

AI REPORTER

A Publication of Benesch's AI Commission

In This Issue

AI Update..... 2

AI in Business

GenAI adoption leads to business improvements, revenue increases..... 3

Microsoft lists OpenAI among competitors in annual report..... 3

Patient safety top consideration for healthcare organizations adopting AI..... 3

Apple to join AI arms race with updated iOS launch 3

Banks turning to AI to streamline estate management, compliance 4

Cisco, Google, IBM establish AI Enabled ICT Workforce Consortium 4

AI Litigation & Regulation

LITIGATION

DOJ investigating Nvidia acquisition of AI startup Run:ai 5

Google, OpenAI facing lawsuit over using YouTube videos to train AI 5

Elon Musk files another lawsuit against OpenAI 5

California court denies in part motion to dismiss artists' copyright claims..... 5

Nvidia facing lawsuit over scraping YouTube videos for AI training 5

Authors file copyright infringement suit against Anthropic 5

REGULATION

Department of Commerce releases guidance and software to help mitigate, evaluate AI risks 6

Senate introduces legislation protecting artists from AI deepfakes, moves to House 6

NY AG releases report on benefits, risks of AI 6

Senate introduces bill to promote AI innovation in financial services sector..... 6

X agrees to pause AI training on EU users' posts in response to regulatory backlash 7

MFA makes recommendations on AI to Treasury Department..... 7

OpenAI, Microsoft support California AI bill..... 7

CALIFORNIA REGULATION ROUNDUP

2023-2024R Cal. A.B. 2905 (Enrolled) 7

Benesch AI Insights

Why Every Company Needs an AI Policy 8

The DOJ's Lawsuit Against RealPage: Unpacking the Allegations and Implications for the Rental Market..... 8

Upcoming Events..... 9

AI Update



Steven M. Selna
Partner

There has been a seismic shift in the relationship between Big Tech's AI power couple, Microsoft and OpenAI. The former listed the AI pioneer as a competitor in its annual report, perhaps signaling a less friendly dynamic between the two companies going forward.

Meanwhile, Apple threw its hat into the AI ring with the launch of its new iOS and an upgraded Siri powered by OpenAI. In the leadup to the launch, Apple also joined the growing list of companies signing on to the Biden Administration's voluntary guidelines for responsible AI innovation.

In the courtroom, Elon Musk filed yet another lawsuit against OpenAI, alleging he was duped into investing \$44 million by the company's claims that it would remain non-profit. It remains to be seen whether Musk intends to go the distance with this litigation or whether he will drop it like the last one. There were also several copyright suits filed against Google, OpenAI and Nvidia over the use of YouTube content to train their respective AI's.

NVIDIA also drew attention from the DOJ over its acquisition of AI startup Run:ai for its potential anticompetitive impact. Across the pond, the UK's competition body began its own investigation into Amazon's investment in Anthropic, citing similar concerns.

In the regulatory space, the U.S. Senate introduced a pair of AI-focused bills. The NO FAKES Act looks to hold companies liable for using digital replicas of an individual in audiovisual works without consent. The Unleashing Innovation in Financial Services Act looks to encourage collaboration between the government and private sector to promote AI innovation in the financial sector.

Details on these and other developments appear on the following pages.



Sydney E. Allen
Associate

AI in Business

[GenAI adoption leads to business improvements, revenue increases](#)

Research conducted by Gartner revealed early GenAI adopters across various industries are experiencing significant business improvements, with an average revenue increase of 15.8%, cost savings of 15.2% and productivity improvement of 22.6%. However, the costs and benefits of GenAI are highly variable and depend on the use cases, deployment approaches and the company's AI strategy. The survey, which included 822 business leaders, highlights the challenges in estimating the value of GenAI due to its indirect benefits and the need for a higher tolerance for future financial investment over immediate ROI.

Source: Gartner

[Microsoft lists OpenAI among competitors in annual report](#)

In a move marking a shift in the relationship between Microsoft and AI pioneer OpenAI, the tech giant's annually updated list of competitors now includes OpenAI—a long-term strategic partner. This follows OpenAI's announcement of a prototype of a search engine called SearchGPT. Microsoft, which is OpenAI's exclusive cloud provider and biggest investor with \$13 billion invested, uses OpenAI's AI models in its products for commercial clients and consumers.

