From Adversarial Litigation to Licensing Markets AI Copyright Governance in Transition

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Abstract. Against the backdrop of the explosive development of generative artificial intelligence (AI) technology, its widespread application in content production has exerted an all-around impact on the traditional copyright system, and the contradiction between legal lagging and technological advancement has become increasingly prominent. Taking the relationship between AI and copyright as the research theme, this paper focuses on typical judicial precedents, commercial disputes and industrial dynamics in major jurisdictions of China, the United States and the European Union from 2025 to 2026. Adopting empirical analysis and cross-jurisdictional comparison methods and integrating the ternary interactive framework of "technology–law–market", it conducts research on the copyrightability of AI-generated content, the legitimacy of training data, the allocation of infringement liability, and the path for sustainable industrial development. The study finds that a global identification standard for copyrightability centered on "human contribution" has taken shape, AI copyright infringement presents a full-chain regulatory pattern, and the market-oriented licensing model has become a key path for the coordinated development of the industry. This research fills the gap in recent empirical studies on AI copyright, improves the analytical framework for the interdisciplinary field, and provides important references for legislative improvement, judicial adjudication and corporate compliance.

Keywords: Artificial Intelligence, Copyright, Judicial Practice, Training Data Legitimacy, Licensing Market, Human Authorship Standard.

1 Introduction

In recent years, generative artificial intelligence (AI) technologies represented by large models and multimodal generation have gained rapid popularity, bringing about a disruptive transformation of content production modes in fields such as text, images, audio and video [1]. The large-scale application of AI-generated content has drastically reduced creation costs and improved industrial efficiency, while also exerting an all-round impact on the basic logic of the traditional copyright system. The existing copyright system is built on concepts such as "human authorship", "original expression" and "act of reproduction", yet generative AI has broken through the presuppositions of the

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traditional system in terms of training data sources, content generation mechanisms and subject identity attributes, resulting in an obvious disconnect between legal rules and technological reality [2]. Globally, the contradiction between technological advancement and legal lagging has grown increasingly acute. On the one hand, AI model training relies on massive copyrighted data, and the unauthorized crawling and use of copyright-protected works are widespread. On the other hand, key issues such as the copyrightability, ownership of rights and infringement liability of AI-generated content lack unified and clear regulatory guidance. Although judicial practices and legislative processes in various countries have continued to advance, a stable consensus has not yet been reached, and problems such as divergent judgments in similar cases, fragmented rules and significant regional disparities remain prominent. Against this background, the intersection of AI and copyright has become the most controversial and urgently relevant issue in intellectual property systems, technology governance and digital economic development.

Based on the above practical contradictions, this study puts forward three core research questions. First, how to determine the legal status of AI-generated content; under what conditions it can obtain copyright protection; and how rights should be attributed? Second, how to calibrate the standards of infringement liability in the whole chain from training data input to content generation, and whether existing rules such as fair use and licensing mechanisms can be effectively adapted. Third, against the backdrop of increasingly clear judicial rules, how the AI industry and the content industry can achieve a sustainable development path with controllable risks and shared benefits? The resolution of these issues will determine the institutional environment for the coordinated evolution of AI innovation and the creative industries.

To address these questions, this study takes core concepts such as generative AI, copyright system, judicial adjudication and business models as its foundation, focuses on landmark judicial precedents, commercial disputes and industrial dynamics between 2025 and March 2026, and selects the United States (U.S.), China and the European Union as the main analytical objects. The U.S. represents a common law tradition with a mature fair use doctrine; China features rapid judicial adjustment under a statutory law system; and the European Union provides a supranational regulatory framework that increasingly influences global AI governance [3]. Through in-depth analysis of major cases including “Thaler v. Perlmutter”, “the Shanghai Prompt Case”, “the Feng Moumou Case”, “Ziff Davis v. OpenAI”, “Disney v. ByteDance”, as well as investigations into business model innovations such as the content licensing markets of Microsoft and Amazon, this study systematically sorts out the latest evolution of the relationship between AI and copyright. The contributions of this study are as follows. First, it fills the time-sensitive gap in empirical research in the field of AI copyright and extracts the latest trends in judicial adjudication and market practice; second, it constructs and applies the three-dimensional analytical framework of “technology–law–market”, transcends the limitations of single normative analysis, and more comprehensively reveals the deep logic of the interaction between AI and copyright; third, it provides targeted decision-making references for legislatures to improve rules, judicial organs to unify adjudication standards, and enterprises to build compliance systems, promoting

the coordinated development of the digital content industry and the artificial intelligence industry.

