THE LIABILITY MAZE IN AI-GENERATED INTELLECTUAL PROPERTY VIOLATIONS

MUHAMMED FURKAN AKINCI

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Muhammed Furkan AKINCI
Boğaziçi University

Abstract

The rapid deployment of generative artificial intelligence systems reveals fundamental deficiencies in legal frameworks designed for human creativity, hence generating unprecedented challenges for intellectual property law. This study examines how artificial intelligence systems that generate potentially infringing outputs and are trained on billions of copyrighted works have transformed established liability regimes across several nations. The analysis of the complex AI ecosystem, encompassing model developers, training data providers, platform operators, and end users, reveals that conventional liability theories are inadequate due to the scale, opacity, and automated nature of AI operations. The opaque nature of artificial intelligence systems, along with its memorization phenomenon, obstructs efforts to establish clear causal relationships between training inputs and potentially erroneous outputs. Initial judicial responses, such as Kneschke v. LAION and Thomson Reuters v. Ross Intelligence, with the concerning integration of web scraping with text and data mining in recent Hungarian case law, illustrate the difficulties courts have in adapting conventional copyright principles to artificial intelligence contexts. A comparative jurisdictional analysis uncovers fundamental disparities in policy methodologies. The European Union's comprehensive strategy, which integrates the rights reservation mechanism of the DSM Directive with the transparency mandates of the AI Act, starkly contrasts with the United States' reliance on fair use doctrine and litigation-based advancement. Divergent aims distinctly reflect contrasting models from Japan and China, suggesting that world unity is unlikely. These various methodologies provide distinct challenges for global artificial intelligence systems that must navigate conflicting legal duties across countries. The paper introduces a pragmatic multi-stakeholder responsibility framework that acknowledges technology limitations and political realities instead of proposing definitive solutions. Acknowledging that complete prevention of infringement may be technically unfeasible due to current artificial intelligence capabilities, the framework replaces negligence-based standards with stringent liability grounded in enhanced due diligence obligations. It emphasizes documented good faith efforts above guaranteed outcomes, proportional responsibility based on stakeholder sophistication and control, and adaptable systems capable of evolving with technological advancements. The paper concludes that, despite inherent uncertainties, effective AI liability frameworks must integrate incentives for innovation with the safeguarding of rights. To achieve success, one must go beyond the current dichotomy between authoritarian and liberal policies and establish more malleable rules that provide sufficient security without stifling the development of AI that serves society well. The challenge is in creating sustainable methods to manage the ongoing tension between legal obligations and technology capabilities, rather than in achieving optimal solutions.

Keywords

Artificial Intelligence, Intellectual Property, Responsibility, Copyright Infringement, Patent Law, Generative AI, Legal Framework

1. INTRODUCTION

The convergence of artificial intelligence and intellectual property law has become a significant challenge for modern legal systems. The swift progression of artificial intelligence technologies has set off a worldwide discussion regarding the convergence of AI and intellectual property law (Bharati, 2024, p. 207), escalating as AI systems have transitioned from basic computational instruments to advanced generative technologies capable of generating outputs that compete with human creativity and ingenuity. The legal ramifications of this technological advancement surpass mere theoretical discourse, presenting urgent practical issues for courts, legislatures, and practitioners globally. This widespread discussion has revealed that traditional approaches to intellectual property enforcement are fundamentally inadequate for addressing AI-generated violations.

The idea of a liability maze fits the present level of legal ambiguity around intellectual property breaches resulting from artificial intelligence. In contrast to conventional intellectual property infringement, which generally features distinct human agents and recognizable causal relationships, AI-generated infringement transpires within complicated technological systems that encompass numerous participants, ambiguous algorithmic procedures, and decentralized decision-making frameworks. This intricacy profoundly undermines conventional legal theories designed for human-centric creative and inventive endeavors.

The necessity to confront these difficulties is paramount, since the fast implementation of AI systems in creative sectors has generated an urgent demand for legal clarification about responsibility distribution. Empirical study indicates that extensive generative AI models may retain training data that includes copyright-protected works, prompting essential inquiries regarding who would be *prima facie* accountable for such copying (Rosati, 2024, p. 1). This discovery underscores a significant deficiency in existing legal frameworks: the failure to effectively handle responsibility when infringement transpires via automated procedures that may replicate copyrighted items without human intent or understanding.

The conventional structure of intellectual property liability, established over centuries of legal evolution, presumes human agency, purpose, and direct causal links between actions and consequences. Efforts to address culpability for harm caused by AI using current legal frameworks and principles have been ineffective (Aksoy, 2024, p. 179-180). This failure indicates a fundamental deficiency in legal frameworks intended for human agents when faced with automated systems that function outside direct human oversight. This creates a structural liability gap, as the autonomous action of a permissibly used machine can no longer be directly viewed as human behavior to which an allegation of fault can be attached (Borges, 2023, p. 3).

The intricacy of AI-generated intellectual property infringements arises from several interrelated technological factors. The training process for contemporary AI systems entails the assimilation of extensive datasets that may include copyrighted materials, patented inventions,

or other forms of protected intellectual property, rendering it virtually unfeasible to ascertain the intellectual property status of all training materials due to the magnitude and breadth of data collection.

Furthermore, AI systems function via machine learning methods that can generate outputs resembling copyrighted works or patented ideas from their training data, resulting in memory challenges where AI systems may unintentionally replicate protected property (Emanuilov & Margoni, 2024). The decentralized structure of AI development and deployment establishes several potential liability points among various stakeholders—developers of foundational models, platform operators facilitating access to AI systems, and end users producing potentially infringing outputs. These technological complexities have already begun to manifest in judicial proceedings, revealing the inadequacy of existing legal frameworks.

Initial judicial reactions to issues involving AI-generated intellectual property have shown the shortcomings of current legal frameworks, as exemplified by instances such as Kneschke v. LAION and DPG Media v. HowardsHome, which highlight the difficulties courts have when attempting to apply conventional copyright principles to AI systems. The earliest rulings, albeit offering preliminary direction, underscore the necessity for more extensive legal frameworks tailored to the distinct attributes of AI-generated intellectual property infringements.

The international aspect introduces further complication, as several countries are formulating disparate approaches to AI liability, resulting in possible disputes and prospects for regulatory arbitrage (Sag & Yu, 2024). The European Union's strategy, illustrated by the AI Act and the the Digital Single Market Directive, prioritizes rights reservation mechanisms and transparency mandates, fostering reliable and human-centric AI while protecting diverse fundamental rights (Guadamuz, 2024, p. 213). Conversely, the United States has predominantly depended on the fair use doctrine and established safe harbor protections, whilst jurisdictions such as Japan have devised investment-centric frameworks aimed at fostering AI innovation. This jurisdictional diversity poses a difficulty in regulating intellectual property exclusion and inclusion globally, since the absence of international coordination may weaken the efficacy of national regulatory frameworks (Peukert, 2024).

