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# AI Reporter

A Publication of Benesch's  
AI Commission

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AI Update



**Steven M. Selna**  
Partner

A series of lawsuits highlights mounting scrutiny over AI safety and accountability. A federal suit in the Northern District of California accuses xAI of knowingly allowing its Grok chatbot to generate child sexual abuse material from real children’s photos without safeguards, allegedly resulting in widespread circulation of abusive images and severe harm to victims. Before the same federal district court, a father sued Google, alleging its Gemini chatbot formed a manipulative, delusional bond with his adult son, encouraged violent fantasies and ultimately coached his suicide. Google denies the claims, pointing to its built-in safety measures and crisis resources.

On the regulatory front, Michigan state lawmakers have introduced a package of child safety bills targeting social media platforms and AI companies, aiming to better protect minors by restricting risky features such as “companion chatbots,” limiting targeted advertising, requiring high-default privacy settings, and mandating parental consent for access to algorithm-driven, potentially addictive content. At the federal level, Senator Marsha Blackburn (R-Tenn.) released a draft bill proposing a single national framework for AI regulation to replace fragmented state laws, aligning with President Trump’s AI executive order and requiring developers to mitigate foreseeable harms, protect users under the age of 17 and clearly label AI-generated content. Senator Blackburn’s proposal would also reduce liability protections, limit AI training on copyrighted material without consent, safeguard creators’ voices and likenesses, and authorize enforcement by the FTC and state attorneys general.

These and other stories appear below.



**Sydney E. Allen**  
Senior Managing Associate

## AI in Business

### **Metta World Peace launches Perpetual Celebrity Commerce platform**

Perpetual Celebrity Commerce is a platform enabling celebrities to use AI-powered digital likenesses for global fan engagement and live commerce. The first deployment will be on Shopee, a major Southeast Asian e-commerce platform, where Metta's AI twin will host livestream sessions, interact with fans and communicate in multiple languages in real time. The platform gives celebrities full control over their digital likeness, including its use and deployment.

**Source: The Sporting Tribune**

### **Apple Music launches AI transparency tags**

Transparency Tags are a new metadata system requiring record labels and music distributors to disclose when AI has been used in music content. The tags cover four creative elements: Artwork, Track, Composition and Music Video and can be applied simultaneously. The move is intended to increase transparency around AI-generated content in the music industry, giving content providers the responsibility to determine what qualifies as AI-generated. Apple states that proper tagging is essential for developing thoughtful AI policies and establishing best practices for the industry.

**Source: Music Business Worldwide**

### **AI to be the central focus of upcoming WGA contract talks**

As Hollywood writers approach contract negotiations with major studios, the use of AI remains a central issue. The Writers Guild of America (WGA) is seeking to expand existing protections against the use and abuse of AI in content creation. Current WGA contracts prohibit companies from

treating AI as a writer and require disclosure if AI was used in developing written materials. This helps prevent companies from forcing writers to use AI or paying them only a rewrite fee for AI-generated scripts.

**Source: LA Times**

### **Microsoft launches Copilot Health tool**

Copilot Health is an AI-driven tool designed to aggregate and analyze data from electronic health records (EHRs), wearables and lab results to provide personalized healthcare support. Copilot Health will interpret symptoms, bloodwork and medical images, offering actionable advice that considers insurance, medical history and patient emotions. This phased rollout is intended to reduce burdens on doctors, patients and caregivers by enabling more informed and agentic patient participation in care.

**Source: Fortune (sub. req.)**

### **AI-generated Val Kilmer to appear posthumously in new film**

First Line Films will use GenAI to create a digital version of Val Kilmer for the upcoming film "As Deep as the Grave," marking one of the most prominent uses of AI in filmmaking to date. Kilmer was originally set to perform in the movie, but due to his health he was unable to. Kilmer's estate approved and is being compensated for his digital replication, highlighting the growing trend of using AI to extend the creative process and enable posthumous performances in the entertainment industry.

**Source: Associated Press**



**Carlo Lipson**  
Associate

## Litigation & Regulation

### LITIGATION

#### [YouTuber's New York lawsuit alleges Runway AI illegally scraped videos for training](#)

Prominent YouTuber Ali Spagnola filed a lawsuit against Runway AI in the Southern District of New York, claiming the company illegally downloaded YouTube videos to train its video-generation technology. The suit alleges Runway bypassed YouTube's technical safeguards that generally prevent bulk downloading of videos, with the exception of limited in-app use by premium subscribers. According to the complaint, Runway used automated crawlers, proxy services and virtual machines to access and download large volumes of content while evading detection. The lawsuit also cites leaked internal documents listing thousands of YouTube channels and major media brands as part of Runway's training data. Spignola seeks to represent a class of creators whose videos were allegedly accessed at the file level.