2 Literature Review and Theoretical Framework

2.1 Academic Evolution of the Copyrightability of AI-Generated Content

Interdisciplinary research on generative artificial intelligence and the copyright system has rapidly become a core topic of common concern for scholars in intellectual property law, technology governance and digital economics since the explosion of large model technology in 2022. Regarding the copyrightability of AI-generated content, academic discussions have evolved from "disputes over subject qualification" to "debates over contribution standards". Early studies focused on the ontological question of whether AI can be a copyright subject, giving rise to the opposition between the "tool theory" and the "limited subject theory". Proponents of the tool theory adhere to the anthropocentric presupposition of traditional copyright law, arguing that AI, regardless of its degree of autonomy, can only serve as an auxiliary means for human creation, and the rights and interests in its generated content should fully vest in human operators [4]. The limited subject theory attempts to break through this framework, proposing to confer quasi-subject status or authorial communication rights-like protection on strong artificial intelligence in response to the rising autonomy of technology [5].

With the accumulation of judicial precedents in China, the U.S. and the European Union since 2024, the research focus has gradually shifted to the more operable identification standard of "human contribution". Scholars have begun to distinguish the legal attributes of different links such as prompt input, model selection, parameter adjustment and post-modification, and explore what level of human intervention is sufficient for AI-generated content to cross the boundary between idea and expression and obtain copyright protection. This shift reflects the adjustment of academic research from abstract speculation to empirical response. However, existing studies mostly rely on policy documents and scattered precedents before 2024, lacking a systematic tracking of the concretization and differentiation of the "human contribution" standard in judicial practice since 2025.

2.2 Academic Debates on Training Data and Platform Liability

In the field of infringement liability, academic research presents a dual analytical structure of "input-output", with core controversies focusing on the legitimate boundaries of training data use and the standard of duty of care for AI platforms. Regarding the legitimacy of training data, the academic community has held fierce debates over the scope of application of the fair use doctrine. One view holds that AI model training constitutes "transformative use"; since it does not directly consume the market value of original works but extracts statistical patterns to generate new content, it should be exempted under fair use [6]. The other emphasizes that the large-scale reproduction in the training process has "market substitutability", which may undermine the potential revenue of copyright holders' licensing markets, and the commercial application of generative AI

deviates from the non-profit original intention of fair use [7]. European scholars further distinguish between scientific research exceptions and commercial exceptions in the Copyright Directive on the Digital Single Market, exploring the interpretive space of text and data mining provisions in generative AI scenarios, forming opposing positions of "strict licensing" and "limited exceptions". Nevertheless, existing studies mostly remain at the level of normative interpretation and comparative law analysis, failing to timely respond to the dynamic evolution of judicial practice from "procedural defense" to "substantive review".

In terms of platform liability, discussions worldwide revolve around the boundaries of the "safe harbor principle". Foreign research focuses on the duty of care of content distribution and model-providing platforms; based on the "notice-and-takedown" rule, China advocates differentiated identification of fault considering platform models and profit models, laying a theoretical foundation for the "algorithm transparency + liability exemption" rule, and requiring platforms to disclose training data sources and content filtering mechanisms to balance right protection and industrial development.

2.3 Theoretical Framework of This Study: The Interactive Perspective of "Technology-Law-Market"

Drawing on the "socio-technical systems theory" in the sociology of technology and institutional change analysis in law and economics, this study constructs a three-dimensional interactive analytical framework of "technology-law-market". The theoretical basis of this framework can be traced back to the classic studies by Bijker, Hughes and Pinch on the mutual shaping of technological evolution and institutional environment [8], as well as the proposition that "code is law" proposed by Lawrence Lessig [9]. The latter reveals the substitution and complementary relationship between technical architecture and legal rules, pointing out that copyright protection in the digital age relies on both formal legal regulation and technical measure design. In the dimension of law and economics, the analysis by Robert Cooter and Thomas Ulen on the interaction between property right definition and market transactions provides a theoretical tool for understanding how judicial adjudication guides business model innovation [10].

Based on the above theoretical resources, this study deconstructs the relationship between AI and copyright into three interacting subsystems. The technical subsystem covers the evolution of AI generation capabilities, especially the leap from text generation to multimodal generation and from auxiliary tools to autonomous systems, which continuously impacts the traditional anthropocentric copyright framework. The legal subsystem includes judicial adjudication, administrative supervision and legislative activities, conducting legitimacy review and value guidance on technological applications by establishing rules for right attribution and boundaries of infringement liability. The market subsystem consists of corporate strategies, business models and transaction mechanisms; as an intermediary variable connecting technology and law, it converts external regulation into internal costs and feeds back into institutional construction through practical innovation.