The implications of addressing these difficulties surpass the immediate concerns of intellectual property holders and AI developers. Although AI may not lead to global catastrophe, it is profoundly transforming our connection with reality, underscoring the wider societal ramifications of AI-generated material (Novelli et al., 2024, p. 1389). The lack of definitive accountability frameworks for AI-generated intellectual property infringements may erode public confidence in AI systems and intellectual property safeguards, potentially leading to significant repercussions for innovation, creativity, and economic advancement.

This article addresses these difficulties with a thorough three-stage analysis aimed at transcending existing conceptual deficiencies in favor of practical answers. The analysis delineates the structure of AI liability by scrutinizing the diverse stakeholders in AI development and deployment, evaluating the methods by which AI systems may violate intellectual property rights, and pinpointing deficiencies in existing legal frameworks through an examination of recent case law and platform practices. Secondly, it offers a comparative analysis of jurisdictional approaches to AI liability, scrutinizing how various legal systems have endeavored to tackle these challenges and pinpointing patterns of convergence and divergence in regulatory responses across the European Union, United States, and alternative frameworks established in jurisdictions like Japan and the United Kingdom. Thirdly the article introduces a multi-stakeholder liability structure that acknowledges the decentralized nature of AI development and deployment, while offering explicit recommendations for the distribution of responsibility.

The proposed framework includes strict liability for developers who neglect to establish sufficient safeguards, qualified immunity for platforms that exhibit good faith in content moderation, and proportional liability for users according to their sophistication and commercial intent. This methodology considers the distinct attributes of AI systems while upholding consistent doctrinal principles, offering explicit direction for courts and practitioners while sustaining incentives for innovation and creativity. This analysis contributes not only to the specific issue of AI liability but also to overarching inquiries regarding the adaptability of legal systems to technological advancements, while preserving their essential protective roles, thereby establishing a basis for forthcoming legislative and judicial progress in this swiftly changing legal domain.

2. THE ARCHITECTURE OF AI LIABILITY: STAKEHOLDERS, MECHANISMS, AND LEGAL GAPS

2.1 The AI Ecosystem and Liability Distribution

The modern artificial intelligence landscape comprises an intricate network of interrelated parties, each fulfilling specific functions in the creation, implementation, and use of AI systems that might result in intellectual property infringements. Comprehending this ecosystem is crucial for evaluating the allocation of culpability when AI systems violate intellectual property rights, as conventional legal frameworks were established for more straightforward, linear interactions among authors, distributors, and consumers.

The AI development process often starts with AI model developers who formulate the fundamental algorithms and structures that facilitate generative functions. Entities such as OpenAI, Anthropic, Google, and Meta allocate significant resources to research and

development for the advancement of increasingly advanced AI systems. Their responsibilities encompass not just software development but also pivotal choices on training data procurement, model architecture design, and the implementation of safety measures. The magnitude of their operations is unparalleled in intellectual property law, with training datasets consisting of billions of papers, photographs, and other creative works (Baack, 2024).

Data suppliers for training constitute a vital stakeholder group, however their significance is sometimes masked by the intricacies of data collecting systems. For instance, Common Crawl, a major source of generative AI training data, has a vast collection of web-scraped content, which includes significant quantities of copyrighted material (Baack, 2024). The automated process of data collecting results in training datasets that invariably incorporate copyrighted materials without the explicit consent of rights holders, raising essential concerns regarding the validity of the overall training methodology.

Platform operators that implement AI systems for end users hold a unique position in the responsibility chain, since they regulate access to AI functionalities while perhaps having no direct engagement in model creation or the procurement of training data. These platforms, including cloud service providers, application developers, or integrated service offerings, make essential determinations regarding user access restrictions, content moderation policies, and output filtering techniques. Their intermediate role raises intricate issues about their accountability for user-generated content that might violate intellectual property rights.

The end users of AI systems are the last segment in the liability chain, albeit their level of sophistication and purpose significantly varied across various applications. Users encompass individual consumers exploring creative AI technologies and advanced commercial enterprises incorporating AI functionalities into their corporate operations. User sophistication substantially influences their capacity to comprehend and address intellectual property threats, posing difficulties in formulating proportionate responsibility frameworks that consider varying degrees of knowledge and competence.

These technical complexities are compounded by fundamental human behavioral patterns in AI interaction. This challenge exceeds simple complexity, as user objectives may differ from the AI's programmed logic, resulting in rational distance where people dismiss algorithmic recommendations that contradict their own interests (Bader & Kaiser, 2019, p. 15). Moreover, users may cultivate an emotional commitment to their decision-making autonomy, influenced by professional values or personal aspirations, leading them to deliberately disregard system results (Bader & Kaiser, 2019, p. 19).

The complexity of this multi-stakeholder ecosystem is further exacerbated by fundamental technological characteristics of AI systems themselves. The memorizing phenomenon in AI systems complicates liability analysis by obscuring the conventional boundaries between

copying and independent production. Emanuilov and Margoni illustrate that generative sequence models, when trained using open-source licensed code, may retain and replicate significant segments of their training data, especially when presented with certain inputs that elicit the recollection of training materials (Emanuilov & Margoni, 2024, p. 1). The capacity to memorize allows AI systems to produce outputs that closely mimic or replicate copyrighted materials from their training data, raising direct infringement issues that conventional fair use assessments may not sufficiently address.

The opaque nature of numerous AI systems exacerbates liability issues by complicating the identification of the precise origins of potentially infringing outputs. The lack of transparency in AI decision-making processes poses considerable difficulties in determining causal links between training inputs and particular outputs, hence complicating the assignment of blame for violations (Aksoy, 2024, p. 181). This opacity impairs copyright holders' ability to detect infringement sources and hinders AI developers' capability to establish effective controls against problematic outputs.

This black box effect creates profound procedural difficulties, as the inability to determine why an AI system acted harmfully makes it exceptionally difficult to prove that a human's specific breach of a supervisory duty was the legal cause of the damage (Borges, 2023, p. 4).

The worldwide scope of AI development and implementation introduces more jurisdictional difficulties that conventional intellectual property regimes find challenging to navigate. AI systems created in one jurisdiction with training data from many nations may be used worldwide, resulting in possible conflicts among disparate legal frameworks and enforcement mechanisms. The extraterritorial scope of AI systems necessitates that liability assessments include several legal frameworks concurrently, posing difficulties for both rights holders pursuing redress and AI developers striving for compliance.

The economic incentives in the AI ecosystem generate possible discrepancies between innovation objectives and intellectual property safeguarding. The significant investments necessary for AI development exert pressure to optimize training data procurement and reduce compliance expenses, which may result in insufficient focus on intellectual property clearance. Conversely, too stringent enforcement of intellectual property rights may hinder advantageous AI innovation, resulting in a conflict between safeguarding established rights and facilitating technical advancement.

2.2 Current Legal Frameworks and Their Inadequacies

The utilization of current intellectual property frameworks for AI-generated content exposes significant problems across various jurisdictions, indicating that these legal structures were designed for human-centric creative processes rather than for automated systems that can

produce extensive amounts of potentially infringing material. These flaws have distinct manifestations across diverse legal systems, however they share overarching themes of conceptual misalignment and difficulty in practical enforcement.

