The Licensing Journal, *From Template to Cautionary Tale: What the Unrealized Disney–OpenAI Deal Signals About Hollywood IP Licensing in a Rapidly Evolving AI Market*, (May 1, 2026)

The Licensing Journal

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From Template to Cautionary Tale: What the Unrealized Disney–OpenAI Deal Signals About Hollywood IP Licensing in a Rapidly Evolving AI Market

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> *"Prometheus stole fire from the gods and gave it to man.*
>
> *For this, he was chained to a rock and tortured for eternity"*
>
> *– Apollodorus*
>
> *"[E]very art possessed by man*
>
> *comes from Prometheus."*
>
> *– Aeschylus*

I. *A New Frontier in Content Licensing*

Individual deals in global industries rarely have the potential to shift the business landscape across a wide range of stakeholders. But when they do, things are never the same – particularly when technological innovation forces industries to reconsider longstanding commercial and legal frameworks.

Such a moment may have arrived on December 11, 2025, when Disney and OpenAI announced a first-of-its-kind licensing agreement allowing certain Disney intellectual property to be used within OpenAI's generative AI platforms, including its social media video-based app called "Sora" and its ubiquitous conversational platform "ChatGPT." Under the announced arrangement, Disney became the first major studio to license the crown jewels of its content library for integration into tools capable of generating short-form video and images. Although the full terms of the agreement were undisclosed, the deal represented an early attempt to reconcile two powerful forces: the creative and commercial value of globally recognized entertainment IP, and the rapidly expanding capabilities of generative artificial intelligence ("GAI") models.

In an equally massive shock to the industry, both the promise and potential risks of this deal evaporated nearly as suddenly as they appeared when OpenAI announced a mere four months later (on March 24, 2026) that it was shuttering Sora. In tandem, Disney announced that it was withdrawing from its relationship with OpenAI and would be exploring its options with different AI companies, presumably waiting in the wings. The Disney-OpenAI deal's terms – though unrealized and never fully implemented – nonetheless provide insight into how this new breed of IP license can be structured, what potential risks need to be taken into account, and the potential pitfalls of being a first-mover in a marketplace whose technologies and players are constantly being reinvented.

To describe the failed Disney-OpenAI deal simply as a licensing deal dramatically understates the significance of the relationship it sought to create. The agreement sat at the intersection of technology, intellectual property, artistic creation, and consumer engagement. Its implications extended beyond the contracting parties to include content creators, platform developers, rights holders, and audiences participating in what might be called the emerging algorithmic economy.

Publicly announced deals of this magnitude are often light on operational details, and the Disney-OpenAI arrangement was no exception. Indeed, by the time OpenAI announced it was abandoning Sora, the anticipated integration of Disney intellectual property into Sora had not yet been rolled out to users. That delay itself may be instructive. Implementing an arrangement of this nature required the development of guardrails governing training data, output controls, brand protection, attribution, and rights enforcement – issues that are likely among the most complex challenges facing lawyers negotiating GAI licensing agreements today.

This article therefore examines what we knew or could surmise about the structure and implications of the deal while also exploring the questions it raises for lawyers tasked with negotiating and drafting agreements in this newly emerging space.

Among them are:

- What is the business context that drove this deal?
- What was inside – and what sat outside – the scope of this novel license?
- What might the enforcement mechanisms have looked like?
- What claims may have stress tested this new licensing relationship?
- What impact did the deal have on the creative community and artist relationships?

While the unknowns were many, one thing is clear: today's licensing environment is defined by rapid technological innovation, uncertainty, disruption of entrenched models and paradigms, and a complex web of competing interests.

The competing quotations above invoking the myth of Prometheus capture the duality that accompanies most transformative technologies. Potential opportunity resulting from the union of GAI technologies and globally recognized IP, both financially and creatively, must be weighed against serious concerns by the creative community that things are perhaps changing for the worse. Navigating this tension will increasingly fall to lawyers, who will be tasked with thoughtfully and responsibly addressing the negotiations, disputes, and dilemmas arising from these issues.

