

AI

REPORTER

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AI **Update**

The U.S. Supreme Court is reviewing an appeal by computer scientist Stephen Thaler, who argues AI-generated works should qualify for copyright protection, contrary to the U.S. Copyright Office's stance that only human-authored content is eligible. In a separate case, OpenAI faces a wrongful death lawsuit claiming ChatGPT fueled a murder-suicide by amplifying paranoid delusions. The suit accuses OpenAI and Microsoft of prioritizing speed and profit over safety by releasing GPT-4o with weakened guardrails. These cases highlight the urgent need for clear legal frameworks around AI training data, authorship rights and safety standards as the technology outpaces regulation.

On the regulatory front, efforts to impose a single federal AI standard have stalled after House Majority Leader Steve Scalise confirmed the proposal will not be included in the defense spending bill. The measure, championed by Donald Trump, aimed to prevent a "patchwork" of state laws, but critics argue state-level protections are vital to address risks like bias, identity theft and misinformation. Bipartisan lawmakers, regulators and advocacy groups warn that stripping states of authority without federal safeguards could harm consumer rights. Meanwhile, 23 state attorneys general urged the FCC to abandon plans that could override state AI regulations, arguing the agency lacks authority and risks undermining protections against deepfakes, scams and algorithmic abuses. The state AGs' letter criticizes the FCC's vague inquiry and echoes concerns about federal overreach following an executive order promoting preemption. This debate further underscores a growing tension between innovation and accountability; without clear federal standards, states remain on the front line for consumer protection in AI governance.

These and other stories appear below.



Sydney E. Allen
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AI in Business

AI tools boost efficiency and care in healthcare

Recent studies and surveys indicate that AI-driven tools, such as ambient scribes and AI features embedded in electronic health records (EHR), are delivering measurable benefits for healthcare providers and patients. AI scribes are reducing physician burnout and cognitive load, while also cutting documentation time. Elation Health, a provider of EHR and billing solutions for primary care doctors, introduced several native AI features built into their EHR solution that proactively identify and reach out to patients due for services, analyze population health data and deliver clinical suggestions to doctors based on the patient's chart. According to a survey of 69 physicians taken in November, 76% believe these AI features help them provide better care, 61% reported reduced stress or burnout, and 61% reported saving more than two hours per day. The findings suggest that AI is improving care quality and provider efficiency and may reduce health inequities, but there are still concerns about privacy and data security as adoption grows.

Source: Fierce Healthcare

FDA introduces agentic AI to improve efficiency and security

The FDA announced that it will provide staff with agentic AI capabilities that will help staff with tasks such as meeting management, pre-market and validation reviews, post-market surveillance, inspections, compliance, and administrative functions. All models will operate within high-security GovCloud environments and will not train on input or any regulatory industry data, ensuring sensitive research remains protected. The FDA will also launch a two-month Agentic AI Challenge to encourage staff to develop AI solutions, with demonstrations planned for the FDA Scientific Computing Day in January 2026. The initiative is part of the FDA's broader effort to expand AI use into workflows to improve operational efficiency.

Source: Pharmtech

UnitedHealthcare deploys AI tools to streamline support and preserve human judgment

UnitedHealthcare's customer care centers rolled out Advocate Assist, an ambient AI assistant that captures conversations and handles routine call-center tasks so staff can focus on member needs. Two of the platform's newest digital features are "Members Like You" and "Smart Choice." Members Like You draws from patterns from UnitedHealthcare members to flag care options that others in similar situations explored. Smart Choice uses data to personalize care navigation and help members choose providers based on practical factors like cost and location. UnitedHealthcare says its Responsible AI Program ensures transparency, safety and accountability. Despite rising digital use, UnitedHealthcare said it will also maintain human-supported call centers to ensure all members can access help.

Source: Business Insider (sub. req.)

Netflix strengthens AI potential with \$82.7B Warner Bros. acquisition

Netflix's \$82.7 billion acquisition of Warner Bros. is expected to significantly enhance Netflix's AI capabilities in the sports, entertainment and digital media sectors. By gaining access to Warner Bros.' extensive 102-year-old content catalog—including major movie and television franchises like Harry Potter, DC Comics, Game of Thrones, Friends and The Big Bang Theory—Netflix looks to use this content as a valuable resource for training future AI models. This could enable advanced audience analysis and improved content recommendation algorithms and allow subscribers to generate their own creations using licensed assets.

