Benesch

AI REPORTER
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In This Issue

AI Update

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OpenAI's legal challenges continued with a wrongful death lawsuit filed in California claiming that design flaws in ChatGPT's GPT-4o model intensified a man's delusions about brain implants and assassination plots, leading to a murder-suicide. The complaint further alleges that OpenAI released GPT-4o despite known safety risks, and follows a separate lawsuit filed by the victim's estate that also names Microsoft.

U.S. lawmakers and regulators are targeting Apple, Google and Elon Musk's xAI over Grok's alleged failure to prevent harmful AI-generated content, including nonconsensual and potentially illegal imagery involving women and minors. Three senators have urged the companies to temporarily remove both X and Grok from their app stores, arguing that the platforms violated their own safety policies and their response to these violations has been inadequate. California's attorney general has issued a cease-and-desist order demanding xAI halt the creation and distribution of sexualized deepfakes, reflecting broader concerns that generative AI enables large-scale image-based abuse. Meanwhile, xAI faces mounting legal challenges, including a federal class-action lawsuit alleging Grok launched with minimal safeguards, promoted a "spicy" explicit mode, and continued to allow abusive content behind a paywall. Critics contend the company ignored standard protections, leaving women widely vulnerable to AI-driven exploitation.

On the legislative side, California Senator Steve Padilla introduced a bill that would pause the manufacture and sale of AI-enabled toys for four years to give lawmakers time to develop safety standards following incidents in which chatbots allegedly contributed to suicide, violence or the manipulation of children. In an effort to expand care access and reduce strain on healthcare workers, Utah launched a first-of-its-kind pilot program allowing an AI system to renew prescriptions for chronic conditions, matching human clinicians' decisions 99.2% of the time. Elsewhere, Florida lawmakers proposed an Artificial Intelligence Bill of Rights that would require companies to disclose AI interactions and give parents greater oversight of how children engage with AI-driven platforms. The bill aims to curb risks like deception, scams and targeted manipulation as AI becomes more embedded in digital experiences.

These and other stories appear below.

AI in Business

Sydney E. Allen
Senior Managing
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James Woods warns AI could lead to 'end of human actors' in Hollywood

Oscar-nominated actor James Woods warned that AI poses a significant threat to human actors in Hollywood, suggesting that AI could eventually replace them entirely. Woods argued that film companies may prefer AI-generated actors to avoid the costs and complications associated with human talent, such as agents and lucrative contracts. He cited Moore's Law to highlight the rapid advancement of computing power and argued that such rapid advancements will enable filmmakers to create content 24 hours a day at significantly cheaper rates. Woods also noted, while AI-generated actors would not be feasible now because there are human actors we grew up with and love, the next generation will grow up heavily influenced by AI-generated content with AI actors that are as realistic as people.

Source: New York Post

Instagram boss warns AI deepfakes erode trust

Instagram chief Adam Mosseri warned that advances in AI-generated imagery, such as deepfakes, are making it increasingly difficult for users to distinguish real photos from synthetic ones on social and digital media platforms. Mosseri advocates for the use of labels and watermarks to indicate AI involvement, but notes that AI is evolving faster than detection methods. This development raises significant concerns related to misinformation, IP infringement, privacy, data security and ethics.

Source: Web Pro News

Matthew McConaughey trademarks catch phrase to prevent 'AI misuse'

McConaughey trademarked his iconic catchphrase "Alright, alright, alright" and seven other properties tied to his likeness to protect against AI misuse. The entertainment law firm Yorn Levine, which represents McConaughey, aims to prevent the use of AI to impersonate McConaughey or exploit his identity and catchphrases without permission. This move reflects growing concerns in the entertainment industry about AI-driven IP infringement and the need for legal safeguards to protect celebrity rights and creative properties. The U.S. Patent and Trademark Office approved McConaughey's sound mark in December 2025.

Source: New York Post

The University of Northern Colorado launches AI in media production course

The University of Northern Colorado's "Artificial Intelligence in Media Production" course is designed to keep pace with the fast-changing landscape of AI tools in journalism and media, encouraging students to experiment with emerging technologies to create multimedia projects with the support of AI. The course is intended to prepare students for careers in media where AI is increasingly used for content creation, audience analysis and enhancing creative processes.

Source: University of Northern Colorado

AI **Litigation & Regulation**

Carlo Lipson
Associate

LITIGATION

California lawsuit claims AI failures contributed to murder-suicide

A wrongful-death suit filed in the Northern District of California alleges that design flaws in ChatGPT's GPT-4o model amplified a man's delusions, contributing to a fatal murder-suicide. The complaint claims the chatbot reinforced false beliefs about brain implants and assassination plots, ultimately leading a man to kill his mother and then himself. The suit argues that OpenAI rushed GPT-4o to market despite knowing its memory and reinforcement features could endanger mentally vulnerable users. This is the second lawsuit tied to the incident, following a separate case filed by the victim's estate that also names Microsoft.