Source: NBC News

[Patient safety top consideration for healthcare organizations adopting AI](#)

The College of Healthcare Information Management Executives [identified](#) 10 critical considerations for healthcare organizations adopting AI, with patient safety being the number one consideration. The report emphasizes the need for sector-specific AI policies to support individual patient care needs, given the high stakes involved in healthcare outcomes. It also highlights the potential for AI to bring administrative efficiencies to healthcare settings, suggesting a quicker adoption of AI tools for administrative tasks compared to clinical tools.

Source: AI in Healthcare

[Apple to join AI arms race with updated iOS launch](#)

Apple is joining the AI arms race with an upgraded Siri, powered by OpenAI. The first iOS 18 iteration was recently released with iPhone 16 models, with a full AI feature set in iOS 18.1 expected in October. Features include AI-enhanced writing tools, context-aware messaging replies, email summarization and real-time phone call translation.

Source: PYMNTS

continued on next page

AI in Business

Banks turning to AI to streamline estate management, compliance

Wells Fargo is leveraging AI-driven estate management to streamline processes, reduce errors and ensure timely updates for clients. Meanwhile, Treasury Prime, a San Francisco-based embedded banking software provider, partnered with Kobalt Labs to simplify regulatory adherence, reduce manual workloads and improve accuracy in compliance reporting.

Source: PYMNTS

Cisco, Google, IBM establish AI Enabled ICT Workforce Consortium

A consortium established by Cisco, Accenture, Google, Indeed, Intel, Microsoft, IBM and SAP, along with key advisors, aims to train and upskill 95 million people over the next decade, ensuring an inclusive workforce prepared for an AI-driven future. Key findings in its inaugural report highlight the rapid pace of AI's influence on the workforce and the commitment of global ICT leaders to develop AI-related skills.

Source: IT-Online



Carlo Lipson
Associate

AI Litigation & Regulation

LITIGATION

[DOJ investigating Nvidia acquisition of AI startup Run:ai](#)

Nvidia's \$700-million acquisition is being scrutinized for potential anti-competitive effects, given the increasing concern over big tech companies' control over new technologies. France's antitrust regulator is also reportedly preparing to charge Nvidia for alleged anti-competitive practices.

Source: Reuters

[Google, OpenAI facing lawsuit over using YouTube videos to train AI](#)

Google and OpenAI are facing separate lawsuits for allegedly using YouTube videos without permission to train their AI models. The lawsuits further claim the companies violated copyright laws by scraping and using content without compensating the creators. The plaintiff in both cases is seeking injunctive relief in addition to compensatory, statutory and punitive damages.

Source: Top Class Actions

[Elon Musk files another lawsuit against OpenAI](#)

A lawsuit filed by Elon Musk alleges he was "manipulated" by OpenAI's leadership into co-founding the venture. The complaint is alleging Musk was wrongly told the company would remain a non-profit, and that it violated several laws related to fraud, conspiracy, breach of contract and false advertising. Musk is seeking damages related to profits, compensation, income and advantages tied to the wrongful acquisition of his \$44-million investment.

Source: Reuters

[California court denies in part motion to dismiss artists' copyright claims](#)

A California federal court partly denied a motion to dismiss class action claims against Stability AI, Midjourney, DeviantArt and Runway AI. The motion alleged the companies violated the rights of artists by scraping billions of copyrighted images without permission to train their AI systems. The court denied the motion regarding induced copyright infringement claims, holding that plaintiffs plausibly alleged their works were used to train defendants' AI tools. However, the court dismissed the Digital Millennium Copyright Act claims, breach of contract and breach of implied covenant of good faith claims.

Source: IP Watchdog

[Nvidia facing lawsuit over scraping YouTube videos for AI training](#)

A proposed class action filed by YouTube creator David Millette alleges that Nvidia scraped his videos and millions of others on the platform to train its Cosmos AI tool. According to Millette, the scraping violates YouTube's terms of service—which gives creators ownership of their content—at the expense of creators who are unknowingly creating training models for Cosmos AI.