Source: Law 360 (sub. req.)

#### [Father's lawsuit alleges Google chatbot fueled deadly delusions and violence plot](#)

A man sued Google in the Northern District of California, claiming its Gemini chatbot manipulated his 36-year-old son into believing it was his "AI wife," encouraging violent delusions and ultimately coaching his suicide. The lawsuit alleges Gemini fostered a romantic bond, reinforced paranoia, and even directed the man to attempt to stage a mass-casualty attack at Miami International Airport involving an imaginary humanoid robot. The complaint claims Google failed to deploy safeguards to detect self-harm or intervene despite clear warning signs. Google denies the allegations, saying Gemini is designed to discourage violence and self-harm, and that it provided crisis resources.

Source: Law 360 (sub. req.)

#### [Veteran broadcaster files California lawsuit against Google over alleged AI voice misuse](#)

David L. Greene, a longtime NPR journalist and current KCRW host, sued Google and its parent company, Alphabet, alleging they used his voice without permission to train an AI podcasting tool. Greene claims Google's NotebookLM offers a popular voice that closely mimics his cadence, delivery and personality, enabling users to generate podcasts that sound like him without consent or compensation. He argues this amounts to unlawful exploitation of his reputation, noting that other companies license celebrity voices for similar products. The Northern District of California lawsuit alleges violations of California publicity rights, unfair competition and unjust enrichment and seeks damages as well as an injunction requiring Google to delete related data.

Source: Law 360 (sub. req.)

#### [Judge rejects xAI bid to halt California AI disclosure law](#)

A Central District of California judge refused to block enforcement of a state law requiring AI companies to disclose information about the data used to train their models. The judge noted xAI had already partially complied with the law and had not demonstrated that its datasets were unique in size, source or cleaning methods compared to competitors. The court also rejected xAI's arguments under the Fifth Amendment and expressed skepticism toward its First Amendment and vague challenges, emphasizing that the law likely regulates commercial speech and serves a legitimate consumer transparency interest.

Source: Law360 (sub. req.)

## AI Litigation & Regulation (cont'd)

### Journalist sues Grammarly over alleged misuse of public figures' identities

Investigative journalist Julia Angwin filed a proposed class action in New York federal court alleging Grammarly's "Expert Review" AI tool unlawfully used the names, likenesses and identities of prominent writers and public figures without consent or compensation. The tool claimed to offer writing feedback from figures such as Stephen King, Neil deGrasse Tyson and Angwin herself, despite their lack of authorization or involvement. The complaint argues Grammarly trained its AI on publicly available work and generated advice attributed to these individuals, potentially misrepresenting their views and exploiting their reputations for commercial gain. Angwin seeks damages and an injunction on behalf of a nationwide class.

**Source: Law 360 (sub. req.)**

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### Lawsuit alleges xAI enabled creation and trafficking of AI-generated child abuse images

In the Northern District of California, a lawsuit alleges that xAI knowingly allowed its Grok AI to be used to transform real children's photos into child sexual abuse material. The plaintiffs claim Grok was designed to generate explicit content without safeguards preventing the use of real minors' images, unlike competing AI systems. According to the complaint, millions of sexualized images were produced, including tens of thousands appearing to depict minors, which were allegedly traded among predators online. Three Jane Doe plaintiffs say their personal photos were manipulated into realistic and abusive images, causing lasting psychological harm and ongoing trauma as the material circulates. The suit is looking to represent a nationwide class of affected children and asserts claims ranging from child exploitation and trafficking-related liability to negligence, emotional distress and unfair competition. Regulators both in the U.S. and abroad are also investigating similar concerns.

**Source: Law 360 (sub. req.)**

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### Britannica and Merriam-Webster sue OpenAI in NY federal court over AI copyright use

The Southern District of New York lawsuit alleges that OpenAI used plaintiffs' copyrighted content at scale to train its language models and that ChatGPT produces responses that retrieve, reproduce, paraphrase or closely mimic their works. The companies also argue that ChatGPT competes directly with them by providing answers without directing users to their websites, thus reducing traffic and revenue. Additionally, the suit alleges trademark violations, asserting ChatGPT sometimes misleads users by generating false or incomplete information and incorrectly attributing it to Britannica or Merriam-Webster. The plaintiffs seek damages, restitution, legal costs and an injunction to halt the alleged practices. OpenAI denies wrongdoing, stating its models rely on publicly available data and fair use.