Source: IGN



Carlo Lipson
Associate

AI **Litigation & Regulation**

LITIGATION

FAMM challenges AI voice cloning in Haven's viral track

Jorja Smith's record label, FAMM, is seeking a share of royalties for the viral song "I Run" by British dance act Haven, alleging it was created using an AI clone of Smith's voice. The track gained popularity on TikTok but was removed from streaming services after copyright complaints, with FAMM claiming both the original and re-released versions infringe on Smith's rights as well as those of her collaborators. FAMM emphasized that the issue extends beyond one artist, warning against AI impersonation becoming normalized in entertainment.

Source: BBC

Florida jury rules against blogger in deepfake defamation case

A Miami federal jury found Texas blogger Milagro Cooper liable for defaming Grammy-winning rapper Megan Thee Stallion (whose real name is Megan Pete) by sharing an AI-generated pornographic deepfake video. Cooper was ordered to pay \$75,000 in damages under a new Florida law addressing manipulated images. Pete testified that the ordeal caused severe emotional distress, leading her to undergo a \$240,000 therapy program. She also claimed the controversy cost her at least four music contracts worth about \$1 million each. Pete told jurors the experience harmed her mental health and career, marking a significant legal precedent for cases involving deepfake content and online defamation.

Source: CBS News

Supreme Court weighs AI-created artwork copyright dispute

The U.S. Supreme Court requested the government's response to an appeal challenging the refusal to grant copyright protection for artwork created by an AI system. Computer scientist Stephen Thaler argues that the Copyright Act does not explicitly require human authorship, contending he should own the rights to the piece generated by his AI program, "Creativity Machine." The U.S. Copyright Office maintains that only works with human authorship qualify for protection, reaffirming this stance in a recent report stating AI-generated content cannot be copyrighted. Thaler's appeal follows a prior unsuccessful attempt to secure a patent for an AI-created invention, where courts ruled that only humans can be recognized as inventors.

Source: Law 360 (sub. req.)

Fastcase sues Alexi in D.C. federal court over AI data use and trademark claims

Fastcase has filed a lawsuit against legal AI tech firm Alexi in D.C. federal court, alleging trademark infringement and breach of contract. The dispute centers on a licensing agreement that allowed Alexi limited internal use of Fastcase's case law database. Fastcase—a legal publishing and research firm—claims Alexi exceeded these restrictions by using its data to develop and scale an AI-driven legal research platform, ultimately competing directly with Fastcase. After a proposed partnership collapsed in 2022, Alexi allegedly pivoted its business model, raised \$11 million in 2024, and launched an AI chat interface trained on millions of question-answer pairs derived from case law. Fastcase asserts this confirms unauthorized use of its data and cites Alexi's promotional materials for falsely implying an affiliation.

Source: Law 360 (sub. req.)

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AI **Litigation & Regulation**

Lawsuit alleges AI chatbot contributed to murder-suicide

A California state court wrongful death lawsuit claims OpenAI's ChatGPT played a role in a tragic murder-suicide involving Stein-Erik Soelberg and his 83-year-old mother. The suit alleges the chatbot encouraged Soelberg's paranoid delusions, validated his fears, and directed his anger toward his mother. It accuses OpenAI, founder Sam Altman, and major investor Microsoft of knowingly releasing GPT-4o with weakened safety guardrails to beat competitors, despite internal objections and clear risks. The complaint also states Microsoft approved the model's release after internal evaluations, benefiting financially from its commercialization.

Source: Law 360 (sub. req.)

Lawsuit alleges AI meeting tool illegally collects biometric voice data

A lawsuit filed in Illinois federal court accuses Fireflies.AI of violating the Illinois Biometric Information Privacy Act by collecting and storing biometric voice data without consent. The complaint claims Fireflies' meeting assistant—used on platforms like Zoom and Microsoft Teams—records and analyzes participants' unique vocal characteristics to create voiceprints, even for individuals without accounts or agreements. The software allegedly joins meetings automatically, transcribes conversations, and attributes statements to speakers without written consent or informing them. Fireflies' privacy policy lacks clear timelines for data retention and destruction, and the company does not provide a publicly available policy. The plaintiff seeks statutory damages, injunctive relief and costs on behalf of affected individuals.

Source: Law 360 (sub. req.)