In the United States, the framework for AI liability predominantly depends on the theory of fair use and current copyright laws; nevertheless, both systems are insufficient for managing the extent and complexity of AI activities. The fair use assessment under 17 U.S.C. § 107 necessitates a case-by-case examination of variables such as the purpose and character of the use, the type of the copyrighted work, the quantity utilized, and the impact on market value. This paradigm encounters difficulties with AI training procedures that may automatically handle millions of copyrighted works without human oversight or selection (Neill et al., 2024, p. 226).

The idea of transformative use in fair use analysis presents specific issues for AI systems, as the assessment of whether AI training qualifies as transformative use is still fiercely debated. Some assert that transforming copyrighted works into training data for AI models constitutes enough transformation, while others argue that the capacity of AI systems to produce outputs that rival original works diminishes the validity of transformative usage assertions. The business aspect of most AI work complicates fair use assessments, as commercial usage is detrimental to fair use determinations.

The safe harbor provisions of the Digital Millennium Copyright Act, as outlined in 17 U.S.C. Section 512, offer insufficient protection for scenarios involving AI-generated work. The notice and takedown mechanism presupposes that unlawful content can be discerned and eliminated on an individual basis; yet, AI systems may consistently produce analogous illicit content through varying prompts. The automated characteristics of AI content production may surpass standard notice and takedown mechanisms, necessitating novel strategies for content management that existing legislation does not address.

The patent law frameworks established by 35 U.S.C. §§ 101 and 103 provide further deficiencies for innovations developed by artificial intelligence. The stipulation of human inventorship precludes AI systems from patent protection, potentially resulting in deficiencies in innovation incentives. The requirement of obviousness poses challenges when AI systems can provide discoveries that are non-obvious to humans but easily attainable through automated methods (de Rassenfosse et al., 2024, p. 1453).

The European Union's multi-layered regulatory framework, although thorough, introduces considerable complexity and possible discrepancies that might hinder appropriate responsibility distribution. The interplay between the AI Act (Regulation (EU) 2024/1689) and the Digital Single Market Directive (Directive (EU) 2019/790) establishes concurrent duties that may provide challenges for AI developers to manage efficiently.

The rights reservation mechanism in Article 4(3) of the DSM Directive imposes significant compliance obligations on AI developers, with no practical assistance for execution. The necessity for rights reservation to be articulated in a machine-readable format presents technological problems that may be difficult to standardize across various content kinds and platforms. Mezei illustrates that this multi-faceted legislation engenders complexity that may provide challenges for stakeholders to manage proficiently (Mezei, 2024).

Furthermore, the transparency mandates of the AI Act for general-purpose AI models, albeit being well-intentioned, may inadequately furnish information necessary for successful liability assessment. The documentation requirements emphasize model capabilities and hazards instead of the provenance of specific training data, which may restrict their effectiveness in enforcing intellectual property. Furthermore, traditional product liability law is challenging to implement, as the autonomous learning characteristics of AI complicate the demonstration that a detrimental action stemmed from a defect existing at the time of production, rather than from an emergent behavior acquired independently by the system (Čerka et al., 2015, p. 386). The enforcement measures under the EU framework depend on collaboration among several national agencies and the European AI Office, leading to possible variations in implementation and enforcement.

The extraterritorial enforcement of EU rules presents compliance difficulties for international AI developers and may lead to disputes with other jurisdictional frameworks. The Brussels Effect may result in the worldwide acceptance of EU norms; yet, disparities in legal traditions and enforcement powers may constrain the efficacy of this convergence (Bradford, 2020).

Alternative frameworks provide distinct issues. Japan's investment-centric structure, however novel in its strategy to foster AI development, may inadequately safeguard the rights of holders. One can argue that prioritizing social incentive theory and investment promotion may lead to disparities that advantage AI developers at the expense of content producers (Takeuchi, 2024). The proposed framework's emphasis on promoting AI innovation may insufficiently address the worries of copyright holders whose works are utilized in training data without remuneration.

The state-directed approach of China presents distinct issues, including possible conflicts with international intellectual property standards and a lack of openness in decision-making procedures. The focus on technical sovereignty may result in strategies that favor national AI capabilities at the expense of international intellectual property collaboration.

These jurisdictional inadequacies raise fundamental questions about optimal liability design from an economic perspective. Economic analysis reveals that the choice between fault-based and strict liability regimes for AI systems involves critical trade-offs between innovation incentives and harm prevention. When AI systems demonstrate unpredictability and autonomy

characteristics, fault-based regimes prove particularly problematic as courts struggle to accurately determine appropriate duties of care (Buiten et al., 2023). The advantage of strict liability lies in eliminating the need for legislators and courts to possess information about optimal precaution levels, though this approach may reduce beneficial AI deployment below efficient levels when such systems outperform human alternatives.

Despite their different approaches, these jurisdictional frameworks share common structural deficiencies that transcend individual legal systems. The disparity between conventional intellectual property enforcement methods and AI operations presents significant issues for rights holders pursuing remedies. Conventional licensing and approval processes are inadequate for managing the multitude of works potentially incorporated in AI training datasets.

The timing discrepancy between AI development cycles and legal processes introduces additional complexities. AI systems may be created, implemented, and modified at rates that conflict with conventional intellectual property enforcement methods. The swift advancement of AI technology may surpass the capacity of legal frameworks to evolve, resulting in enduring deficiencies in coverage and enforcement.

The attribution difficulties arising from AI systems' capacity to amalgamate knowledge from many sources hinder the establishment of explicit causal connections between particular training materials and potentially infringing outputs. This complicates the determination of responsibility and the computation of remedies, as conventional intellectual property frameworks presume more distinct links between sources and purportedly infringing outputs.

The issues of international coordination illustrate the global character of AI systems and the geographical aspect of intellectual property rights. Diverse jurisdictional frameworks regarding AI liability generate possible conflicts and opportunities for forum shopping, which may compromise effective enforcement. The absence of worldwide standardization in AI governance generates ambiguity for both rights holders and AI developers functioning across several countries.

3. COMPARATIVE JURISDICTIONAL APPROACHES AND REGULATORY RESPONSES

3.1 European Union Framework

The European Union has established the most extensive legal framework addressing the interface of artificial intelligence and intellectual property, integrating conventional copyright safeguards with novel AI-specific legislation. This methodology embodies European inclinations towards proactive regulation, safeguarding basic rights, and synchronized policy formulation, while recognizing the necessity of balancing innovative incentives with the

protection of creators and democratic principles. The EU's current approach evolved from earlier, more radical concepts; for instance, an initial 2017 parliamentary proposal to create a form of electronic personhood for AI was met with significant criticism and is no longer part of the active legal policy discussion (Borges, 2023, p. 3). By setting aside the notion of machine personhood, the legislative focus solidified on establishing clear obligations for the human actors within the AI ecosystem.