This article aims to provide practitioners with a framework for understanding the emerging legal landscape, equipping them with the tools to advise clients confronting these issues, and invites them to participate in shaping the shifting contours of this dialogue.

II. *The Industry Context Behind The Disney – OpenAI Deal*

Since launching version 1.0 of ChatGPT on November 30, 2022, OpenAI and its peers in the world of GAI have dominated the headlines. Lawsuits filed against AI companies by IP owners have also come in rapid succession, with over 100 copyright suits filed worldwide. On the other hand, major licensing deals by GAI companies for other, valuable IP have also been announced. Combined, these developments created the fertile environment for the Disney – OpenAI deal to take shape.

a. Training vs. Output: The Distinction Doing The Real Work

A wide range of IP owners, from classes of individual artists and authors to the New York Times, to major Hollywood studios, including Disney, have commenced legal actions against the commercially available GAI companies. These legal challenges to the large language models (LLMs) behind this GAI technology are coalescing into two primary battlegrounds: (i) battles over the "inputs" the companies utilize to "train" their LLMs based on "learning datasets" comprised of vast libraries of copyrighted works; and (ii) battles over the "outputs" these models generate in the form of text, images and short form video created in response to user prompts. Claimants generally assert that both the unauthorized training on their underlying creative works as well as generating derivative outputs based on their works constitute IP theft and willful copyright infringement.

In response, the GAI companies assert their conduct is a transformative "fair use" and offer other defenses, including under the First Amendment and the Digital Millennium Copyright Act. These cases are winding their way through the courts in various jurisdictions and the variety of claims asserted and business contexts in which they arise is both vast and nuanced.

Different courts have started issuing substantive rulings on these issues while reaching disparate conclusions based on seemingly comparable allegations. The different outcomes result from the novelty and complexity of issues, the fact intensive analysis of the evidence in each case, and the diverse judicial perspectives on the implications of GAI.[1] At base, courts may ultimately treat activities characterized as "inputs" vs. "outputs" very differently under copyright law.

b. The Ongoing Litigation And The Deals Already Announced

A pattern is now emerging in litigation filed to end the unauthorized exploitation occurring on various GAI platforms. The broader strategy targets the platforms directly instead of the user base, with lessons learned from past experiences with emerging download/streaming-based technologies that alienated consumers. These efforts are designed to create market structure through litigation pressure and are beginning to yield results -- for some settling parties at least.

Not surprisingly, Disney – in tandem with NBCUniversal and Warner Bros – has led the way in lawsuits filed by Hollywood's major studios to ensure their seat at the table. They have commenced two major copyright infringement suits, one against Midjourney (the US-based maker of its namesake GAI platform) and another against Hailuo (the Hong Kong-based maker of "MiniMax"),[2] based on both battlefronts described above – (i) unauthorized training on Studio IP for the inputs while also (ii) generating derivative and infringing outputs.

Meanwhile, the major record labels – Sony Music, Universal Music Group (UMG), and Warner Records – have brought similar litigation against the music-generating platforms Suno and Udio, though some of it has now settled as the labels' approaches begin to diverge. In 2025, both UMG and Warner Records announced agreements with Udio, UMG alone announced one with Suno, and Sony Music continues to press forward against both.[3] In strategic shifts from adversity to partnership, these two labels licensed their music to the GAI platforms while allowing users to create new music content in a "walled garden" – in other words, a closed, controlled usage environment defined by technical and contractual constraints that ensure licensor control over access, monetization, and downstream use. The deals reportedly include compensation for label artists and control over distribution, but scant detail has been disclosed. For now, musicians and their representatives are cautiously supporting this framework until all the specifics are known.

Other significant GAI licensing precedents also existed prior to the announcement of the Disney – OpenAI deal, implicating primarily visual assets and news journalism. On the stock images front, companies like Getty Images and Shutterstock granted licenses to platforms like OpenAI and Perplexity with varied structures that allow for training, for outputs, and for hybrid approaches. On the news front, the market includes multi-year content licensing agreements between OpenAI and the Financial Times, Vox Media, The Atlantic, PC Gamer and Marie Claire, which have allowed ChatGPT to train and draw on their content. A European partnership with Le Monde

granted OpenAI access to content while touting terms designed to preserve editorial integrity. These deals laid the groundwork for Disney to consider opening its library to OpenAI, at least in a very controlled way.