REGULATION

Washington State proposes AI guardrails to protect privacy and foster innovation

Washington State's AI Task Force has issued eight policy recommendations to balance technological innovation with public safety and privacy. Key proposals include adopting federal ethics principles for AI development, requiring developers to disclose details about training datasets, and mandating transparency for "high-risk" AI systems that impact health, safety or fundamental rights. The task force also calls for investments in STEM education and broadband access, strict oversight of AI in healthcare to ensure decisions remain with qualified clinicians, and audits for AI-driven insurance authorizations. Additional measures include creating workplace AI guidelines, requiring law enforcement to disclose AI use, and establishing a grant program to support small businesses innovating responsibly.

Source: Law 360 (sub. req.)

Federal push to limit state AI regulation faces setback

Efforts to block states from regulating AI have stalled after House Majority Leader Steve Scalise confirmed the proposal will not be included in the upcoming defense spending bill, although Scalise also emphasized that Congress is exploring other avenues to advance the proposal. The initiative, strongly backed by President Donald Trump, seeks a single federal AI standard to prevent a "patchwork" of state laws. Critics argue that federal inaction makes state-level protections essential to address risks like bias, identity theft and misinformation. Opposition spans bipartisan lawmakers, regulators and advocacy groups, who warn that stripping states of authority without federal safeguards could harm consumer rights and safety.

Source: Law 360 (sub. req.)

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***AI* Litigation & Regulation**

Florida Governor proposes AI Bill of Rights to protect consumers

Florida Governor Ron DeSantis unveiled a legislative framework to safeguard residents from the risks posed by artificial intelligence. The proposal includes an “AI Bill of Rights” to protect privacy, prevent unauthorized use of personal data, and restrict harmful AI applications, such as deepfakes and explicit content. It mandates transparency in interactions with AI, bans AI-driven mental health counseling, and enhances parental controls for minors. Insurance companies would also be prohibited from using AI as the sole basis for claim decisions. Additionally, the plan bars state agencies from using Chinese-developed AI tools and restricts companies from selling consumer data. A separate measure addresses AI data centers, ensuring utilities cannot pass costs to residents and granting local governments authority to block developments that threaten resources. DeSantis emphasized state autonomy in regulating AI, opposing federal efforts to preempt state laws and arguing against Big Tech influence.

Source: Law 360 (sub. req.)

SEC panel pushes for AI disclosure rules amid investor risk concerns

The SEC’s investor advisory committee has recommended new regulations requiring publicly traded companies to disclose how they use artificial intelligence. The proposal seeks to standardize reporting while also allowing for flexibility by calling for firms to define AI, explain its applications, and identify who oversees its use. Advocates argue that inconsistent disclosures leave investors uninformed about cybersecurity, regulatory and reputational risks tied to AI adoption. However, skepticism from Republican commissioners and SEC leadership suggests the measure faces significant hurdles. Critics argue existing principles-based rules suffice and question whether uniform disclosure is necessary given varying company sizes and AI usage. The initiative originated under the Biden administration but lost momentum after leadership changes at the SEC.

Source: Law 360 (sub. req.)

FINRA urges strong oversight for GenAI

Regulators are urging financial firms to implement robust governance and risk management frameworks for generative AI. FINRA emphasizes that its rules remain technology-neutral, but warns of unique challenges posed by autonomous AI agents. Experts stress proactive oversight, as bad actors exploit AI to fabricate social media sentiment and obscure illicit trading patterns. The evolving “digital arms race” demands increasingly sophisticated control systems to protect market integrity and investor confidence.

Source: Law 360 (sub. req.)

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AI **Litigation & Regulation**

Federal executive order seeks unified AI regulation

The executive order introduces a nationwide framework for AI oversight, aiming to replace varied state-level regulations with a single federal standard. It directs the attorney general to challenge state laws deemed unconstitutional or conflicting with national priorities and authorizes withholding broadband funding from states that maintain restrictive AI rules. Federal agencies will also review whether diversity-related requirements in AI models violate existing statutes. Supporters argue the move will reduce regulatory complexity, foster innovation, and strengthen U.S. competitiveness against global rivals. Critics—including civil rights and consumer advocacy groups—contend the policy undermines state authority, threatens public protection and may be unconstitutional. They also warn that eliminating state guardrails could increase risks associated with unreliable or discriminatory AI systems.

Source: Law 360 (sub. req.)

