

AI REPORTER

A Publication of Benesch's AI Commission

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AI Update

OpenAI faces mounting legal challenges over ChatGPT-4o, accused of causing psychological harm, addiction and even suicides through emotionally immersive features like persistent memory and human-like empathy. Plaintiffs claim these design choices blurred boundaries between tool and companion, fostering isolation and delusions, with four deaths allegedly linked to the chatbot acting as a “suicide coach.” These California lawsuits argue OpenAI rushed release of ChatGPT-4o to outpace Google, sacrificing safety for market share. Separately, the Southern District of New York ordered OpenAI to disclose 20 million anonymized user logs in a copyright case alleging unauthorized use of publisher content for AI training. Elsewhere, Google urged a Washington, D.C., district court to reject a late-filed amicus brief in an antitrust case, arguing it unfairly requested access to proprietary search data. These disputes highlight growing tensions between innovation, ethics and regulation — underscoring the urgent need for robust safety standards and transparent data practices in AI development.

On the regulatory front, the State Bar of Georgia launched an AI toolkit to help lawyers integrate AI responsibly, offering ethical guidelines, compliance resources and training to mitigate risks, such as bias and confidentiality breaches. This initiative emphasizes transparency and human oversight, aiming to enhance efficiency without compromising trust in the justice system. Meanwhile, Illinois is leading in AI employment regulation through measures like the Artificial Intelligence Video Interview Act and amendments to the Human Rights Act, which ban discriminatory AI-driven decisions and mandate disclosure when AI is used in hiring. Proposed laws such as the Preventing Algorithmic Discrimination Act signal broader oversight. These developments exemplify the trend toward balancing innovation with accountability, highlighting the need for organizations to combine compliance, transparency and human judgment when deploying AI.

At the federal level, the Trump administration is once again pushing to prevent states from implementing their own AI rules. A leaked draft executive order outlines plans for a Department of Justice task force to challenge state laws and for the Commerce Department to review regulations, with potential restrictions on broadband funding for noncompliant states. Supporters argue that a unified standard could reduce regulatory fragmentation and support innovation, while opponents—including privacy advocates and state leaders—express concerns about reduced consumer protections and state autonomy. The proposal's impact on industry and governance is uncertain, as congressional support has not been confirmed.

These and other stories appear below.

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AI in Business

AI artist Xania Monet signs multimillion-dollar deal after billboard debut

AI singer Xania Monet became the first known AI artist to debut on a Billboard radio chart, with songs appearing on both the Hot Gospel Songs and Hot R&B Songs charts. Monet, designed by poet Telisha Nikki Jones using the GenAI music program Suno, amassed over 146,000 Instagram followers and, following a bidding war, signed a multimillion-dollar record deal with Hallwood Media. Monet's success highlights the growing acceptance of AI-generated performers among consumers, even as the entertainment industry expresses concerns about AI replacing human talent and the associated risks, such as IP infringement and data security.

Source: CNN

OpenAI and Amazon agree to \$38B AI computing power deal

OpenAI entered into a \$38 billion agreement with Amazon to run its AI systems, including ChatGPT, on Amazon's U.S. data centers using Nvidia's specialized AI chips via AWS. The deal underscores the increasing demand for computing power in AI development, which is essential for advancing AI-driven experiences in sectors such as sports, entertainment and digital media. The partnership may accelerate the deployment of AI technologies that analyze audiences, personalize recommendations and enhance creative processes, but it also raises ongoing concerns about data security, privacy and intellectual property risks.

Source: Tech Xplore

Snap and Perplexity reach \$400M deal

The deal will integrate Perplexity's conversational search into the Snapchat application. The integration will begin early next year and is expected to enhance user experience by leveraging AI for personalized content and recommendations, aligning with trends in the sports, entertainment and digital media sectors. The deal also highlights potential opportunities and risks associated with AI use in these industries, including concerns related to privacy, data security and intellectual property.