Against this backdrop, Disney and OpenAI were both walking a tightrope as litigation proceeded and licensing precedents began to emerge. Mindful of the tensions, Disney's deal reportedly focused on controlling outputs while declining to authorize training on its IP. That distinction allowed Disney to engage with GAI in a controlled commercial environment while preserving its core legal position that training on copyrighted works without permission is unlawful. In effect, the arrangement allowed Disney to move with the technological current without abandoning its broader challenges to the unauthorized use of studio content for AI training or derivative outputs. Rather than resolve the training question, the deal strategically sidestepped it.

III. *What Was The Disney – OpenAI Deal Really?*

Practitioners will immediately ask how this license was structured and what its terms were, but what was announced was somewhat limited. One thing is clear -- nothing about this arrangement was typical. Rather than being a traditional, open-ended IP license granting broad rights in Disney's carefully guarded portfolio, the deal appeared to be a permissioned, highly constrained use arrangement. Under the framework of this "licensing" relationship, Disney was both conducting and allowing limited experimentation in this new ecosystem, without conceding legal ground in its pending lawsuits or commercial ground in this rapidly evolving market. In short, the deal's structure allowed Disney to cautiously engage with GAI while maintaining tight control over its most valuable intellectual property.

a. The Key Licensing Terms

The core terms announced by the parties were as follows, with countless other considerations presumably left in the hands of transactional lawyers to be described in greater detail:

- *Term*: This was a three-year agreement reportedly beginning in early 2026.
- *Scope of IP*: Disney granted OpenAI permission for users to access a curated selection of more than 200 characters from Disney's vast underlying library, as well as creative elements from the Disney, Marvel, Pixar, and Star Wars universes, including costumes, props, vehicles, and iconic environments. (The jewels in the crown are therefore front and center.)
- *Permitted Use*: The agreement allowed for fan-inspired/user-generated content ("UGC") and contemplated user-prompted short-form videos from Sora and images generated using "ChatGPT Images." (Disney IP had never been made available on this scale.)
- *Exclusivity*: During the first year, OpenAI had exclusive GAI rights in the licensed IP. Those rights became non-exclusive in years two and three. (A novel structure that let Disney set a precedent without locking itself into a single AI platform.)
- *Cross Platform Exploitation*: Perhaps most controversially (and visionary), a select amount of UGC created by fans on Sora would have been made available by Disney for viewing on its Disney+ streaming platform. (The creative community was immediately on alert.)
- *Cross Licensing*: Disney would also have become a major enterprise customer of OpenAI, using its application programming interfaces (APIs) and deploying ChatGPT internally. (The degree to which they will now pursue this collaboration outside of the extinguished deal remains to be seen.)
- *Financial Investment vs. Compensation*: Disney would have made a $1 billion equity investment in OpenAI and received warrants for additional equity. Critically, there were no reported license fees payable by OpenAI. (Creating a new alignment of economic incentives that has now been pulled back.)
- *Control and Guardrails*: Disney retained brand-safety controls, approval rights, and takedown authority typical of high-end character licenses. (Yet how this would have functioned in practice was unclear.)

What was *excluded* from this arrangement is as notable as what was included:

- *Likenesses and Voices:* The deal did not include rights in the likenesses or voices of any performers who have depicted the characters included within the licensed IP. (While sidestepping numerous third-party issues, complications remained.)
- *IP Ownership:* Disney retained ownership of its underlying IP. (Less clear was how the ownership structure around the UGC would take shape.)
- *Training restriction*: As noted above, the deal explicitly stated that Disney's IP may not be used to train OpenAI's models. (This created a dichotomy between the output-centric deal and input-driven legal disputes.)