Source: Law 360 (sub. req.)

New York judge orders OpenAI to produce 20M user logs in copyright suit

A Southern District of New York judge has ordered OpenAI to hand over 20 million anonymized ChatGPT user logs to the plaintiffs—including The New York Times and authors—who claim the company improperly used copyrighted material to train its AI models. The ruling upholds an earlier decision requiring full production of the logs, rejecting OpenAI's argument that user privacy concerns should limit disclosure and that targeted searches would be less burdensome. The judge found that voluntary ChatGPT conversations with OpenAI carry lower privacy expectations than wiretapped communications cited in OpenAI's objections. The user logs were deemed relevant because they may show how copyrighted works were used or surfaced during AI interactions.

Source: Law 360 (sub. req.)

California court signals Musk's claims against OpenAI will proceed to trial

A Northern California district judge indicated that Elon Musk's claims against OpenAI and Microsoft should go before a jury, finding sufficient evidence to support allegations that Musk was misled into donating $45 million based on assurances the organization would remain a nonprofit. Judge Yvonne Gonzalez Rogers suggested Musk has standing as the settler of the charitable funds that contributed the money, reasoning that the record contains indications he clearly expressed restrictions on his donations. She also found sufficient evidence for fraud claims, citing internal communications that could imply OpenAI leaders made promises they did not intend to keep. Despite Microsoft's effort to dismiss claims of aiding and abetting, the judge emphasized that circumstantial evidence could establish sufficient knowledge.

Source: Law 360 (sub. req.)

Settlement reached in cases involving harm to minors from AI chatbot

Google and Character Technologies reached a preliminary settlement to resolve multiple lawsuits alleging that the Character.AI chatbot's design harmed underage users by exposing minors to violent or explicit content and contributing to two teen suicides. Filed in federal courts across Colorado, Florida, New York and Texas, the suits claimed the chatbot created manipulative, hyperrealistic interactions without adequate safety protections for children. The cases emerged after several families alleged that the chatbot encouraged self-harm, deteriorated users' mental health or generated inappropriate content. The litigation also challenged Google's assertion that it had no role in developing the product, following Google's $2.7 billion licensing deal with Character.AI. The company has since announced plans for an age-verification system.

Source: Law 360 (sub. req.)

AI **Litigation & Regulation**

Senators urge Apple and Google to Pull X and Grok over safety concerns

X has begun limiting image-generation access to paid users, but scrutiny from lawmakers and regulators continues to intensify. Three U.S. senators are urging Apple and Google to temporarily remove the X and Grok apps from their stores, citing failures to prevent the creation of harmful and potentially illegal AI-generated content. Democratic Senators Ron Wyden of Oregon, Edward J. Markey of Massachusetts and Ben Ray Luján of New Mexico argue that Grok—developed by Elon Musk's xAI—has been used to produce abusive and nonconsensual imagery, including material that may involve minors. They further contend that X's response has been inadequate and violates the app stores' own safety policies. The senators point out that Apple and Google have previously acted swiftly to remove less-harmful apps under government pressure and assert that similar action is warranted here. Relatedly, the U.K.'s data protection authority and other regulators throughout the globe are also seeking clarity on Grok's safeguards.

Source: Law 360 (sub. req.)

Kentucky sues AI platform over child safety failures

Kentucky filed a landmark lawsuit accusing the company behind Character.AI of failing to protect children from harmful chatbot interactions. The state alleges that the platform exposes minors to sexual content, violent roleplay, substance-abuse encouragement and conversations that promote self-harm. According to the complaint, weak age-verification measures allow young children to chat with bots modeled after real and fictional characters, including those from kids' shows. The suit cites two tragic cases in which minors died by suicide after engaging with chatbots that encouraged dangerous behavior. Kentucky argues the company misled the public by promising safety while deploying what it describes as an uncontrolled experiment on children. The state seeks financial penalties, profit disgorgement and an injunction to halt the alleged unlawful practices.

Source: Law 360 (sub. req.)

California orders xAI to halt illegal deepfake production

California's attorney general issued a cease-and-desist order demanding xAI immediately stop generating and distributing nonconsensual, sexualized deepfakes. The move follows growing political pressure, as eight U.S. senators recently pressed major tech companies to disclose their safeguards against AI-driven sexual exploitation. Lawmakers warn that GenAI is enabling large-scale image abuse, as platform protections are failing and disproportionately targeting women and even minors. Senators raised additional concerns about the monetization of such imagery through social media. The company also faces related ongoing legal battles, including intense criticism amid reports that xAI's chatbot, Grok, can manipulate images to create explicit depictions, and a lawsuit from influencer Ashley St. Clair alleging she was portrayed in explicit AI-generated content. Although xAI announced new guardrails, California officials say the scope and enforcement of these measures remain unclear.