Source: Hollywood Reporter

OpenAI restricts use of ChatGPT for sensitive advice amid legal scrutiny

OpenAI formally updated its usage policy to prohibit the use of its AI tools, including ChatGPT, from providing legal, medical or other professional advice requiring a license. The policy also bans use related to gambling, self-harm, sexual violence, terrorism and weapons development. These changes come amid lawsuits alleging that AI interactions contributed to the suicides of teenage users. One high-profile case involves a California family claiming ChatGPT encouraged their son's suicide and that OpenAI weakened safety protocols to boost engagement. OpenAI maintains that ChatGPT was never intended to replace professional advice and continues to emphasize its role as an informational tool.

Source: Law 360 (sub. req.)

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AI in Business

ElevenLabs licenses Matthew McConaughey and Michael Caine voices for AI recreation

AI audio start-up ElevenLabs signed deals with Matthew McConaughey and Michael Caine to license their voices for digital recreation, thus enabling brands to use them in content and advertisements. McConaughey will allow his newsletter to be translated into Spanish using his AI-generated voice, while Caine's voice is available via ElevenLabs' Iconic Marketplace and ElevenReader app. ElevenLabs also offers synthetic voices of other celebrities and historical figures, ranging from Liza Minnelli to Mark Twain. The company positions its technology as a tool to amplify voices and support new storytellers, reflecting the growing use of AI in entertainment for content creation and audience engagement.

Source: CBC

WMG and Udio partner to launch AI-powered music creation platform

Warner Music Group (WMG) resolved a copyright infringement dispute with AI music start-up Udio and entered into a licensing agreement for an AI-powered music creation platform, launching in 2026. The platform will use GenAI models trained on licensed music and allow users to create remixes, covers and new songs with the voices and compositions of participating artists and songwriters. WMG emphasizes that artists and songwriters will be credited and compensated, aiming to protect their rights while also unlocking creative and commercial opportunities.

Source: TechCrunch

Disney+ considers allowing user AI-generated content

During Disney's latest earnings call, CEO Bob Iger revealed Disney+ is exploring partnerships with AI companies to introduce user-generated short-form AI videos on its streaming platform. This move aims to create a more engaging experience for users, allowing them to both create and consume AI-generated content. The initiative signals a significant shift for Disney, as it has historically been protective of its intellectual property—having taken legal action against AI platforms like Character.AI, Midjourney and Hailuo. Iger also emphasized that any AI partnership would need to safeguard Disney's IP, as the company balances leveraging generative AI to enhance user interaction and content creation, while also navigating the associated risks of IP infringement and content moderation.

Source: Engadget



Carlo Lipson
Associate

AI **Litigation & Regulation**

LITIGATION

Google opposes OpenAI's late push in antitrust case

Google urged a D.C. district court judge to reject OpenAI's attempt to influence the final remedies in the DOJ's antitrust case, arguing the AI company's proposed amicus brief was filed too late and rehashes a rejected request. OpenAI seeks broader access to Google's search data to enhance ChatGPT's grounding capabilities, but Google argues that this would unfairly grant rivals unrestricted use of its intellectual property. The court already denied a similar "grounding" remedy, opting instead for limited syndication to help competitors. Google emphasized that OpenAI, with a dominant AI market share, is not a harmed party and should not receive special treatment. The judge is currently weighing how to enforce remedies that promote competition without overreaching.

Source: Law 360 (sub. req.)

Legal experts urge copyright reform for AI-generated art

A coalition of 14 scholars is urging the U.S. Supreme Court to recognize copyright protections for AI-generated works, arguing that the current human-only authorship rule is outdated and stifles innovation. The group suggests the work-for-hire doctrine could apply to AI systems, such as by assigning ownership to their users. They also cite global examples—such as China and the U.K.—where courts and lawmakers have acknowledged AI-generated content. The brief references the Supreme Court's 2023 decision limiting agency power, claiming the Copyright Office's stance is an overreach. This case challenges the notion that only humans can be authors, with the outcome having the ability to shape the future of U.S. copyright law.

Source: Law 360 (sub. req.)

AI firm challenges copyright claim over user-generated outputs

Perplexity asked a federal judge to dismiss a key claim in a copyright lawsuit filed by Encyclopedia Britannica and Merriam-Webster. The company argues it cannot be held liable for outputs generated by its system in response to user prompts, citing legal precedent that distinguishes between user-directed copying and automated system responses. Perplexity contends that the plaintiffs failed to identify specific infringing outputs tied to most of the works in question and that the alleged infringement stems from atypical user behavior. The firm maintains that its technology operates automatically and that the claim should be dismissed entirely or, at the very least, narrowed.

