Dailey LLP

Four Years After Thomson Reuters v. ROSS, Developers of AI-Powered Legal Products Continue to Face Claims of IP Infringement

Jan 16, 2025

The legal services industry is continuing to draw the attention of plaintiffs' lawyers seeking to crack down on allegedly infringing content in products driven by artificial intelligence, as evidenced by a recent action filed in the U.S. District Court for the Eastern District of Pennsylvania.

The lawsuit, filed on December 31st, is being brought by the Law School Admission Council, Inc. (LSAC) against defendants Chatty Courses, Inc. and Mun Dot So, Inc., as well as their alleged principal, alleging that the defendants operate an infringing online service called "AI Tutor for LSAT." LSAC claims that the defendants have used LSAC's trademarks and copyrighted materials without authorization, which is likely to confuse consumers about the source of the defendants' services. LSAC further alleges that corporate defendants' principal agreed to LSAC's terms and conditions but used the access to LSAC's materials for competitive purposes, violating those terms. The complaint asserts counts for breach of contract; direct and vicarious/contributory copyright infringement; infringement and dilution of trademarks; unfair competition and false designation of origin; and unfair trade practices under Pennsylvania law. Counsel for defendants have yet to enter an appearance.

LSAC's action comes more than four years after the lawsuit filed by Thomson Reuters in the District of Delaware claiming that ROSS Intelligence Inc. trained its competing legal research AI by copying Westlaw's legal database without permission. The case is a pioneer in the AI litigation world, having been filed prior to the recent wave of lawsuits against developers of generative AI such as OpenAI, Meta and Google. And now, with summary judgment motions pending, *Thomson Reuters* is poised to offer preliminary guidance for courts and litigants as to the viability of a critical defense for AI companies facing copyright infringement claims—the doctrine of fair use. While the court previously denied the parties' summary judgment motions on fair use (finding there were factual issues), the court has allowed the parties to renew their motions. In its order scheduling oral argument on the renewed motions, the court indicated that it would be particularly focused on two of the four factors of the fair use doctrine, specifically, the "purpose and character of the use" and the "effect of the use upon the potential market for or value of the copyrighted work." Oral argument on the motions was held on December 5th.

The outcomes of these cases will likely impact decision makers in this emerging field who continue to weigh, on the one hand, the costs of legally obtaining content to develop their AI products (such as Meta's reported consideration of buying Simon & Schuster in 2023), against the ramifications of a judgment finding IP infringement, on the other.

MICHAEL E. BONNER is a partner at Dailey LLP whose practice focuses on business litigation and consultation, including issues surrounding cybersecurity and AI.

Copyright © 2024 Dailey LLP. All rights reserved.

Our mailing address is:

1650 Market Street Suite 3619, Philadelphia, PA 19103