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AI and the music industry: copyright at a crossroads



Ivana Canucci, IP Counsel at Sporty Group, explores the impact of generative AI on the music industry in the UK and the US, highlighting key cases which have offered an early test of how courts will interpret copyright law in relation to AI-generated content.

Domain name management: a hidden driver in equity value creation

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Punitive damages in Chinese trademark law

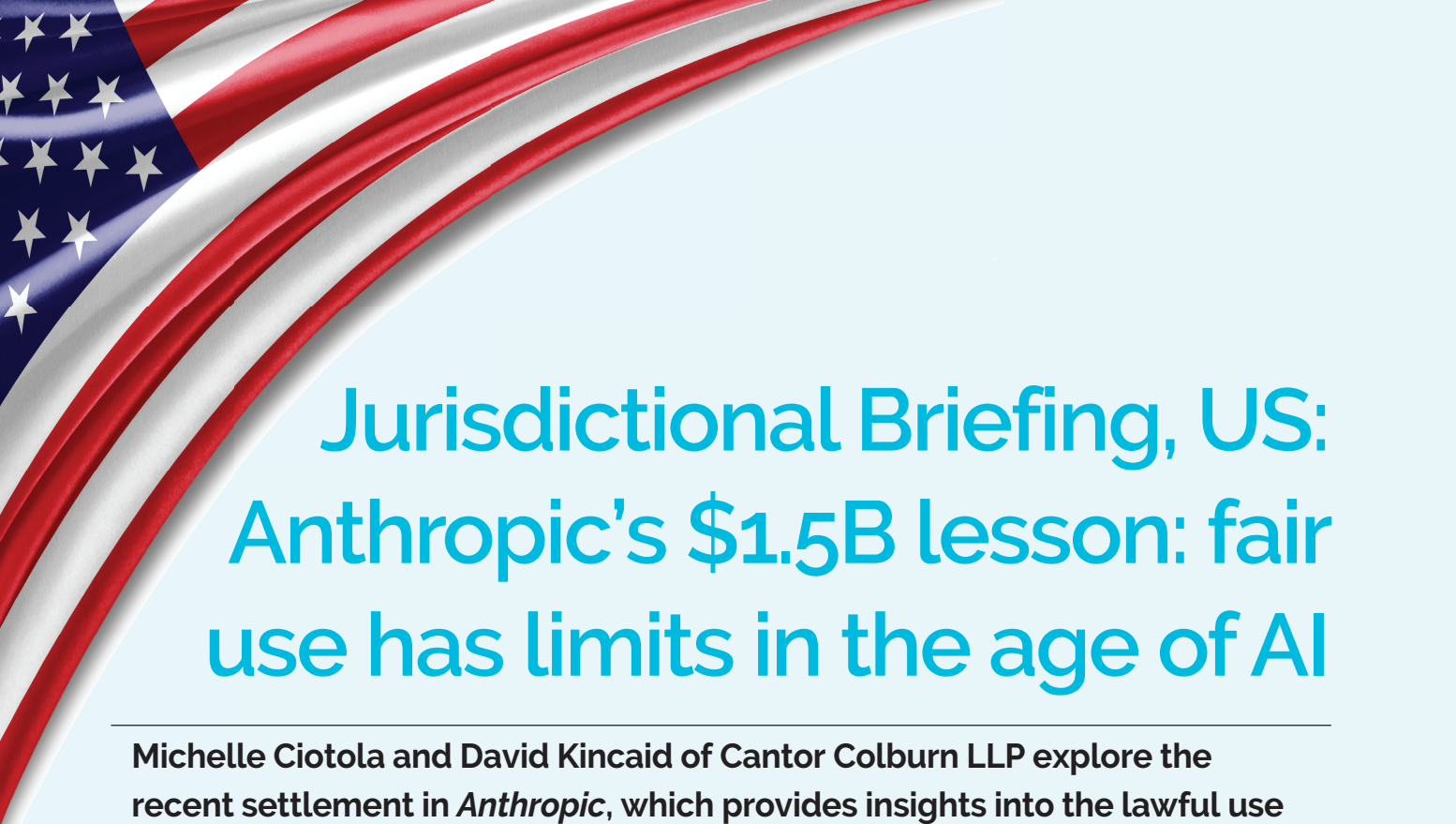
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Trade dress: the overlooked trademark right

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Jurisdictional Briefing, US: Anthropic's \$1.5B lesson: fair use has limits in the age of AI

Michelle Ciotola and David Kincaid of Cantor Colburn LLP explore the recent settlement in *Anthropic*, which provides insights into the lawful use of copyrighted works for AI training and the risks associated with misuse.

August of 2025 saw one of the largest US copyright settlements ever. The settlement, which was preliminarily approved on September 25, 2025, is for a whopping USD 1.5 billion and resolves the ongoing dispute between artificial intelligence (AI) company Anthropic PBC (Anthropic) and a group of authors who brought the suit.