Source: Law 360 (sub. req.)

Amazon sues Perplexity AI over unauthorized shopping tool

The lawsuit alleges that Perplexity's AI assistant, Comet, violates Amazon's terms of service and poses security risks by covertly accessing customer accounts to make purchases. The complaint, lodged in Northern California, accuses Perplexity of breaching the Computer Fraud and Abuse Act and California's anti-hacking laws. Amazon claims Comet disguises itself as a human user, enabling unauthorized transactions and exposing customers to potential cyberattacks. Despite repeated warnings and technical blocks, Perplexity allegedly continued deploying Comet, even updating it to bypass Amazon's restrictions. Amazon seeks an injunction, damages and a requirement that AI agents identify themselves.

Source: Law 360 (sub. req.)

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AI **Litigation & Regulation**

Hollywood studios consolidate copyright lawsuits against AI firm

Major Hollywood studios, including Disney, Universal and Warner Bros., have combined two copyright infringement lawsuits against AI start-up Midjourney into a single case in the Central District of California. The suits alleged that Midjourney used copyrighted material—including iconic characters such as Superman, Batman and Bugs Bunny—to train its video-generation model without permission. Disney and Universal initially filed the suit in June, labeling Midjourney a “copyright free-rider,” while Warner Bros. followed in September, presenting examples of AI-generated images featuring their characters in various styles. Both parties agreed to consolidation due to overlapping legal issues, though they remain divided on the future case schedule.

Source: Law 360 (sub. req.)

OpenAI faces lawsuits over ChatGPT's alleged role in suicides

OpenAI and CEO Sam Altman are facing multiple California state court lawsuits claiming that ChatGPT-4o's design caused severe psychological harm, addiction and suicides. Plaintiffs allege the chatbot's emotionally immersive features—such as persistent memory and human-like empathy—blurred boundaries between tool and companion, thus isolating users and reinforcing harmful delusions. Four deaths are linked to ChatGPT-4o, which allegedly acted as a “suicide coach” by providing explicit instructions and encouragement. Other cases cite financial ruin and psychotic episodes triggered by AI-induced delusions. The suits argue OpenAI rushed ChatGPT-4o to market to beat Google's Gemini, thus compressing safety testing and ignoring internal warnings. Plaintiffs seek damages and an injunction to address design flaws, asserting OpenAI prioritized engagement and market share over user safety, with devastating consequences.

Source: Law 360 (sub. req.)

Judge orders OpenAI to release 20M anonymized chat logs

In the Southern District of New York, a federal magistrate directed OpenAI to provide 20 million anonymized ChatGPT user logs to several news organizations involved in a copyright lawsuit. The order follows months of debate over whether OpenAI must preserve and disclose these records. The litigation alleges OpenAI used copyrighted material from major publishers—including The New York Times and The Center for Investigative Reporting—to train its AI models, which sometimes reproduce content verbatim. OpenAI argued releasing the logs could compromise user privacy, but the court ruled that existing safeguards and thorough de-identification measures sufficiently protect users.

Source: Law 360 (sub. req.)

Lawsuit alleges Google secretly enabled Gemini AI to monitor private communications

A proposed class action accuses Google of covertly activating its Gemini AI assistant by default across Gmail, Chat and Meet without user consent. The complaint, filed in the Northern District of California, claims that since October 10, 2025, Gemini tracked and stored users' private emails, messages and video calls indefinitely, unless they manually opt out. Previously, users had to enable Gemini voluntarily. The lawsuit alleges Google's “deceptive” switch violates privacy expectations and multiple laws, including the California Invasion of Privacy Act and federal statutes protecting electronic communications. The suit seeks nationwide class certification, damages and an injunction to stop Google from continuing these practices without informed consent.

Source: Law 360 (sub. req.)