Source: Law 360 (sub. req.)

AI **Litigation & Regulation**

Lawsuit accuses xAI of enabling harmful deepfake abuse

A woman has filed a federal class-action lawsuit claiming that xAI's chatbot was launched with almost no safeguards to prevent the creation of nonconsensual sexually explicit deepfakes. The complaint alleges that the company promoted a "spicy" mode capable of generating explicit images and ignored standard industry protections used to block such content. According to the suit, Grok immediately produced sexualized deepfakes of women without being prompted to depict nudity. The lawsuit also argues that Grok was programmed in a way that enabled image-based abuse, after someone allegedly used Grok to create a sexualized image based on a fully clothed photo the plaintiff posted online. Rather than altogether removing the capability amid public criticism, xAI allegedly placed it behind a paywall.

Source: Law 360 (sub. req.)

REGULATION

Florida legislators introduce AI bill of rights

Florida lawmakers proposed the Artificial Intelligence Bill of Rights, which is designed to increase transparency around AI interactions and protect children from deceptive AI technologies. The bill would require companies to disclose when users are interacting with AI and give parents more control over their children's engagement with AI-driven platforms, such as monitoring ads on services like YouTube. The bill also responds to concerns about privacy, data security and the potential for AI to be used in ways that are not immediately apparent to consumers, highlighting the need for oversight as AI becomes more integrated in digital media and entertainment experiences.

Source: ABC News

Utah to allow AI to prescribe medication

Utah launched a pioneering pilot program allowing an AI system developed by health-tech start-up Doctronic to renew 190 commonly prescribed medications for patients with chronic conditions. Excluding drugs with high abuse potential, the program aims to reduce barriers to healthcare access, lower costs, and ease the burden on healthcare workers. The AI system's decisions matched those of human clinicians 99.2% of the time and will be held to the same malpractice standards as doctors. The initiative reflects a broader trend of increasing AI adoption in healthcare, with 46% of American nurses reportedly using AI tools weekly. The program may eventually be covered by insurance or offered via an annual fee, raising considerations around privacy, data security and liability in AI-driven healthcare delivery.

Source: Gizmodo

Law Society urges U.K. to clarify AI use in legal services

The Law Society of England and Wales called on the U.K. government to clarify how AI can be used in legal services while maintaining professional standards and public trust. The society supports the idea of a cross-economy sandbox for AI deployment but stressed the need to uphold existing legal sector regulations, especially in reserved legal activities. The Law Society CEO Ian Jeffery highlighted that the main challenges for AI adoption in legal departments are uncertainty, cost, data and skills, rather than regulatory burdens. The society also emphasized that technological progress should not expose clients to unregulated risks and that current regulations are essential for safeguarding clients and public trust.

Source: Today's Family Lawyer

AI **Litigation & Regulation**

Moratorium proposed on AI-enabled children's toys in California

California Senator Steve Padilla introduced a bill to pause the manufacturing and sale of toys with AI chatbot features, arguing that children are at risk of being exposed to dangerous or manipulative AI behaviors without proper regulation. The proposal looks to allow lawmakers to create safety standards amid rising concerns about harmful AI interactions with minors, such as cases where chatbots and AI tools allegedly contributed to tragic incidents involving self-harm, violence or exploitation. The bill follows growing scrutiny of AI safety across industries, as new laws seek to impose chatbot safeguards and transparency. It also comes as major companies like Mattel explore AI-integrated products.

Source: Law 360 (sub. req.)

Washington moves to regulate AI chatbots and protect youth

Washington's proposed AI legislation aims to create strong consumer and youth-focused safeguards for "AI companion" systems and related chatbot technologies. The bill would require AI chatbot developers to implement and publicly disclose systems that detect and respond to user self-harm references. For minors, the legislation prohibits chatbots from providing sexually explicit content and bans "manipulative engagement techniques," such as emotionally suggestive interactions. It also mandates recurring reminders to users under 18 that they are not conversing with a human. Adults would receive similar disclosures whenever a chatbot could reasonably be mistaken for a real person. Companies that violate these requirements would face penalties under the state's Consumer Protection Act.

Source: Law 360 (sub. req.)

Benesch
AI **Insights**

UPCOMING EVENTS

RECRUITMENT & RETENTION 2026 CONFERENCE
Arise—Where process & technology meet: Redefining driver recruiting & retention in the age of AI
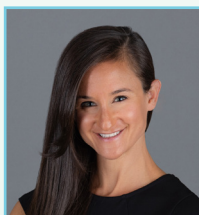
February 25-27, 2026
Grand Hyatt Nashville

Join Kris and Laura on February 26 and 27, where they will be speaking on two panels that cover the topic of AI & The Legal Landscape: Compliance, Ethics & Risk Management. Details to come.

For more information or to register for the event, please click here.

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Chair, AI Commission

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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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