The AI Act (Regulation (EU) 2024/1689) represents the world's first comprehensive AI regulation, establishing risk-based obligations for AI system providers and deployers. Recital 105 explicitly discusses the convergence of artificial intelligence and copyright law, indicating that AI models can be trained on extensive datasets, including text, images, videos, and other materials potentially protected by copyright. It asserts that utilizing copyright-protected content for AI training may necessitate permission from rights holders, unless applicable copyright exceptions or limitations exist (Regulation (EU) 2024/1689, Recital 105). This acknowledgment of copyright issues in AI training lays the groundwork for unified regulation strategies across various legal frameworks.

The AI Act mandates transparency for general-purpose AI models, imposing explicit duties for the documentation of training data and model capabilities. Article 53 mandates that vendors of general-purpose AI models create and maintain current technical documentation encompassing details on training data, testing, and assessment. Nonetheless, these stipulations emphasize model functionalities and risk evaluation instead of comprehensive intellectual property clearance documents, which may restrict their usefulness for rights proprietors aiming to comprehend the utilization of their works in training methodologies.

The Digital Single Market Directive (Directive (EU) 2019/790) imposes significant restrictions on copyright exceptions pertaining to text and data mining activities that directly influence AI training processes. Article 4(3) stipulates that copyright holders may explicitly reserve their rights to prohibit text and data mining of their works, contingent upon such reservation being articulated in a machine-readable format for information publicly accessible online (Directive (EU) 2019/790, Article 4(3)). This rights reserve system offers a framework for rights holders to decline participation in AI training applications; yet, substantial practical issues persist.

Mezei's study illustrates that the intricate regulation of rights reservation under EU copyright law and the AI Act generates complexity that may provide challenges for stakeholders to manage effectively (Mezei, 2024). The interplay among several legal frameworks necessitates cooperation among copyright law, AI regulation, and data protection mandates, resulting in compliance issues that may be especially arduous for smaller AI developers or rights holders with constrained technological resources.

The enforcement measures under the EU framework depend on the collaboration of national competent authorities and the European AI Office, which may lead to both thorough supervision and implementation discrepancies. The AI Act mandates market monitoring responsibilities for member nations and provides centralized oversight for the most advanced AI systems. This dual strategy may offer good coverage, although it might also result in coordination difficulties and possible enforcement gaps.

Initial judicial reactions in EU states have started to surface via several notable cases that offer preliminary insights into how courts could address liability issues. Although few in number, these cases provide significant insights into judicial thinking and prospective precedential evolution within the EU system.

The Kneschke v. LAION case, decided by the Hamburg Regional Court in Germany in September 2024, represents the first landmark European judicial assessment of AI training data procurement and copyright law. German photographer Robert Kneschke initiated legal action against LAION, a nonprofit entity that compiles free datasets for AI research, upon learning that one of his copyrighted pictures was incorporated into the LAION-5B dataset utilized for training various AI image generating models. The lawsuit focused on whether LAION's method of obtaining and processing copyrighted photographs to generate training datasets amounted to copyright infringement.

The court decisively decided in favor of LAION, establishing that their actions were encompassed by the text and data mining exemption for scientific research as stipulated in Article 3 of the Digital Single Market Directive and Section 60d of the German Copyright Act. The court acknowledged LAION as a research entity, affirming that its dataset development procedure, which entailed downloading photographs to ensure that AI-generated descriptions corresponded with the real image content, was valid scientific study. Significantly, LAION's ultimate databases comprised just URLs to publicly accessible photos, along by descriptions and metadata, rather than retaining the original copyrighted images. This case focused solely on the preparation phase of AI training, rather than the training process itself, however it set a significant precedent for the use of TDM exceptions to AI development activities by European courts.

The DPG Media v. HowardsHome case, adjudicated by the Amsterdam District Court on October 30, 2024, offers significant insights into text and data mining exceptions, rather than addressing disputes related to AI-generated content. DPG Media and Mediahuis, two Belgian media companies that collectively dominate over 90% of the Dutch online commercial news market, initiated legal action against HowardsHome, a news aggregation service that supplied news alerts to around 60 clients, including public institutions and private enterprises. HowardsHome's service functions by aggregating data from publicly accessible RSS feeds of news articles, offering clients hyperlinks, titles, brief descriptions, and thumbnails via a digital portal.

The case established a significant precedent concerning the obligations of publishers to properly opt out of TDM exceptions as stipulated in Article 4 of the DSM Directive. The court determined that for a TDM opt-out to be legally valid, it must be executed via machine-readable methods and must clearly specify the particular entities being excluded. The publishers notably restricted access to prominent AI bots, including ChatGPT-User, CCBOT, and anthropic-ai, yet did not explicitly exclude HowardsHome's bot. The court concluded that implicit or general reservations were inadequate, necessitating explicit identification of prohibited TDM actors. This ruling has significant implications for AI developers and content creators, as it establishes that general prohibitions against AI training may not be legally adequate without specific, machine-readable opt-out mechanisms aimed at particular AI systems or organizations.

The ruling of the Hungarian Municipal Court of Appeals on December 3, 2024 (Case 9.Pf.20.353/2024/6-II) offers a notably troubling interpretation of text and data mining operations. The court determined that Google's web scraping for search engine indexing qualified as a type of TDM protected by copyright exceptions. It concluded that, since Google's search robot was authorized by the website's robots.txt protocol and the plaintiff had not raised objections in the mandated machine-readable format, the indexing activities were encompassed by the TDM exception. This expansive interpretation merges longstanding online scraping methods with the AI training activities proposed by recent EU law, possibly blurring the lines between various material uses and extending the scope of TDM exclusions much beyond their intended objectives.

The European Commission suggested an AI Liability Directive to tackle the black box issue in AI lawsuits, however it has since been abandoned. The directive's primary mechanism was a rebuttable presumption of cause, designed to provide persons with a feasible avenue for compensation when injured by an AI system (AI Liability Directive, 2022). This legal instrument might have been utilized after a claimant demonstrated three criteria: the defendant's culpability, a plausible connection between the culpability and the AI's output, and proof that this output resulted in the harm. In instances when AI systems are classified as low-risk, the relevance of this assumption is restricted, necessitating a court finding that establishing the causal connection would be prohibitively challenging without it.

These initial instances illustrate many recurring aspects in European judicial perspectives on AI responsibility. Judicial bodies seem to be using conventional copyright principles while acknowledging the unique issues posed by AI systems. The focus on the preservation of basic rights in European legal traditions may result in increased examination of AI developers' responsibilities to uphold creator rights, especially when commercial AI systems use copyrighted works without authorization.

The procedural obstacles in these instances exemplify overarching concerns in AI litigation, encompassing issues related to evidence collection, expert testimony about technical AI capabilities, and the assessment of remedies. The intricacy of AI systems hinders courts from comprehending the exact correlations between training data and specific outputs, so confounding conventional infringement analysis.