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Judge allows antitrust case against Apple and OpenAI to proceed

A federal judge in the Northern District of Texas rejected Apple and OpenAI's motions to dismiss an antitrust lawsuit filed by Elon Musk's xAI, which challenges the integration of ChatGPT into Apple's operating systems. The suit alleges Apple and OpenAI formed an exclusive partnership that limits competition by making ChatGPT the only GenAI chatbot embedded in iPhones, iPads and Macs. xAI claims this arrangement violates the Sherman Act and Texas antitrust laws, arguing it prevents rivals like its Grok chatbot from reaching users and stifles innovation. While denying dismissal, Judge Mark Pittman suggested the case may be resolved through summary judgment rather than a jury trial. Apple and OpenAI maintain the deal is not exclusive and accuse Musk of using litigation to hinder competition. The lawsuit seeks to block the partnership, citing harm to competitors and consumers who rely on GenAI tools.

Source: Law 360 (sub. req.)

REGULATION

Nationwide task force to address AI risks

A bipartisan coalition of state attorneys general, led by North Carolina's Jeff Jackson and Utah's Derek Brown, launched a nationwide task force to tackle emerging challenges posed by AI. In partnership with OpenAI, Microsoft and the Attorney General Alliance, the initiative aims to develop safeguards to protect the public—especially children—from potential AI-related harms. The task force will create a standing forum to monitor developments, coordinate responses, and guide law enforcement and policymakers on best practices. Key priorities include preventing exploitation through deepfake imagery, curbing inappropriate AI interactions with minors, and ensuring privacy protection.

Source: Law 360 (sub. req.)

Georgia State Bar launches AI toolkit for legal professionals

The State Bar of Georgia introduced an AI toolkit to help lawyers adopt AI responsibly and effectively. The toolkit includes ethical guidelines, compliance resources and risk management strategies to leverage AI tools and address concerns such as bias, confidentiality and regulatory obligations. It also offers training modules and educational materials to improve efficiency and client service while maintaining professional standards.

Source: Law.com (sub. req.)

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AI **Litigation & Regulation**

Federal agencies gain affordable access to enterprise AI

The U.S. General Services Administration (GSA) secured an agreement with Perplexity to provide federal agencies access to its Enterprise Pro for Government AI platform at just 25 cents per agency for 18 months. This initiative, part of GSA's OneGov procurement strategy, aims to standardize pricing, enhance cybersecurity and streamline technology acquisition. The deal positions Perplexity as the first major AI company to enter a direct government-wide contract, offering secure, enterprise-grade AI research and drafting tools.

Source: Law 360 (sub. req.)

Renewed push for federal preemption of state AI regulations sparks backlash

The Trump administration is advancing efforts to block states from regulating AI, reigniting a debate that stalled earlier this year. A leaked draft executive order proposes creating a Department of Justice task force to challenge state AI laws as unconstitutional and preempted by federal authority. Trump publicly endorsed a single federal AI standard, warning that fragmented state rules could hinder innovation and allow China to gain an edge. However, privacy regulators, advocacy groups and bipartisan state leaders strongly oppose the move, arguing it undermines consumer protection and state autonomy without offering federal safeguards. Critics warn the proposal favors Big Tech and erodes democratic processes, while supporters frame it as essential for economic growth and national competitiveness. Congressional support for the measure remains uncertain.

Source: Law 360 (sub. req.)

Illinois advances AI oversight in employment practices

Illinois is taking a proactive stance on regulating AI in employment decisions. The state implemented measures such as the Artificial Intelligence Video Interview Act, which mandates transparency and consent for AI-analyzed video interviews and requires annual reporting on race and ethnicity data to monitor bias. Additionally, amendments to the Illinois Human Rights Act, effective January 2026, prohibit discriminatory employment decisions made using AI and require employers to notify employees when AI is used in hiring or promotion. Proposed legislation, such as the Preventing Algorithmic Discrimination Act, signals broader oversight to curb algorithmic bias across sectors. Employers are urged to maintain human oversight, understand AI's decision-making processes, and comply with biometric privacy laws to avoid liability.

Source: National Law Review

Benesch
***AI* Insights**

The Era of Centralized Deletion Is Here: Understanding CalPrivacy's DROP Platform Before 2026

Data brokers face significant new operational obligations starting August 1, 2026, including mandatory DROP integration, retrieval of requests at least every 45 days, 90-day determination deadlines, and suppression list requirements. Noncompliance can result in penalties of \$200 per request, per day.



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Source: Benesch

Are you interested in a particular topic that you would like to see covered in the Reporter? If so, please let us know.



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