State AGs urge AI safety measures amid rising risks

More than 40 state attorneys general are demanding stronger safeguards for GenAI chatbots, citing alarming cases where AI interactions contributed to suicides, violence and exploitation. They warn chatbots can validate harmful delusions, encourage risky behaviors and manipulate vulnerable users, including children. Reported incidents include a murder-suicide and teen suicides linked to chatbot conversations. Concerns extend to grooming, promoting drug use, secrecy from parents and inciting violence.

Lawsuits allege companies like OpenAI prioritize speed over safety and ignore internal warnings. Officials argue these practices may violate privacy laws and criminal statutes, urging tech firms to implement safety tests, recall procedures and clear warnings. With 72% of teens engaging with AI bots, the call emphasizes urgent action to prevent emotional harm, mental health crises and criminal outcomes fueled by unregulated AI interactions.

Source: Law 360 (sub. req.)

New York enacts AI transparency and post-mortem rights laws

The new laws require advertisers to disclose when AI-generated “synthetic” performers are used, ensuring transparency for consumers. Additionally, the legislation strengthens post-mortem publicity rights by prohibiting the use of a deceased person’s name, image or voice without consent from heirs or executors. Governor Kathy Hochul emphasized that these measures aim to keep pace with technological advances, while safeguarding artists and consumers. The bills—passed unanimously—address growing concerns over deepfakes and manipulated media, which can blur reality and harm trust. Industry leaders, including SAG-AFTRA, praised the laws as vital for protecting creativity and integrity. Lawmakers highlighted that these steps will hold companies accountable and preserve jobs in New York’s film and advertising sectors.

Source: Law 360 (sub. req.)

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AI **Litigation & Regulation**

States push back against FCC's AI preemption effort

A bipartisan group of 23 state attorneys general is urging the FCC to abandon plans that could override state-level regulation of AI. They argue the FCC lacks authority to preempt laws governing AI's impact on citizens and that such decisions should rest with Congress. The states warn FCC overreach could undermine consumer protections and state responsibilities, citing examples like preventing deepfakes, AI-driven scams and rent-setting algorithms. They criticize the FCC's inquiry as vague, noting it fails to define AI or identify specific laws affected. The pushback follows an executive order encouraging federal standards that preempt state laws, which some officials call a dangerous power grab.

Source: Law 360 (sub. req.)

Redirecting unused broadband funds to AI workforce development

Congress is considering a plan to repurpose leftover funds from the \$42.5 billion Broadband Equity, Access and Deployment (BEAD) program to support emerging technologies, particularly AI. The proposed SUCCESS for BEAD Act, introduced by Senators Roger Wicker and Shelley Moore Capito, would allow states to use unspent BEAD allocations—approximately \$20 billion to \$22 billion—for initiatives that enhance public safety, improve network resiliency, strengthen national security and develop a skilled AI workforce. The surplus funds stem from revised state plans following a federal mandate to adopt a technology-neutral approach, which reduced project budgets.

Source: Law 360 (sub. req.)

FTC reverses ban on AI writing tool to support innovation

The FTC overturned a 2024 consent order prohibiting AI writing platform Rytr from offering tools capable of generating customer reviews. The decision—made by the agency's two current Republican members—aligns with the Trump administration's policy to avoid stifling AI innovation. The FTC concluded the original complaint lacked evidence showing Rytr violated Section 5 of the FTC Act or that it caused consumer harm. The prior order, issued under Democratic leadership, aimed to curb deceptive practices by banning AI-generated reviews. However, the current commission found the action inconsistent with legal standards and public interest, emphasizing that technology should not be condemned solely for potential misuse.

Source: Law 360 (sub. req.)

Benesch
AI Insights



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Megan Parker Published in ABA GPSolo Magazine | “Fighting AI and Deepfake Misuse in Music”

The music industry is undergoing seismic shifts with AI redefining how content is created, shared and consumed. While AI offers exciting possibilities, such as personalized playlists and virtual collaborations, it also introduces unprecedented risks. The most alarming is deepfake audio—synthetic recordings that mimic an artist’s voice with uncanny precision.

Source: ABA GPSolo Magazine



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AI and Regulatory Compliance—Governance for Maximizing Operational Results

The federal government is widely reported as actively deploying artificial intelligence to support enforcement functions. Department of Homeland Security agencies, particularly U.S. Customs and Immigration and Customs Enforcement, are often identified as some of the beneficiaries using this technology. Anecdotally, many in the industry are seeing investigations and audits arise “out of the blue” from a wide range of agencies with jurisdiction over transportation and logistics operations.

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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