The regulatory development and implementation of the EU's AI framework is progressing through regulatory guidance, the establishment of industry standards, and stakeholder engagement processes. The European AI Office has initiated the development of technical standards and guidance materials that will influence the interpretation and implementation of the AI Act's requirements. The EU AI Act's treatment of copyright matters embodies the overarching European inclination to reconcile innovation with the safeguarding of basic rights (Guadamuz, 2024, p. 213). The Act acknowledges copyright issues in AI training and, through its openness and documentation mandates, establishes a framework for resolving intellectual property problems while fostering advantageous AI innovation.

The rights reserve system under the DSM Directive has commenced actual implementation via several technical standards and industry efforts. The efficacy of these systems is questionable, as they need collaboration among rights holders, platform operators, and AI developers, which may be challenging to do in practice. The extraterritorial implications of EU legislation via the Brussels Effect may result in worldwide acceptance of European methodologies for AI governance. Nonetheless, disparities in legal traditions, enforcement capacities, and policy agendas may constrain the degree of this convergence and engender possible conflicts with other jurisdictional frameworks.

3.2 Approaches of the United States and Common Law

The United States has implemented a distinctly different strategy regarding AI liability and intellectual property protection, mostly utilizing existing legal frameworks, market-driven solutions, and gradual judicial evolution instead of extensive governmental measures. This methodology embodies the overarching American inclination towards technical advancement, little governmental interference, and the progression of common law, while recognizing the pragmatic difficulties of legislating fast advancing technology.

The fair use theory is fundamental to the American perspective on AI training data and copyright liabilities. In contrast to the EU's rights reservation scheme outlined in Article 4(3) of Directive (EU) 2019/790, the United States use the adaptable fair use framework enshrined in 17 U.S.C. § 107 to reconcile the interests of AI developers and copyright proprietors. Neill et al. illustrate that the large language models powering ChatGPT and analogous generative AI operate solely due to extensive, varied training datasets consisting of billions of websites and extensive collections of books, presenting unparalleled challenges for conventional copyright

assessment (Neill et al., 2024, p. 226). The implementation of fair use rules in AI training processes necessitates intricate balancing tests that were not formulated for the extensive and automated characteristics of contemporary AI systems (Henderson et al., 2023).

The practical application of these fair use principles in AI contexts has recently been tested in federal court. The recent result in Thomson Reuters v. Ross Intelligence (2025) is the inaugural significant federal court decision to dismiss a fair use defense in AI training cases. The court determined that Ross Intelligence's utilization of Thomson Reuters's copyrighted legal headnotes to develop its AI search engine amounted to direct copyright infringement, observing that Ross constructed its competitive product using training materials derived from Westlaw headnotes. This ruling sets a significant precedent for assessing fair use arguments in AI training scenarios and indicates that courts may be doubtful of expansive fair use justifications for commercial AI research.

The idea of transformative usage in fair use analysis has gained importance for AI liability assessments, while recent court rulings indicate constraints on this defense. Judicial bodies have progressively acknowledged that transformations of copyrighted works for novel purposes may be eligible for fair use protection, even if they entail significant copying of original content. Neill et al. assert that existing fair use jurisprudence should be applied to textual generative AI and the diverse works utilized in training datasets, as established by settled case law and prominent rulings concerning purpose and character, the nature of the original work, and the quantity utilized (Neill et al., 2024, p. 226). The Thomson Reuters ruling suggests that transformative use claims may falter when AI systems are created for competing business objectives utilizing copyrighted content from direct rivals.

The business aspect of AI development introduces considerable challenges for fair use evaluation. Although commercial usage does not inherently negate fair use protection, it diminishes the likelihood of establishing fair use and necessitates more substantial evidence of transformative intent and minimal market impact. The recent litigation initiated by prominent authors and copyright holders against OpenAI and Microsoft alleges direct, vicarious, and derivative infringement. Notable authors, including George RR Martin and Sarah Silverman, alongside professional entities such as the Authors Guild, assert that their works were exploited to facilitate OpenAI's valuation of $80 billion (Neill et al., 2024, p. 226). The cases encompass Authors Guild v. OpenAI (2023), Silverman v. OpenAI (2023), and Chabon v. OpenAI (2023), which have been combined with other matters.

The Kadrey v. Meta Platforms (2023) case introduces further intricacies about the using of purportedly illegal resources in AI training. The issue pertains to accusations that Meta utilized resources from LibGen, a hidden library housing copyrighted content, to train its AI systems, with assertions that copyright notices were eliminated from the training materials. Recent

judicial rulings denying Meta's attempts to conceal parts of the case and permitting plaintiffs to enhance their concerns indicate that courts may be more inclined to examine the data collecting tactics of AI firms.

Moreover, the safe harbor provisions of the Digital Millennium Copyright Act constitute a significant aspect of the American framework regarding AI liability, although their relevance to AI-generated content is still ambiguous. Section 512 of the DMCA (17 U.S.C. § 512) shields online service providers from liability for user-generated content, contingent upon adherence to notification and takedown protocols and further stipulations. The applicability of DMCA safe harbors to AI-generated content is ambiguous, especially when AI systems are seen as the originators of potentially infringing material rather than passive conduits for user-generated content.

The notification and takedown mechanism established by Section 512 of the DMCA presents specific issues for AI-generated content. Conventional notice and takedown protocols presume that illegal content can be discerned and eliminated individually. Nonetheless, AI systems may consistently reproduce analogous illicit content through diverse prompts or develop modifications that complicate identification and removal. The magnitude and automated characteristics of AI content production may surpass conventional notice and takedown systems, necessitating novel strategies for content moderation and copyright enforcement.

The challenges facing copyright enforcement in AI contexts are paralleled by equally significant issues in patent law. The US perspective, in patent law, on AI-generated innovations demonstrates a preference for gradual adaptation over extensive reform. The United States Patent and Trademark Office asserts that patent applications must designate human inventors in accordance with 35 U.S.C. § 101, so removing AI systems from the role of inventorship. The scholars have largely overlooked the obstacles AI presents to the disclosure requirements of patent law, hence posing substantial difficulties to conventional patent systems (Ebrahim, 2020, p. 147). While the necessity of patent protection to stimulate the development of AI-generated inventions remains ambiguous, the normative merits of permitting such patents are questionable; a more compelling argument for their eligibility exists to promote commercialization and technology transfer (de Rassenfosse et al., 2024, p. 1453).

The obviousness criterion in US patent law, as stipulated by 35 U.S.C. § 103, poses specific difficulties for innovations developed by artificial intelligence. The conventional obviousness examination evaluates what would be apparent to an individual possessing ordinary ability in the trade; yet, AI systems may provide ideas that are non-obvious to humans yet easily attainable through automated methods. The impact of AI innovations on patentability standards and the normative desirability of a differentiated patent system for AI-generated versus human-generated inventions have been examined and assessed (de Rassenfosse et al.,

2024, p. 1453). This discrepancy generates possible anomalies in patent protection that may jeopardize the incentive framework of the patent system and necessitate judicial or legislative explanation.

