s actors and recommends roles for transparency and safety (<https://actonline.org/wp-content/uploads/ACT-AI-Roles-Interdependencies-Framework-final-text-May-2024-UK-English.pdf>).

The Apply AI Strategy is a timely opportunity to ensure that this vision becomes a reality, especially for small and medium-sized enterprises (SMEs) that represent the backbone of the EU economy. This submission focuses on four priority areas we believe are crucial to ensure the success of the strategy.

Simplification of the AI Act

We support the overarching goals of the AI Act, as it is a valuable piece of legislation to foster a harmonised EU framework for trustworthy AI, promoting ethical use and enhancing global competitiveness. We strongly welcome the recent mention in the AI Continent Action Plan of the possible simplification of the AI Act.

As it stands, the compliance obligations under the AI Act, particularly around high-risk systems and general-purpose AI (GPAI), risk imposing disproportionate burdens on SMEs and startups. These businesses are at the heart of AI innovation in Europe but often lack the legal, technical, and financial resources to navigate complex regulatory requirements. If not addressed, these costs and uncertainties could create a systemic disadvantage for smaller firms and deter them from investing in or deploying AI solutions.

We therefore advocate for a meaningful revision and simplification of the AI Act that ensures:

¹ See <https://actonline.org/wp-content/uploads/Deloitte-The-App-Economy-in-the-EU-2020.pdf>.

- **Proportional compliance mechanisms** for SMEs, including streamlined obligations for low-risk deployments.
- **Sector-specific guidelines** and practical toolkits to clarify how risk classifications apply in real-world use cases.
- **Clearer definitions** of high-risk and GPAI systems, with flexibility to adapt as technologies evolve.
- **AI Act exemptions for SMEs**, such as delayed compliance timelines, simplified conformity assessments, or reduced documentation burdens for companies below defined size and revenue thresholds.

A well-implemented risk-based approach should ensure that responsibility is proportionately assigned to actors in the AI value chain, based on their ability to mitigate risk, without shifting undue burdens onto smaller innovators.

Ensuring legal certainty on copyright protection

As the Commission looks to boost AI innovation across the EU, the Apply AI Strategy and the implementation of the AI Act must provide clear and enforceable guidance on copyright protections. Our members, many of whom are SME software developers, rely on both open- and closed-source software, as well as original digital content, to power AI-driven applications. They are creators and licensees, and their ability to innovate, compete, and scale hinges on strong, predictable copyright frameworks.

We welcome the AI Act's acknowledgment of the copyright implications of using data to train AI systems. However, there remains significant uncertainty around how these provisions will be applied in practice. Small businesses are especially vulnerable to this lack of clarity. Unintentional copyright infringement, due to unclear data provenance, ambiguous training-data rights, or misuse by downstream actors, could expose SMEs to legal and financial risks they are not equipped to absorb.

Furthermore, piracy and unauthorised use of copyrighted material, including software and creative assets, continue to threaten developers' livelihoods, undermine trust in legitimate digital services, and create cybersecurity risks for consumers. Free, ad-supported apps are frequently stolen and modified, harming honest developers and users alike.

We therefore call for:

- **Clear, practical guidance** on copyright compliance for AI training and usage, especially tailored to SMEs.
- **Stronger enforcement mechanisms** against piracy and counterfeit AI-enabled apps.
- **Legal clarity around the ownership and use of AI-generated content**, including how existing copyright laws apply.

A balanced approach that protects intellectual property while enabling responsible AI development is essential to foster innovation, ensure fairness in the marketplace, and preserve consumer trust.

Support the development of regulatory sandboxes

We welcome the inclusion of regulatory sandboxes as a tool to promote safe innovation and experimentation under the AI Act. Sandboxes offer SMEs a unique opportunity to test new AI technologies in a supervised, low-risk environment, helping them validate compliance requirements while continuing to innovate. However, the current approach, which leaves sandbox design and implementation to Member States, risks fragmentation and unequal access across the EU.

To ensure a more consistent and supportive environment for innovators, we urge the European Commission to take an active role in **coordinating and harmonising regulatory sandbox practices**. Specifically, we recommend:

- The creation of **EU-level guidance** that outlines core principles, eligibility criteria, and minimum standards for sandbox operation;
- The development of a **shared EU sandbox framework or toolkit**, enabling Member States to align national sandboxes with best practices;
- Support for **cross-border participation**, particularly for startups and SMEs that operate in more than one EU country.

Harmonised and accessible sandboxes will help level the playing field, allowing small developers to benefit from regulatory support regardless of geography, and reducing the risk of legal uncertainty as they bring AI solutions to market.

Clarify the AI Act's interplay with other regulations

In recent years, EU regulations have increased to address new challenges in the digital market. This has created new and additional challenges for SMEs, which, besides having more Regulations to comply with, are often heightened by overlaps and conflicts between laws.

This growing body of legislation, including the General Data Protection Regulation (GDPR), the Data Act, and the AI Act, has introduced new complexities for SMEs. These businesses face not only a higher volume of compliance obligations but also the difficulty of managing overlapping and at times conflicting requirements across legal instruments.

In particular, we see significant uncertainty at the intersection of the AI Act and the GDPR. For example, SMEs developing or deploying AI-powered analytics tools may be unsure whether certain applications fall under high-risk AI or automated decision-making under the GDPR, and what each designation would require in practice.

Moving forward, we urge the EU to prioritise practical implementation by issuing coordinated, cross-regulation guidance, especially where obligations overlap between the AI Act and existing laws like the GDPR. This includes:

- **Clarified definitions** and decision trees to help developers determine the applicable obligations;
- **Joint guidance** from the AI Office and relevant data protection authorities (such as the European Data Protection Board) on data use in AI training and inference;
- **Harmonised risk assessments** that can satisfy both AI Act and GDPR requirements, without duplication;
- A focus on **SME-tailored resources**, such as templates, FAQs, and model documentation.

Ultimately, a more coherent regulatory environment, supported by clear and consistent implementation tools, will ensure that SMEs can innovate confidently, meet legal obligations efficiently, and contribute fully to Europe’s digital future.

Conclusion

The AI Act has the potential to position Europe as a leader in ethical and human-centric AI. To fully realise this ambition, implementation must actively support the companies driving AI innovation, particularly SMEs. Simplification, harmonised guidance, proportionate obligations, and better coordination across legal frameworks are essential to enable SMEs to contribute to and benefit from Europe’s AI strategy.

We appreciate the opportunity to contribute to this public consultation and remain committed to working with EU institutions to build a digital single market where trust, innovation, and competitiveness can thrive together.



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