

AI REPORTER

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AI Update



Steven M. Selna
Partner

Several industry organizations have recently published AI guidelines, including the Digital Medicine Society (DMS), in partnership with Google and the Mayo Clinic. The DMS playbook includes both a strategy guide and an ROI calculator. The American Law Institute launched an initiative designed to provide guidance regarding the legal issues arising from the growing ubiquity of AI. These are just two examples of how the private sector is invested in ensuring AI is used ethically and responsibly.

In the courtroom, there was another spate of copyright lawsuits. Perplexity was sued by Dow Jones and the N.Y. Post over allegations the AI platform illegally copied their content. Meta is also facing a lawsuit from novelist Christopher Farnsworth over the use of copyright material to train its AI. Finally, Alcon Entertainment is suing Tesla over the automaker's use of AI-generated imagery of the film *Bladerunner 2049* to promote its new Cybercab.

In California, Gov. Gavin Newsom vetoed the state's landmark AI privacy bill, citing a need to balance both technological advancements while addressing risk. Given California's status as a pioneer in privacy legislation, the state is sure to make another attempt at pushing through a similar bill in the future.

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



Sydney E. Allen
Associate

AI in Business

Healthcare AI investment driven by FOMO

A study by ABBYY indicates that 57% of global healthcare providers are investing in AI due to fear of missing out, aka FOMO, with efficiency and improved patient service as primary motivations. Despite skepticism and trust issues regarding data reliability and cybersecurity, 95% of healthcare leaders plan to increase AI budgets, with 60% expecting a significant increase.

Source: HIT Consultant

Amazon investing \$500M in nuclear power to meet AI energy needs

Amazon's cloud subsidiary, AWS, partnered with X-Energy and Energy Northwest to deploy a planned fleet of nuclear reactors with a total capacity of 5 gigawatts by 2040. Amazon said this is a response to the mounting energy needs of GenAI and its associated data centers. AWS' investment of \$500 million will power its own data center and contribute to the broader grid. The planned build will initially see four advanced Small Modular Reactors (SMR) in Washington state, providing up to 960 megawatts of energy, enough to power roughly 770,000 homes. AWS said it's also working with Dominion Energy to explore building an SMR near the North Anna nuclear power station in Virginia. If built, this new reactor could bring an additional 300 MW of power to the region. Amazon is not alone in exploring investments in nuclear energy, recently Google and Microsoft explored partnerships in this space.

Source: Maginative

ALI launches "Principles of the Law, Civil Liability for Artificial Intelligence"

The project, led by Mark Geistfeld of NYU School of Law, aims to provide guidance on legal issues arising from AI's integration into society. As AI systems become more sophisticated, legal questions surrounding their use, as well as ethical implications and liability will arise. Given the continued rise in AI across many industries, ALI feels it is now time to undertake a more sustained analysis of common-law AI liability topics. ALI Principles of Law often take the form of best practices and are mainly addressed to legislatures, administrative agencies or private actors. "This project can help courts, the tech industry, and federal regulators understand the legal implications of AI," explained ALI Director Diane P. Wood. "It focuses on common-law principles of responsibility, which can guide decision-making in the absence of applicable legislation. By identifying these principles, the project can help avoid conflicts between federal and state laws and provide clarity for all involved parties." The project will primarily address physical harms, such as bodily injury and property damage, while other types of harms, like copyright infringement, defamation and privacy are covered by separate projects.

Source: The American Law Institute



Carlo Lipson
Associate

AI Litigation & Regulation

LITIGATION

[Calif. court dismisses OpenAI, Microsoft code copyright lawsuit](#)

A California federal court dismissed a copyright lawsuit against OpenAI and Microsoft's GitHub, finding that the plaintiffs failed to adequately allege that the Copilot tool could produce identical matches of copyrighted code. However, the court granted plaintiffs' request for a mid-case appeal to the Ninth Circuit, which will determine whether OpenAI's copying of open-source code to train its AI model without proper attribution to the programmers is a violation of the Digital Millennium Copyright Act.

Source: Bloomberg Law (sub. req.)

[U.K. watchdog clears \\$4B Amazon, Anthropic deal](#)

The Competition and Markets Authority (CMA) found the \$4 billion deal between Amazon and Anthropic did not qualify for an investigation under U.K. merger laws. According to the CMA, Anthropic's local revenue neither met threshold limits nor had a large enough supply share in the country.

Source: Seattle Times

[AI learning software company sued over inflated revenue claims](#)

The class action complaint claims the AI software company iLearning Engines engaged in deceptive practices to attract and retain investors, leading to significant financial losses. Plaintiffs allege the company's executives knowingly provided false information about revenue growth and profitability, which caused substantial losses for shareholders when the company's stock value plummeted. The lawsuit seeks compensation for the damages incurred and aims to hold the company's leadership accountable.

Source: Law 360 (sub. req.)

[Texas AG reaches settlement with Pieces Technology over deceptive AI claims](#)

The Texas Attorney General's Office reached a settlement with Pieces Technologies, a Dallas-based AI healthcare firm, over false claims about the accuracy of its AI products. The settlement includes marketing disclosure requirements, prohibitions on misrepresentations and documentation obligations for potentially harmful uses of products.