These contours provided a clear enough picture of how these companies planned to work together. Less clear was how they would implement these terms and navigate the inevitable challenges they would present moving forward.

b. Parallel Messaging - The Google Cease-And-Desist

In something of a Hollywood twist, on the same day Disney and OpenAI announced their deal, Disney also sent a cease-and-desist letter to Google, claiming users of its GAI platform called Gemini were generating infringing content based on the same IP now licensed to OpenAI. The timing was clearly not accidental, with Disney sending two very different messages at once.

What was it signaling? Put simply— to OpenAI: you're inside the fence. To Google: you're outside it. In short order, Google did change course and implemented additional guardrails to prevent the creation of these infringing outputs.

This mattered legally because it preserved Disney's IP enforcement credibility, deflected selective-tolerance arguments, and demonstrated that a lawful alternative existed to unlicensed copying. Through a well-publicized press announcement, and an equally well-publicized cease and desist letter, Disney let the GAI world know it would reward permission and punish presumption. Same company, same day, opposite and yet co-existing postures. Leave it to Disney to craft a compelling narrative. Time will tell whether Disney now switches gears to explore a potential relationship with Gemini, given its scale within the market.

IV. *Anticipated Challenges Of Regulating The Use Of Disney's IP With GAI*

The central challenge in this GAI meets IP relationship involved the key quality control consideration in any license. How would Disney ensure the exploitation of its IP was consistent with the historical standards it has zealously enforced to protect its brand? And more importantly, how would Disney control the use of its IP at AI scale across the digital ecosystem?

Regulating IP use in a GAI environment is fundamentally harder than traditional content enforcement in a two-party licensing setting. GAI drives the creation of massive volumes of content by vast numbers of users while enabling instant global distribution. Contractual guardrails and enforcement technologies are therefore critical to Disney's or any other licensor's exercise of strict control over its IP.

What these guardrails could look like remains to be seen. To be sure, users would have seen significant prompt restrictions and content filters by OpenAI to prevent the creation of objectionable content. UGC would have to be policed to comply with Disney's (or any other IP licensor's) brand safety rules, including traditional considerations barring adult themes and content, along with other brand protection concerns (discussed further below).

The creative potential of GAI technology also gives rise to new species of concerns. Disney would presumably have insisted the UGC did not dilute or harm the perception of its characters. For example, Disney may have objected to UGC that depicts the aging or death of perpetually youthful and immortal characters. Similarly, it may have forbade traditionally friendly characters from being in conflict, behaviors that degrade their morality or integrity, or dystopian themes that undermine their more utopian narratives.

Exploitation of famous IP through UGC also implicates significant timing considerations. Will we eventually see Disney limit, or perhaps promote, the creation of certain UGC in the lead up to the release of a related theatrical sequel or spun-off TV series? Could an ill-timed and potentially damaging piece of UGC that gets past the guardrails (or may even be authorized) impact Disney's slate and its investments into the same IP in other areas?

While contractual guardrails can reduce risk, they are inherently imperfect. Prompts can be gamed, context can be ambiguous, and content can go viral before enforcement mechanisms potentially engage. In an endless game of cat and mouse, problematic content will likely be generated despite a GAI platform's best efforts to stop it from happening. In this new environment, traditional take-down procedures offer little consolation when UGC can go viral across countless platforms (including X, Instagram, Facebook, and all other entries to the ecosystem). The enforcement game has therefore changed and managing risk while maintaining alignment will likely require a new suite of AI-based quality control tools to maintain standards. Disney was presumably confident that OpenAI was up to the task (or had perhaps built in an escape valve if that turned out to be incorrect), and any new partner it engages with will face these same hurdles.

V. *Litigation Risks Ahead*

Even with sophisticated guardrails and enforcement mechanisms in place, there would be endless edge cases that defy bright-line rules. These grey areas had the potential to create an entirely new form of litigation exposure for Disney and OpenAI alike, and will remain a concern for similarly situated players.

The most difficult issues tend to arise at the margins, where, as noted above, Disney would be concerned about its IP becoming associated with political messaging, adult or violent themes, content that implies Disney's endorsement, content that may violate third party publicity rights, and content that may be considered defamatory or disparaging.