The state law aspects of US AI liability provide more complication by intertwining federal intellectual property law with state tort and contract law. State legislation pertaining to privacy, publicity rights, and unfair competition may introduce supplementary avenues of accountability for AI-generated content that violates individual rights or engenders unfair competitive advantages. The variety of state legal methods generates possible contradictions and opportunities for forum shopping, which may complicate liability assessments.

Furthermore, the First Amendment ramifications of AI regulation in the United States impose constitutional limitations on prospective regulatory strategies. The robust safeguarding of freedom of expression under American constitutional law may constrain the government's capacity to enforce content-based limits on AI systems or mandate certain methods of content regulation. These constitutional factors differentiate the American approach from European frameworks that prioritize the equilibrium between free expression and other basic rights.

The litigation-centric character of American legal evolution suggests that AI liability frameworks will likely arise from individual court rulings rather than from extensive regulation frameworks. The recent prominent litigation against key AI developers demonstrates that American legal frameworks are expected to evolve through adversarial procedures rather than through proactive regulatory measures (Neill et al., 2024, p. 226). The Thomson Reuters ruling suggests that courts may doubt extensive fair use arguments for AI training, especially in competitive business settings. This methodology facilitates adaptable responses to technology advancements but may induce ambiguity and inconsistency during the development phase. The contentious character of US litigation implies that liability frameworks may be shaped more by the resources and litigation tactics of various interests than by thorough policy deliberations.

The worldwide trade ramifications of the American strategy signify the nation's status as a leading exporter of AI technology and services. Its inclinations towards minimum regulation and market-oriented solutions may confer economic benefits to US AI firms, while possibly engendering tensions with more regulated frameworks in other jurisdictions. These trade factors affect American policy decisions and generate incentives for global collaboration on American strategies for AI governance.

The enforcement mechanisms in the American system predominantly depend on private lawsuits and market-oriented remedies instead of regulatory enforcement. This method imposes the responsibility of copyright protection on individual rights holders, possibly benefiting well-funded corporations while disadvantaging smaller artists and rights holders that lack the means to engage in intricate litigation against prominent AI developers.

3.3 Alternative Models and Global Convergence

In addition to the EU and US frameworks, various jurisdictions have established unique systems for managing AI liability and intellectual property protection, presenting alternative models that could contribute to global convergence while embodying diverse legal traditions, economic priorities, and technological capacities.

Japan has established itself as a pioneer in formulating AI-friendly intellectual property regimes that emphasize the development of innovation while striving to balance the interests of creators. Takeuchi's study indicates that Japan's legislative system for copyright protection of AI-generated works embodies a unique approach grounded in social incentive theory and investment promotion rationale (Takeuchi, 2024). The Japanese framework permits more extensive exclusions for AI training operations than several other jurisdictions, demonstrating policy decisions that emphasize the advancement of the AI sector and technical competitiveness.

The Japanese perspective on AI inventorship and patent protection markedly contrasts with the frameworks of the EU and US. Japan has shown greater openness to recognizing AI systems as prospective inventors or co-inventors, indicating divergent philosophical perspectives on the essence of creation and creativity. This method may offer benefits for AI innovation, while potentially conflicting with other jurisdictional frameworks that uphold human inventorship mandates.

China's state-directed strategy for AI governance establishes a unique framework that prioritizes technical sovereignty, social stability, and economic growth objectives. Zhuk's comparative research reveals that Chinese strategies regarding AI and intellectual property prioritize different aspects than the EU's emphasis on basic rights protection or the US's market-oriented solutions (Zhuk, 2023, p. 1299-1306). The Chinese structure prioritizes governmental supervision and regulation while fostering domestic AI development, potentially generating conflicts with global intellectual property standards and collaborative frameworks.

The Chinese methodology of AI training data and copyright exemplifies fundamental disparities in intellectual property ideology and enforcement. The focus on technology advancement and governmental regulation may result in strategies that emphasize AI functionalities over the rights of individual creators, especially when such functionalities align with overarching national development objectives. Nonetheless, China's expanding creative sectors and global economic connections may foster incentives for enhanced conformity with international intellectual property standards.

The United Kingdom's post-Brexit strategy for AI governance demonstrates attempts to create a unique legal framework that harmonizes the encouragement of innovation with the safeguarding of rights. The UK has suggested a principles-based framework for AI regulation

that depends on current regulators instead of extensive new laws, indicating a desire for regulatory adaptability and industry self-regulation. The efficacy of this method in resolving intellectual property issues remains ambiguous.

Canada's strategy for AI governance prioritizes privacy protection and algorithmic responsibility, while adopting relatively lenient policies for AI training and development. The Canadian framework demonstrates attempts to reconcile the encouragement of innovation with the safeguarding of individual rights; nonetheless, its specific application to intellectual property matters is less developed in comparison to copyright and patent systems in other jurisdictions. These divergent national approaches highlight the fundamental challenges facing international coordination efforts.

The variety of state approaches to AI liability presents considerable hurdles for international coordination and harmonization efforts. The globalization of copyright exceptions for AI training in varying jurisdictional methods may result in either convergence or divergence of worldwide copyright standards (Sag & Yu, 2024). The result of this approach will profoundly influence the evolution of global AI governance frameworks and the efficacy of intellectual property protection in the digital era.

The OECD's examination of AI governance concerns highlights the necessity for international cooperation, while recognizing the complexities of reaching consensus among many legal traditions and policy agendas (OECD, 2025). The organization's guidelines emphasize interoperability and mutual recognition over extensive harmonization, highlighting the practical limitations of international collaboration in swiftly advancing technology fields.

An examination of the regulation of intellectual property exclusion and inclusion globally illustrates the difficulties in harmonizing diverse state strategies for AI and intellectual property (Peukert, 2024). The territorial characteristics of intellectual property rights clash with the global characteristics of AI systems, resulting in possible regulatory arbitrage and enforcement deficiencies that might compromise effective rights protection.

The trade ramifications of various AI governance strategies impose more need for global collaboration. Countries adopting more lenient policies towards AI training may achieve competitive benefits in AI development, but those prioritizing robust rights protection may more effectively advocate for creator interests. These conflicts may result in trade disputes and compel the pursuit of international accords that reconcile divergent governmental agendas.

The technological difficulties of applying various legal frameworks to global AI systems generate practical demands for convergence. AI systems functioning in several countries must adhere to varying legal mandates, resulting in compliance expenses and technological intricacies that may advantage more streamlined, harmonized methodologies. The variety of legal traditions and governmental goals may restrict the potential for convergence.

The function of international organizations and standard-setting entities in facilitating cooperation is ambiguous. Although entities like the OECD, UNESCO, and different technical standards groups have established principles and guidelines for AI governance, their efficacy in tackling particular intellectual property issues is constrained. The discretionary character of several international coordinating mechanisms may constrain their influence on national policy decisions and enforcement methods.

The advent of regional approaches to AI governance, exemplified by the EU's extensive legislative framework, may compel other areas to formulate coordinated solutions. Nonetheless, disparities in legal traditions, economic frameworks, and technical capacities may constrain the degree of regional convergence and engender possible conflicts among varying regional methodologies.