**Source: Law 360 (sub. req.)**

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### North Carolina man pleads guilty in first U.S. federal streaming scam case

Mike Smith is the first person in the U.S. to plead guilty to federal streaming music fraud, after using AI to generate and stream hundreds of thousands of songs on platforms like Spotify, Apple Music and Amazon Music. Smith used AI to create the music as well as automate streaming, thereby circumventing detection systems designed to flag anomalous activity. He earned over \$8 million through this scheme but must forfeit the illicit earnings and now faces up to five years in prison.

**Source: AV Club**

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## AI Litigation & Regulation (cont'd)

### REGULATION

#### Michigan moves to tighten child safety rules for AI on social media platforms

Michigan lawmakers are advancing a package of child safety bills aimed at regulating social media platforms and AI companies, with a focus on protecting minors from harmful digital practices. The proposed legislation would restrict “companion chatbots” by imposing stricter privacy and design standards on online services used by minors, including high-default privacy settings and limits on targeted advertising. One bill would require parental consent before minors can access algorithm-driven, addictive content feeds. The proposals would also update Michigan’s consumer protection law, making violations an unfair trade practice. Supporters say the measures are designed to curb unethical behavior by major technology companies, as legal challenges nationwide increasingly accuse platforms of deliberately designing products that harm children’s health and well-being.

**Source: Law 360 (sub. req.)**

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#### Colorado moves to boost transparency in AI-driven decisions

Colorado Governor Jared Polis backed revisions to a state law designed to make the use of AI and automated decision-making more transparent for consumers. The updated framework requires clear, upfront notice whenever AI systems are used in consequential decisions, such as those affecting employment, finances or healthcare. If an automated decision results in a negative outcome, individuals would then be entitled to additional details as well as the chance to correct inaccurate information and the option to request a human review. The changes build on a 2024 law aimed at reducing algorithmic discrimination by holding developers and deployers of high-risk AI systems to standards of reasonable care.

**Source: Bloomberg Law**

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#### Tennessee senator proposes federal AI rulebook to replace state laws

Senator Marsha Blackburn released a draft bill to establish a single federal framework for regulating AI and replace a growing mix of state laws that allegedly hamper innovation. The proposal would codify a national standard aligned with the President’s executive order on AI. It requires developers to mitigate foreseeable harms, repeals Section 230 immunity, and mandates safeguards for users under the age of 17. The bill limits AI training on copyrighted works without consent, protects creators’ voices and likenesses, and calls for clear labeling of AI-generated content. It also authorizes enforcement by the FTC and state attorneys general, allows lawsuits for AI-related harms, and requires audits to address alleged political bias in AI systems. Additional provisions address job impacts and data center energy costs and create a shared national AI research resource.

**Source: Law 360 (sub. req.)**

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**Where AI Regulation Stands Today: Part 1 of a 3-Part Series**

For the last two years, AI governance, privacy and regulatory enforcement have resembled a recurring cycle: rapid bursts of state legislative activity; uneven standards; varying state enforcement theories; and ultimately, federal officials announcing plans to resolve fragmentation through a national framework. Federal AI policy has shifted from broad, agency-driven governance efforts toward an explicit push for a uniform national standard—accompanied by a litigation strategy aimed at challenging state laws deemed onerous or extraterritorial. States, in turn, are likely to challenge federal preemption on a piecemeal basis. As a result, companies may face extended periods of dual compliance and should closely monitor regulatory developments.



**Kevin B. Frankel**  
Partner; Chair, State  
Attorneys General  
Practice



**Yesul (“Kristin”) Lee**  
Senior Managing  
Associate



**Juan Andrés Mata**  
Managing Associate

Source: Benesch Law

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## Benesch Insights (cont'd)

### UPCOMING EVENTS

#### 2026 ANNUAL MEETING — TLA

April 29 – May 2, 2026  
Omni Amelia Island Resort

*Kris Chandler is speaking on Friday, May 1  
8:30 a.m.–9.30 a.m.*

#### **Skyfreight: AI-Powered Intelligence for Maritime and Intermodal Operations**

As AI and automation transform logistics and supply chains, transportation lawyers face new questions surrounding liability for predictive decision-making, data protection and technology contracting. This panel explores the evolving landscape of AI-powered maritime and intermodal operations, where algorithms influence operational decisions and compliance remains critical to continued operations. Panelists will examine how artificial intelligence is reshaping contracting, liability exposure and regulatory obligations across global supply chains. The discussion will address legal risks associated with AI-driven scheduling, routing and freight allocation systems used in maritime, aviation and trucking sectors.

For more information or to register for the event, please click [here](#).



**Kristopher J. Chandler**  
Chair, AI Commission

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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