Some potential hypotheticals make the point:

- *A user generates a Disney character delivering a political message that goes viral before it can be taken down.* Is the message clearly political or subject to interpretation? Is the GAI platform responsible for allowing a violation of the licensing terms? Is the user liable for violating the end-user licensing terms, and/or is a First Amendment defense available?
- *A voice or performance style begins to approximate a well-known actor, even if no express likeness rights were granted.* Is the similarity to the *character* or to the *performer*, and does it matter? Is the use commercial, is it a protected expression, and if the user didn't monetize the content but Disney did, who is liable? Will the Screen Actors Guild assert violations of union-governed consent and compensation rules regardless?
- *A user generates content that could be disparaging or defamatory to a third party, either explicitly or by implication.* Is the GAI platform strictly liable for facilitating the content? Will it depend on the reasonableness of precautions taken, does a user's willful evasion of them matter, and will the standards be different for public or private figures?
- *A user generates content that infringes third party IP or tarnishes their trademarks.* Does exposure depend on whether the content is being offered as a source identifier of goods in connection with commerce? Is there a fair use defense or a statutory takedown procedure/safe harbor that could bar potential claims?

Disney must also still decide how it will deal with its own fans within this ecosystem. Many studios and gaming companies have long made the conscious decision to forego aggressive enforcement in the case of "fan art" to avoid creating a backlash from their consumer community. But the balance is a delicate one, because while over-policing risks embarrassing and damaging public relations fallout, under-policing risks dilution and loss of control.

Those considerations are now heightened when UGC created at an AI scale on a global level presents a new world of enforcement dynamics. Conflicts may arise when these standards are not applied uniformly against all users, including earnest fans and actors with perhaps less innocent intentions. However, while the control we see may be imperfect, this deal represented an option for Disney that is still far preferable to unregulated imitation and the host of problems it entails.

VI. *Who Owns The User-Generated Content And The Implications For Creative Talent*

This deal also raised a new question unique to the world of GAI and UGC -- who would have owned this new content created within the Disney – OpenAI ecosystem? Platform terms and conditions often state that users "own" their AI-generated outputs, but this UGC would have been far from traditional because Disney's underlying IP was in play. Where outputs incorporate Disney IP, Disney will almost certainly retain ownership or impose strict limits on any rights granted to users or a GAI licensee. Disney will also seek to retain brand-protection rights to ensure UGC remains subject to its control, including takedown authority and limits on downstream exploitation. Ownership questions like these matter because they affect commercialization, infringement analysis, and the tools available to maintain the boundary between authorizing "training" versus "output."

Some potential hypotheticals may again be illustrative:

- *A fan-generated Sora video becomes popular and Disney elects to stream it on Disney+.* If Disney owns the work, in whole or in part, will the creator receive compensation and credit? If an entirely original character is created, can the creator parse out that element? Regardless, under what terms could Disney potentially create a new franchise based on that element if it becomes a fan favorite?
- *A user attempts to distribute a viral Disney-style video outside the platform, triggering takedown or enforcement questions.* Does the user have the right to exploit any aspects of that work which may not be considered derivative of the Disney IP, and does it matter if it is for a commercial vs. a purely expressive purpose? Does the mere fact that it would have been created in a Disney/Sora ecosystem change the analysis?

UGC based on Disney IP may also have implicated contractual rights held by the artists who were involved in creating the underlying works. Directors, producers and performers often negotiate for first opportunity rights to create derivative works when they've worked on a film or television series. A new question, therefore, arises - could UGC derived from these works give rise to claims based on these first opportunity rights?

For example, UGC based on a Disney property may contain similar or new storylines involving shared characters. Could that UGC be considered a remake, sequel or subsequent production within the meaning of the artist's contractual first opportunity rights? Would Disney's decision to allow the creation and distribution of that UGC on Disney+ be viewed as violating these first opportunity rights, or are they outside the scope of those agreements? If Disney plans to produce a new film or series based on a potentially original element in that UGC, does the first opportunity right still apply (or has the chain been broken)?