Earlier in this case, the Court issued a summary judgment ruling that AI training on lawfully obtained works is transformative. When considered alongside the settlement, this case serves as a guidepost for where copyright law may be headed in the generative AI era.

Anthropic is the maker of Claude, an AI assistant that is "trained to be safe, accurate, and secure to help you do your best work."¹ Claude is a generative AI large language model (LLM), specifically a generative pre-trained transformer (GPT). A user enters a prompt into the model, and Claude generates a response, such as text or an image.

As part of model training, Anthropic effectively created a digital library of millions of copyrighted books and texts for training data. This training data included copyrighted books that had already been digitized, as well as hard-copy books that Anthropic scanned. Most notably, Anthropic also used millions of pirated books from "shadow libraries," unauthorized online repositories that circumvent copyright restrictions, such as Books3, Library Genesis (LibGen), Pirate Library Mirror (PiLiMi), and others.

Authors Andrea Bartz, Charles Graeber, and Kirk Wallace Johnson filed a class action lawsuit

in the Northern District of California in August 2024, claiming copyright infringement against Anthropic.² The Plaintiffs claimed Anthropic used their copyrighted works to train its LLM, and as such, Anthropic violated the Plaintiffs' copyrights.

Among the issues raised were whether using copyrighted books to train LLMs qualifies as fair use under US Copyright Law and whether retaining a library that includes pirated books used for training constitutes an infringing act. These questions are the subject of intense debate as the use of generative AI continues to grow.

The doctrine of fair use permits the use of copyrighted works without permission from the owner of the copyright under certain circumstances. It is a limitation to the rights afforded to a copyright owner and considers the following factors:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.³

¹ Claude

² *Bartz et al. v. Anthropic PBC*, No. 3:24-cv-05417 (N.D. Cal. Aug 19, 2024).

³ 17 U.S.C. 107.

Contact

Cantor Colburn LLP

20 Church Street,
22nd Floor, Hartford,
CT 06103-3207 US

Tel: +1 860-286-2929
www.cantorcolburn.com



Michelle Ciotola



David Kincaid

The heart of the debate over whether the use of copyrighted work is fair use often comes down to whether it is considered transformative. In this case, a key question is whether the use of the works in Anthropic's digitized library (and subsequent use to train Claude) was transformative of the original purpose and character of those works.

In a June 23, 2025, ruling, the Court granted summary judgment for Anthropic on several issues. Specifically, the Court found that using the copyrighted works for training LLMs and creating a digital library through the purchase and digitization of millions of print books were fair use, characterizing the use as "exceedingly transformative." However, in its quest for summary judgment, Anthropic could not defend its use of pirated copies. The Court signaled that use of those copies was not justified by fair use, and Anthropic was denied summary judgment on this issue.

Fast forward to August 2025: the parties reached a USD 1.5 billion settlement, ending the feud. What do the case and settlement teach us? The source of the works used in an LLM's training is pivotal. Use of copyrighted works to train AI will likely be considered fair use if the works are lawfully acquired. But the use of pirated copies in the development of datasets is problematic and likely to violate US Copyright Law. It will be prudent to carefully track how datasets are acquired and avoid the use of shadow libraries.

The *Anthropic* case provides insight into how copyrighted works may be used lawfully for AI training while signaling the risks of improper use.

Résumés

Michelle Ciotola, Partner & Chair of the Trademark & Copyright Practice Group, Cantor Colburn LLP. Michelle counsels clients on protecting and enforcing their trademark, trade dress, copyright, and related IP rights, including unfair competition, Internet, advertising, and promotions law. In particular, she counsels clients in developing and exploiting their trademark portfolios, including clearance, prosecution, and identifying important overseas jurisdictions, as well as filing or coordinating with local counsel overseas. Michelle develops strategies for the enforcement of her clients' IP rights, including preparing demand letters, negotiating settlement agreements, handling opposition and cancellation actions before the US Trademark Trial and Appeal Board, and coordinating and overseeing litigation with local counsel around the world. She also develops strategies for the enforcement of her clients' IP rights online, including handling Uniform Domain Name Dispute Resolution Policy proceedings. Michelle attends and speaks at the International Trademark Association (INTA), MARQUES, European Communities Trade Mark Association (ECTA), and the Asociación InterAmericana de la Propiedad Intelectual (ASAPI).
Author email: mciotola@cantorcolburn.com

David Kincaid, Partner & Co-Chair of the Artificial Intelligence Practice Group, Cantor Colburn LLP. David is a registered patent attorney who develops and executes patent strategies for domestic and international clients. His practice focuses on electrical and computer technologies, particularly software. He works at the intersection of innovation and legal protection in areas such as artificial intelligence, augmented and virtual reality, cloud computing, and other emerging fields. Over his career, he has handled thousands of patent matters spanning both emerging and established technologies. David is a thought leader in the AI technology space, being active in the Intellectual Property Owners Association (IPO) committees on Software Related Inventions and AI & New Emerging Technologies. He is committed to helping innovators protect and scale their ideas by developing practical, forward-looking patent strategies.
Author email: dkincaid@cantorcolburn.com