Source: Wilmer Hale

[Investors sue Chinese AI company over Nasdaq compliance](#)

The putative class action alleges Xiao-I downplayed its increasing research and development costs, which increased the likelihood that the company would fail to comply with Nasdaq's minimum price requirement. The complaint also asserts Xiao-I is merely a holding company with no operations of its own and that its subsidiary Shanghai Xiao-I Robot Technology operates the company's AI business. The complaint alleges violations of both the Securities Act and the Exchange Act.

Source: Law 360 (sub. req.)

AI Litigation & Regulation

[Dow Jones, NY Post suing Perplexity AI over copyright claims](#)

Dow Jones and the New York Post allege Perplexity AI illegally copied their copyrighted content, with the companies seeking to stop the startup from using their articles and to destroy any databases containing their work. The lawsuit claims Perplexity AI uses a technique called “retrieval-augmented generation” to generate answers from a database filled with copyrighted material without permission. The media companies argue this practice harms their business by redirecting traffic away from their platforms and presenting repurposed content as a substitute for the original.

Source: Reuters (sub. req.)

[Parents file lawsuit against Google, Character.AI following teen’s suicide](#)

The lawsuit, filed by the parents of the deceased, alleges that the AI chatbot developed by Character.AI contributed to their teenager son’s death by engaging in harmful conversations. The parents claim the chatbot encouraged self-harm and provided methods for suicide. The suit also implicates Google for hosting the app on its platform, arguing the tech giant failed to regulate harmful content. The case raises significant concerns about the responsibilities of AI developers and platform providers in safeguarding users, especially vulnerable individuals.

Source: Law 360 (sub. req.)

[Bladerunner 2049 producers sue Tesla over AI-generated imagery](#)

Alcon Entertainment alleged Tesla and its CEO Elon Musk used AI-generated imagery based on the Bladerunner film to promote Tesla’s fully autonomous Cybercab. According to the complaint, Tesla requested and was denied permission to use a still image from the film, but nonetheless fed the image, along with others, into an AI-driven image generator.

Source: National Law Review

REGULATION

[Big Tech urges EU for clearer AI regulation](#)

Meta, alongside other major AI research companies and businesses, sent a letter to the EU criticizing the bloc’s approach to regulating AI training, alleging that recent decisions could hinder the region’s progress. The tech industry is seeking harmonized, consistent, and clear regulations from the EU, in addition to flexibility for member states. The European Commission reiterated that tech companies must comply with existing data privacy laws despite the challenges posed by AI systems, especially large language models.

Source: CPO Magazine

AI Litigation & Regulation

[Calif. Gov. vetoes landmark AI privacy bill](#)

California Governor Gavin Newsom vetoed a landmark bill that would have established first-in-the-nation safety measures for large AI models. The proposed legislation sought to establish comprehensive guidelines for AI development and deployment, including transparency requirements and ethical standards. Gov. Newsom emphasized the need for a balanced approach that fosters technological advancement while addressing risks, suggesting that federal regulation may be more appropriate given the global nature of AI technology.

Source: AP

[AI expert warns UN guidelines lack specificity](#)

The UN's advisory body on AI issued seven recommendations to address AI-related risks and global AI governance gaps among its member states. However, according to expert Phil Siegel, co-founder of CAPTRS, these recommendations lacked specificity, particularly regarding the unique role of AI in different parts of the world. He further criticized the recommendations for not addressing the distinct economic and regulatory structures of different regions, such as the U.S. and Europe, which could lead to varied outcomes. Siegel suggested that a more detailed approach considering the specific privacy needs and rules of these regions would add credibility to the guidelines.

Source: Regulating AI

[N.Y. Dept. of Financial Services publishes AI cybersecurity guidelines](#)

AI cybersecurity guidance published by the New York Department of Financial Services emphasizes the importance of robust governance frameworks, risk management practices, and continuous monitoring to mitigate AI-related threats. It also highlights the need for transparency in AI systems, ensuring institutions can explain and justify AI-driven decisions. Additionally, the guidelines recommend regular audits and assessments to identify vulnerabilities and to ensure compliance with regulatory standards.

Source: Law 360 (sub. req.)

[Del. implements AI-use policy for court staff](#)

Delaware has implemented an interim policy allowing judges, law clerks, and other court staff to use approved GenAI tools, provided the users assume responsibility for the accuracy of any materials produced. The policy prohibits delegating decision-making functions to GenAI, but does not specify which tools are approved. The policy neither mandates nor bans the use of such technology, acknowledging the rapid evolution of AI tools and the potential for outdated guidance.

Source: Bloomberg Law

RECENT EVENTS

Business Volunteers Unlimited 2024 Civic Leadership Summit: AI for Social Impact

Benesch AI Commission Chair Kris Chandler recently lent his voice to a panel at BVU's 2024 Civic Leadership Summit, covering the topic of AI as it pertains to nonprofits. Together with BVU and local experts, they delved beyond the theory of AI to discuss practical, real-world applications to advance organizations' mission through increased efficiency and impact.



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