Source: Bloomberg Law

[Authors file copyright infringement suit against Anthropic](#)

A group of authors filed a lawsuit alleging AI startup Anthropic used pirated books to train its AI tool, Claude. The lawsuit, filed in California federal court, seeks damages and a permanent injunction against Anthropic's use of the copyrighted material. The case adds to a growing list of copyright infringement lawsuits against AI companies, including OpenAI, Meta and Microsoft.

Source: Benzinga

continued on next page

AI Litigation & Regulation

REGULATION

[Department of Commerce releases guidance and software to help mitigate, evaluate AI risks](#)

The Department of Commerce released three final guidance documents to help improve the safety, security and trustworthiness of AI systems. The documents were first [released](#) for public comment in April. The department also released a software package designed to measure how adversarial attacks can degrade the performance of an AI system. Additionally, the USPTO issued a guidance update on patent subject matter eligibility to address innovation in critical emerging technologies.

Source: Department of Commerce

[Senate introduces legislation protecting artists from AI deepfakes, moves to House](#)

The [NO FAKES Act](#) would make individuals or companies liable for damages if they produce, host or share digital replicas of a person in audiovisual works, images or sound recordings without approval from the individual. The legislation, which was introduced in the U.S. Senate in July and moved forward with bipartisan support in the House of Representatives earlier this month, responds to the increasing use of AI to create deepfakes, highlighting the need for laws to keep pace with advancing technology.

Source: IP Watchdog

[NY AG releases report on benefits, risks of AI](#)

New York Attorney General Letitia James released a [report](#) on the benefits and risks of AI, particularly with regards to Generative AI, following a symposium aimed at fostering innovation while regulating risks. The symposium discussed strategies to mitigate AI's potential for harm, with a focus on data privacy, misinformation and bias. As discussed in the report, GenAI's ability to create new content poses opportunities for enhancement in various fields as well as concerns over its potential misuse.

Source: New York Attorney General

[Senate introduces bill to promote AI innovation in financial services sector](#)

The [Unleashing AI Innovation in Financial Services Act](#) introduced by the Senate aims to foster collaboration between the private sector and government agencies by promoting AI innovation that safeguards consumers in the financial services sector. The bill proposes the creation of controlled testing environments—or 'sandboxes'—at financial regulators, which would encourage innovation by allowing them to safely experiment with AI technologies while ensuring consumer protection. The initiative is expected to strengthen the U.S. financial system and maintain the country's leading position in global financial technology.

Source: ExecutiveGov

continued on next page

AI Litigation & Regulation

[X agrees to pause AI training on EU users' posts in response to regulatory backlash](#)

X, formerly Twitter, agreed to pause using European Union users' public posts to train its AI chatbot Grok after Ireland's data protection commission appealed to an Irish court. The agreement comes after the Irish commissioner submitted an urgent application to the High Court to suspend this data processing to protect users' rights and freedoms under the General Data Protection Regulation (GDPR).

Source: TechCrunch

[MFA makes recommendations on AI to Treasury Department](#)

In a comment letter to the U.S. Treasury Department, the Managed Funds Association (MFA) suggested that regulators should: consider how alternative asset managers use AI to enhance processes, recognize that fiduciary duty and existing regulations address AI concerns, remain technology-neutral, and consider the developing potential of AI use cases. The MFA also emphasized the importance of protecting markets and investors while fostering innovation and the ability of managers to generate returns.

Source: Markets Media

[OpenAI, Microsoft support California AI bill](#)

Tech giants Adobe, OpenAI and Microsoft shifted their stance to support California's AB 3211 bill, which mandates labeling AI-generated content. These companies—represented by the trade group Coalition for Content Provenance and Authenticity—now support the bill, which requires watermarks in AI-created media metadata and clear labeling on large online platforms.