The deal presented another complex consideration because it appears there was no fee-based compensation structure for the license. Instead, Disney had obtained the opportunity to become an investor in OpenAI and also make use of its enterprise technology tools. This alignment tied Disney's fortunes to OpenAI's, and what was good for OpenAI's growth would have also been good for Disney's investment. Yet artists may ask how they would be compensated, if at all, for their contributions to underlying Disney IP if new UGC goes viral on Disney+ and drives subscriber growth. The answers would be found in the interpretation of artist agreements and their complex provisions governing profit participation definitions, ancillary revenue streams, and derivative productions. A potential wave of lawsuits may have resulted, with Disney no doubt poised to push back while seeking new opportunities to exploit GAI technologies.

Studios like Disney also strive to be "talent friendly" and attract the greatest creative artists in the world. However, a rift is already forming between the artists who want to embrace GAI in their creative process and

those that are strongly against using it in their projects. Although the differences in perspective are complex, the point is simple – AI is controversial and how a studio like Disney engages with it impacts how it is viewed by talent. For example, artists who invested themselves in making a film or series may consider it an unforgivable breach of artistic integrity if Disney allows and monetizes UGC based on their work (even if they can't legally stop it). This concern remains regardless of who Disney may ultimately partner with again.

The creative community's response had (perhaps not surprisingly) been far more negative than Disney may have hoped. Writers, performers, and guilds expressed concerns about value leakage and watering down IP they were involved in creating. The specter of a slippery slope is ever present as guardrails move, the scope of licensed activity broadens, and traditional creative art forms face stiffer competition. Job displacement concerns are also further heightened for artists and production crews faced with a potential avalanche of competing GAI content. Guilds, therefore, continue to focus on consent, compensation, and erosion of creative labor protections while balancing the interests of diverse constituents.

VII. *Why Disney Made The Deal, Why It Died, And Whether It Was And Still Is A Bellwether*

The timing of this deal reflected several converging pressures. Most prominent among them is the growing inevitability of GAI in the broader economy and the entertainment industry. The trades routinely announce new companies being formed to create entertainment content using GAI tools, including many backed by prominent studios, writers, directors and performers. AI related issues are once again atop the agenda for the latest rounds of negotiations between the studios and the Hollywood guilds (with current demands involving training and new monetization models). The studios have learned important lessons based on disruptive technologies like streaming and are intent to not be left behind.

When the Disney-OpenAI deal was announced, OpenAI was also struggling in its fight for users with competitors like Anthropic, and being the first mover to secure exclusive access to Disney's world-class IP offered a competitive advantage to Sora. Likewise, OpenAI's desire to forge this groundbreaking relationship offered Disney a window of opportunity to exploit this leverage. Ongoing uncertainty in the courts also created pressure and an incentive to shape the licensing landscape before the courts did it for the parties. As it turns out, of course, the horse Disney backed in this technological race came from a top-ranked stable but still couldn't make it to the finish line.

Simultaneously, artists, commentators, and other stakeholders were increasing the pressure on the platforms and studios alike to define what "responsible AI use" looks like. For Disney, managed exposure was better than uncontrolled imitation, and early engagement with OpenAI allowed it to shape industry norms rather than reacting to them (even if widespread approval would be challenging). The jury was still out on this issue when the deal broke down and the debate will no doubt continue.

OpenAI's unexpected pivot away from its standalone app Sora (but not video generation entirely) has the entertainment community taking bets on what happens next. Disney itself has stated it "will continue to engage with AI platforms to find new ways to meet fans where they are while responsibly embracing new technologies that respect IP and the rights of creators." Open questions abound. Will it stand on the sidelines for now and exercise caution while the GAI market take further shape? Will it alter its approach to regain currency with a wary creative community that criticized the OpenAI deal? Or will it lean into this new avenue to mine its library and capture the value promised to Wall Street? The answer may be yes on all accounts.

Whether the framework Disney and OpenAI created together can serve as a template for other studios with similar ambitions is also complicated. A key difference between Disney and its industry competitors also explains the unique position it enjoyed when negotiating with OpenAI (and which it will retain with the next suitor). Its unmatched library of animated characters is essentially made up of wholly owned IP created on a work-for-hire basis, resulting in franchise control without obligations to third-party rights holders. Its long history of norm-setting as the market leader and diversified business lines also provided an advantage in pushing frontiers.

