HALL ESTILL
ATTORNEYS AT LAW

News & Insights

IP Attorney Randy McCarthy for IP Watchdog - Anthropic Settlement with Authors Could Set an AI Industry Precedent

September 27, 2025

IP Watchdog

https://ipwatchdog.com/2025/08/27/anthropic-settlement-authors-set-ai-industry-precedent/id=191576/

However, Anthropic's decision to settle is not a surprise in light of the way the order panned out, according to Randy McCarthy of Hall Estill. In comments sent to IPWatchdog, McCarthy said that "once the question became one of potential liability for having used pirated materials, which is fairly straightforward," settlement became likely.

"It appears that under the current law, so long as you have lawfully procured a copy of a work, it is fair use to use that as training material in a neural network on the basis that the actual use is considered transformative fair use," McCarthy added.

McCarthy pointed to the pending lawsuit brought by Disney and Universal Studios against Midjourney as one in which these issues could be hashed out further. There, Disney and universal alleged that Midjourney is a "bottomless pit of plagiarism" and that it could have stopped the infringement and copying of their copyrighted works at any time—either by controlling the data used to train, by controlling the prompts users input, or via technological protection measures—but chose not to and failed to respond to letters informing them of the infringement prior to the lawsuit.

Attorneys

- Randall K. McCarthy

Practices

- Intellectual Property
- Copyrights