4. TOWARD A MULTI-STAKEHOLDER LIABILITY FRAMEWORK

4.1 Proposed Framework Architecture

The prior examination of stakeholder intricacy and jurisdictional disparity underscores the pressing necessity for a liability framework that recognizes both the decentralized character of AI systems and the practical constraints of existing regulatory methods. This paradigm advocates for a pragmatic approach centered on proportional responsibility distribution, acknowledging the underlying technological and legal restrictions, rather to attempting full harmonization, which the differing methodologies of the EU, US, and other models suggest is improbable.

Expanding upon the stakeholder analysis in section 1.1, the framework delineates three principal liability categories, while acknowledging the significant enforcement issues and technical constraints that have arisen in reality. The problem of memorizing, the opacity of black boxes, and previously reported scale mismatches require a framework that establishes significant incentives for responsible conduct without imposing technically unfeasible demands.

The framework's first tier addresses the responsibilities of AI model developers, who occupy the most critical position in the liability chain. In the developer tier, the framework replaces strict liability, which is impractical owing to the opacity of AI decision-making processes, with a negligence-based norm that imposes heightened due diligence requirements. Developers hold the primary obligation to exhibit reasonable efforts in identifying and mitigating intellectual property hazards within their training data, acknowledging that the vast number of documents in training datasets renders comprehensive copyright clearance practically impractical. Necessary precautions would emphasize recorded procedures and earnest endeavors rather than certain results. While the framework emphasizes negligence-based

standards, some scholars propose more radical departures from traditional liability concepts. An alternative legal framework would classify AI as an ultra-hazardous activity, thereby justifying the imposition of strict liability on the individual or entity overseeing the AI for damages, without necessitating proof of specific fault, due to the inherent uncontrollability of the system (Čerka et al., 2015, p. 386).

This approach aligns with economic efficiency principles, as the least-cost avoider should bear primary liability responsibilities. In contexts where multiple parties contribute to AI development and deployment, the distinction between substitute and complement care becomes crucial—when efforts by different stakeholders serve as perfect complements (where all parties must exercise care to prevent harm), even strict liability may lead to socially inefficient care levels without punitive damages (Buiten et al., 2023).

These precautions must recognize contemporary technical realities. The rights reservation mechanisms under Article 4(3) of the DSM Directive are contentious, as evidenced by the divergent interpretations in Kneschke v. LAION and DPG Media v. HowardsHome; thus, developers ought to meticulously document their endeavors to identify and adhere to these reservations when technically viable. Although absolute prohibition of memorizing may be unattainable, developers must to establish and record mitigation tactics, including technological steps to diminish verbatim replication and routine audits of outputs for potential infringement patterns.

Platform liability modifies current safe harbor systems to tackle the distinct issues posed by AI-generated content. The conventional notice-and-takedown mechanism, intended for isolated cases of user-uploaded material, is inadequate for addressing AI systems that might produce analogous illegal content repeatedly via various prompts. The framework necessitates that platforms establish systematic methodologies, including pattern recognition for recurrently infringing outputs, proactive user education regarding intellectual property risks in AI-generated content, and expedited processes for addressing systematic rather than isolated infringement.

The platform tier must also tackle the intermediary difficulties outlined in section 1.1. Platforms frequently lack direct engagement in model building while regulating user access to AI functionalities. Their culpability should depend on the implementation of acceptable oversight mechanisms commensurate with their technological skills and market position. Minor platforms would encounter streamlined standards centered on fundamental user education and response protocols, but big platforms with advanced technical capabilities would assume augmented responsibilities for content oversight and collaboration with rights holders.

User liability exemplifies the notion of proportionate accountability, acknowledging the significant disparities in understanding and purpose among users of AI systems. Individual consumers utilizing AI technologies encounter little compliance responsibilities and liability risks, but advanced commercial organizations incorporating AI into their operations are need to establish extensive compliance protocols. This distinction directly addresses the enforcement difficulties outlined in section 1.2, where conventional frameworks fail to accommodate the range from casual users to industrial-scale implementation.

The significance of this tiered approach is highlighted by empirical evidence indicating that an imbalance between human and algorithmic decision-making can lead users to adopt negative performative behaviors, such as developing workarounds, postponing decisions, or manipulating system inputs to fulfill their own goals (Bader & Kaiser, 2019, p. 20).

Commercial users, especially those in competitive dynamics with rights holders, encounter more scrutiny following the Thomson Reuters v. Ross Intelligence ruling. The framework mandates that users do intellectual property risk assessments prior to implementing AI systems, establish internal compliance protocols commensurate with their use size, and secure adequate insurance coverage for possible infringement liabilities. These standards recognize that advanced business users have the means and experience to properly handle intellectual property threats.

The framework's efficiency depends on recognizing that AI systems fundamentally shift the locus of control from users toward manufacturers, necessitating liability rules that reflect this redistribution of risk management capabilities. When producers possess superior ability to control risks through system design and manufacturing, incentive-based approaches should proportionally shift liability burdens toward these parties while maintaining appropriate operator liability for deployment decisions and system maintenance (Buiten et al., 2023).

4.2 Execution and Policy Suggestions

Implementation must occur slowly, acknowledging the political and practical limitations identified in the jurisdictional analysis in section 2. Instead of seeking extensive legislative reform, which encounters considerable challenges due to the differing methodologies of the EU's prescriptive regulation and the US's market-oriented development, the framework prioritizes adaptive mechanisms that operate within current legal frameworks while fostering gradual convergence.

Legislative modifications ought to prioritize the clarification of current frameworks instead than establishing wholly new regimes. Reforms in copyright law must tackle the fundamental issue of whether AI training qualifies as fair use or necessitates licensing, drawing on the developing judicial insights from instances such as Thomson Reuters while offering more

explicit legislative advice. These modifications ought to provide rebuttable presumptions instead of absolute requirements, enabling judges to evaluate considerations such as the commercial character of AI development, the extent of copying, and the possible market repercussions for copyright holders.

Patent law changes encounter significant obstacles due to the inherent mismatch between AI-generated innovations and the criteria for human inventorship. Instead of redefining inventorship, which necessitates a complete reconceptualization of the patent system, changes should prioritize the establishment of alternative protection mechanisms for AI-generated discoveries while preserving the human-centric approach of traditional patent law. This may encompass sui generis rights with abbreviated protection durations or administrative protocols for documenting AI contributions to human innovative activities.

Regulatory development must recognize the technological constraints found throughout the investigation. The issues surrounding rights reservation methods, the merging of web scraping with TDM in the Hungarian ruling, and the practical obstacles of enforcing machine-readable standards indicate that prescriptive technological requirements may be premature. Regulatory advice should provide performance criteria while permitting flexibility in implementation approaches.

The function of specialized agencies necessitates meticulous evaluation. The EU's AI Office exemplifies one method of coordinated monitoring; nonetheless, the research indicates that successful implementation may need sector-specific expertise. Intellectual property offices, competition authorities, and consumer protection organizations has pertinent authority over various facets of AI liability. The framework prioritizes improved coordination among existing agencies by utilizing formal consultative processes and pooled technical resources, rather than establishing new bureaucracy.