By contrast, other studios will likely have more complex rights issues affecting their chains of title, talent and guild entanglements that limit their autonomy, and therefore fewer "clean" characters and IP elements to exploit. For example, a studio with characters whose appeal is tied to a particular performer may be harder to deploy in UGC contexts without triggering right-of-publicity or guild issues. Franchises based on literary works or other third-party source material may also require author or estate consent, complicating similar deals. The likely outcome as other studios wade into these waters is not wholesale imitation, but selective, bespoke deals tailored to each studio's IP portfolio.

VIII. *The Crosswalk*

What should lawyers and licensing experts (in entertainment and beyond) take away from this discussion of the Disney-OpenAI deal, its potential risks, and its untimely demise in this rapidly evolving landscape? At base, there is no question that AI will continue to drive seismic change across the entertainment industry in various forms. This first of its kind relationship reflected the new reality that is shaping the creative and IP licensing paradigms as the industry evolves in parallel, and how studios who survive based on vast and valuable content libraries will engage with the technology and keep pace in a dynamic environment.

Three key considerations will remain central to the next closely watched licensing arrangement involving GAI and prestige entertainment IP – control, consent, and risk allocation in the face of uncertainty. What courts have to say will matter as the contours take shape, but contracts may matter just as much. This deal did not end the copyright wars, the questions concerning "inputs" and "outputs" will be litigated for years to come, and myriad permutations will arise as new technologies and platforms are released. Importantly, though, this deal showed how powerful players are positioning themselves while those wars are still being fought, and that a marketplace for technology companies to responsibly license premier IP is achievable.

A useful way to think about this is the crosswalk metaphor. For years, AI companies have been "jaywalking"—building first and asking permission later. The lawsuits are cities saying: you can't do that. Disney's deal created the first crosswalk with defined rules, controlled access, and clear signals. The existence of a crosswalk doesn't legalize jaywalking—it proves rules can exist.

How those rules continue to take shape remains to be seen, and practitioners across the licensing and entertainment landscapes will once again be tasked with staying current as technological change drives rapidly developing markets.

Footnotes

1 Included among these cases are three leading rulings. *See Thomson Reuters Enter. Ctr. GmbH v. Ross Intel. Inc.* (No. 1:20-cv-00613-SB (D. Del.)) (ingesting Westlaw's headnotes for the purpose of creating a set of headnotes designed to compete with Westlaw is not a fair use) *Bartz v. Anthropic PBC* (No. 3:23-cv-05417-WHO (N.D. Cal.)) (certifying a class and finding copying of copyrighted books purchased to train an LLM is fair use, but torrenting pirated libraries for the same purpose is not); *Kadrey v. Meta Platforms, Inc. (No. 23-cv-03417-VC (N.D. Cal.))* (copying and torrenting any books is fair use in the absence of evidence that the outputs generated caused market harm to the authors, without certifying class). In the wake of these rulings, the *Bartz* class action famously settled for $1.5B dollars in the largest copyright settlement in history

2 *Disney Enterprises, Inc. et al. v. Midjourney, Inc.* (No. 2:25-cv-05275) was filed in the United States District Court for the Central District of California by Disney and NBCUniversal in June 2025 and has been consolidated with a virtually identical case filed in the same court shortly thereafter by Warner Bros. In September 2025 these three studios then filed a joint action entitled *Disney Enterprises, Inc. et al. v. Hailuo AI (MiniMax)* (No. 2:25-cv-08768) in the same court.

3 The strategic reach of these music cases is particularly significant because they were coordinated by the Recording Industry Association of America as multi-plaintiff actions filed as single consolidated complaints. *UMG Recordings, Inc. et al. v. Suno, Inc.* (No. 1:24-cv-11611-FDS) was filed in 2024 in the United States

District Court for the District of Massachusetts. *UMG Recordings, Inc. et al. v. Uncharted Labs, Inc. (Udio)* (No. 1:24-cv-04777) was also filed in 2024 as the parallel companion case to the Suno action in the United States District Court for the Southern District of New York.