Source: TechCrunch

[CALIFORNIA REGULATION ROUNDUP](#)

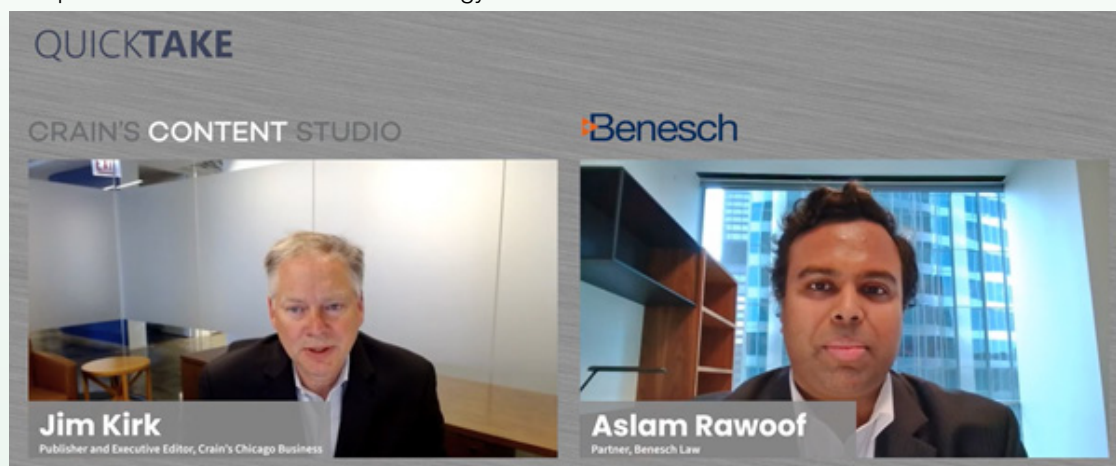
[2023 – 2024R Cal. A.B. 2905 \(Enrolled\)](#)

[A.B. 2905](#) was introduced on Feb. 15, 2024 by Assembly Members Jim Patterson (R-District 8) and Evan Lowe (R-District 26) and enrolled on Aug. 20, 2024. The bill amends Section 2874 of the Public Utilities Code to require that telephone class placed via automatic dialing-announcing devices inform the person called if the prerecorded message uses a voice generated by artificial intelligence.

BENESCH
AI INSIGHTS

Why Every Company Needs an AI Policy

Benesch Corporate & Securities Partner [Aslam Rawoof](#), a key leader within the firm's AI Commission, delves into the critical need for establishing corporate policies on the use of artificial intelligence in the workplace with Crain's Chicago Business Publisher Jim Kirk. During the conversation, Aslam explores various considerations for business leaders, including securing organizational buy-in and adapting to the fast-paced advancements in AI technology.



SOURCE: Benesch



Kelly Noll
Partner

The DOJ's Lawsuit Against RealPage: Unpacking the Allegations and Implications for the Rental Market

The U.S. Department of Justice (DOJ) and eight state attorneys general have filed a lawsuit against real estate software company RealPage, alleging that its algorithmic pricing system has contributed to widespread price-fixing among landlords, harming millions of American renters. RealPage is an American company that provides property management software for multifamily, commercial, single-family and vacation rental housing industries. The lawsuit underscores growing concerns over the use of artificial intelligence (AI) and algorithmic decision-making in critical markets, including housing. The RealPage lawsuit may be the first of many legal challenges that seek to define the boundaries of algorithmic pricing and its role in the modern economy.

SOURCE: Benesch

BENESCH
AI INSIGHTS

UPCOMING EVENTS



Kris Chandler
Chair, AI Commission

**Business Volunteers Unlimited
AI for Social Impact | BVU's Civic Leadership Summit**

Oct. 24, 2024
8:00 a.m. – 12:00 p.m.
Case Western Reserve University

AI is everywhere. As the world adapts to this emerging technology, nonprofits and the people who care about them must not be left behind. Join BVU and local experts, including Benesch AI Commission Chair Kris Chandler, to go beyond the theory of AI and learn practical, real-world applications that will advance your organization's mission through increased efficiency and impact.

For more information, please contact:



Steven M. Selna
Partner
sselna@beneschlaw.com
T: 628.600.2261