International collaboration, albeit crucial due to the global characteristics of AI systems, must acknowledge the basic discrepancies outlined in section 2.3. The framework suggests limited coordinating mechanisms centered on technological interoperability instead of legislative harmonization. This includes mutual recognition agreements for technological standards, information-sharing protocols for cross-border enforcement, and voluntary frameworks for industry self-regulation. Beyond legislative reforms, innovative doctrinal approaches could address the multi-party nature of AI development. The "Common Enterprise Doctrine" could be modified to establish joint liability among entities that collaborated towards a shared objective, such as the design, programming, and manufacturing of a singular AI system, thereby allocating responsibility throughout the development chain without attributing specific misconduct to each participant (Čerka et al., 2015, p. 386). These procedures recognize that complete harmonization is improbable while providing practical means for overseeing cross-border AI implementation.

4.3 Balancing Innovation and Rights Protection

The framework's success hinges on establishing a durable equilibrium between innovation incentives and rights protection, a balance that existing methodologies have not accomplished. The EU's regulatory approach may hinder innovation because of compliance intricacies, but the US's laissez-faire stance could insufficiently safeguard rights holders. The suggested framework aims to provide a balanced approach through adaptive mechanisms that can address technological change while ensuring acceptable assurance for all stakeholders.

Innovation protection functions not via broad immunities but through foreseeable liability exposure and explicit compliance methods. Safe harbor clauses encourage proven good faith attempts as opposed to flawless results, acknowledging technical constraints while promoting ongoing enhancement. Proportional accountability mandates that companies assume responsibility relative to their control and advantage, safeguarding smaller innovators from excessive risks while holding big platforms accountable for systemic problems.

Complementing these innovation protections, the framework must establish equally robust mechanisms for rights preservation. The preservation of rights recognizes the valid apprehensions of creators and the realistic constraints of enforcement at the scale of AI. Instead striving for flawless infringement prevention, rendered unattainable by the memory phenomenon and black box opacity, the architecture prioritizes compensation mechanisms and systematic remedies. Augmented statutory damages for intentional infringement serve as significant deterrents, whilst expedited processes for typical situations diminish enforcement expenses. Collective rights management systems, like to those utilized in music licensing, may offer effective solutions for large-scale rights management.

The economic ramifications necessitate meticulous adjustment. There are significant expenditures in AI development, and the potential social advantages of AI innovation argue against liability regimes that would effectively hinder AI advancement. Nonetheless, the structure must also incorporate the expenses presently incurred by copyright proprietors whose works are utilized without remuneration. This indicates a preference for liability rules over property laws, emphasizing suitable recompense instead of complete control.

Long-term sustainability relies on including adaptive capability into the framework itself. The fast advancement of AI technology renders particular technical specifications rapidly outdated. The framework creates principles-based standards interpreted through multi-stakeholder procedures, frequent review cycles linked to technology benchmarks rather than arbitrary timeframes, and experimental zones for testing novel ideas prior to wider deployment. This adaptive strategy acknowledges that the AI liability issue will progress alongside technological advancements, necessitating legal frameworks that may similarly develop.

5. CONCLUSION

The paper has demonstrated that the intersection of artificial intelligence and intellectual property law creates challenges that existing legal frameworks are fundamentally unprepared to address. The analysis of stakeholder relationships, jurisdictional strategies, and initial judicial reactions uncovers not only technical shortcomings in existing law but also profound conceptual discrepancies between legal frameworks intended for human creativity and the actualities of automated systems managing billions of works at an unparalleled scale.

This approach yields three essential insights. The decentralized nature of AI development and implementation renders conventional liability allocation methods ineffective. The intricate network of developers, platform operators, and users, coupled with the technological issues of memory and black box opacity, sometimes precludes the establishment of unambiguous causal relationships between infringement and accountable actors. The significant disparity in jurisdictional methodologies, from the EU's prescriptive regulations to the US's market-oriented development, indicates that extensive international harmonization is improbable in the near future. Third, first legal rulings reveal the difficulties courts have in applying established doctrines to AI scenarios, resulting in worrying discrepancies even across individual jurisdictions.

In response to these fundamental challenges, this article has developed a pragmatic framework that acknowledges both technological limitations and political realities. The proposed multi-stakeholder approach seeks to address these difficulties by pragmatic compromise instead of exhaustive answers. The framework replaces strict liability with documented good faith efforts, introduces proportional responsibility according to stakeholder capabilities, and establishes adaptive mechanisms for technological change, recognizing the impossibility of perfect prevention and the need for substantial accountability. Nonetheless, its success depends on political will and stakeholder collaboration, which may be difficult to achieve due to the economic interests at play.

The wider ramifications encompass not just intellectual property but also essential concerns regarding the law's ability to regulate swiftly advancing technology. The AI liability problem serves as a preliminary instance for legal systems facing automated processes that function at sizes and velocities incompatible with conventional legal frameworks. The manner in which societies address these concerns will likely impact strategies for other developing technologies and define the interplay between innovation and regulation for years ahead.

Progress necessitates the acceptance of painful truths. Absolute avoidance of AI-induced intellectual property infringements is technically unfeasible. Achieving perfect harmonization among jurisdictions with varying legal ideas is politically impractical. Conventional licensing frameworks are unable to meet the demands of AI training. These restrictions are not failures to be surmounted but constraints to be recognized in formulating viable solutions.

The most viable strategies will likely arise not from extensive legislative reforms or broad court rulings, but from incremental modifications that reconcile conflicting interests while adapting to technology advancements. This necessitates perceiving the issue not as a problem to be conclusively resolved, but as a persistent tension to be navigated by continual adaptation. Success will be assessed not by the eradication of all ambiguity or infringement, but by the establishment of sustainable procedures that offer fair predictability for stakeholders while maintaining room for both creative rights and technical innovation.

The AI liability dilemma is a significant examination of the adaptability of legal systems in a time of rapid technological advancement. The principles established today will set precedents for AI governance and influence the evolution of law to confront technologies that fundamentally question its foundational assumptions. Navigating the liability problems associated with AI-generated intellectual property infringement constitutes not only a technical legal issue, but a fundamental one for the future of law in the digital era.

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ABOUT AUTHOR

Dr. Muhammed Furkan AKINCI | Boğaziçi University |
mfurkanakinci[at]gmail.com | ORCID: 0009-0007-5851-1128

Dr. Akıncı graduated from Bilkent University Faculty of Law in 2014, completing a minor in International Relations alongside his law studies. He obtained his LL.M. in Intellectual Property and Information Law (2015, Distinction) and Ph.D. (2022) from King's College London, where his doctoral research explored the complexities of authorship in co-authored works within EU copyright law. Currently, he serves as an Assistant Professor of Information Technology Law at Boğaziçi University in Istanbul. His main areas of interest are intellectual property law, data protection, artificial intelligence regulation, open source software licensing, and cybersecurity law.