A two-way interactive feedback cycle exists among the three subsystems, forming a dynamically evolving institutional equilibrium mechanism, as shown in Figure 1

below. Technological breakthroughs give rise to legal issues, forcing the judicial system to establish new rule expectations through precedents; judicial adjudications shape the boundaries of market behavior and influence enterprises' risk preferences and strategic choices; market innovation tests the feasibility of legal rules through compliant practices, provides an empirical basis for institutional improvement, and may trigger a new round of adjustments in technological application. At the current stage, the "human contribution" standard established in judicial practice and the "licensing cooperation" model explored by the industry are forming a mutually reinforcing convergence trend, indicating the possibility of institutional equilibrium shifting from "confrontation" to "co-governance". Sections 3 and 4 of this study will apply this framework to conduct an empirical analysis of precedents and commercial dynamics from 2025 to 2026, revealing the specific operational logic and evolution path of this dynamic equilibrium mechanism.

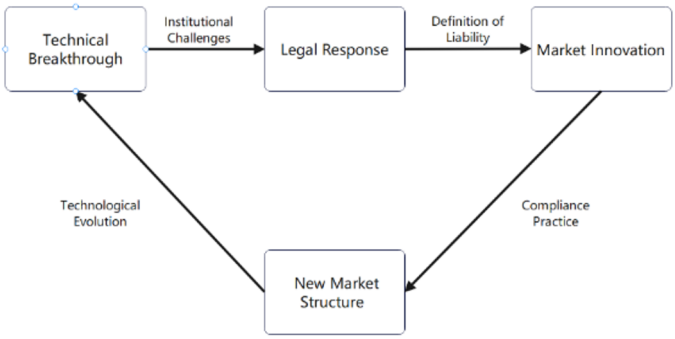

Fig. 1. Bidirectional interaction framework of "Technology-Law-Market".

3 Research Design and Methodology

3.1 Research Methodology

This study adopts an empirical legal research approach, integrating case analysis and comparative law methods to systematically sort out and conduct in-depth analysis of major judicial precedents, commercial disputes and industrial dynamics concerning the relationship between AI and copyright worldwide from 2025 to March 2026. In terms of methodological orientation, this paper adheres to a mixed research strategy dominated by qualitative research supplemented by quantitative data. Through in-depth description and comparison of typical cases, it extracts the core logic of judicial practice and the general laws of industrial development, and further constructs an explanatory theoretical framework.

Specifically, case analysis focuses on the detailed interpretation of the facts, controversial issues, reasoning and legal consequences of individual cases, so as to reveal judges' value judgments and legal reasoning on emerging technological issues. Comparative law research emphasizes the cross-jurisdictional comparison of adjudicative

rules to identify consensus and divergences under different legal traditions, providing a reference for understanding the universality and development trends of AI copyright issues [11]. The combination of the two methods not only ensures in-depth exploration of individual cases, but also captures macro-level trends.

3.2 Case Selection Criteria and Data Sources

In terms of case selection, this study establishes three strict screening criteria. First, the temporal criterion requires all cases and events must occur between January 2025 and March 2026 to ensure the timeliness and cutting-edge nature of the research and capture the latest institutional evolution in the field of AI copyright. Second, the influence criterion ensures the selected cases must be landmark within their jurisdictions or have triggered widespread concern and chain reactions at the industrial level, and be capable of representing typical forms of specific legal issues or business models. It is worth noting that the study includes the Guangzhou Internet Court 2024 judgment, as it constitutes a seminal precedent that directly informed subsequent 2025-2026 adjudications [12]. Third, the finality criterion means that the priority is given to cases that have reached final judgments or substantive judicial findings. For major cases still under trial, their established judicial tendencies are used as the object of analysis. Based on the above criteria, this study finally identifies more than ten core cases and commercial events covering three major jurisdictions as analysis samples, which are China, the U.S. and the European Union. These include "Thaler v. Perlmutter" heard by the U.S. Supreme Court [13], China's first AI prompt copyright case and the "Feng Moumou Case" accepted by Shanghai courts [14], "GEMA v. OpenAI in Germany" [15], "Disney v. ByteDance" [16], as well as strategic initiatives of leading enterprises including Microsoft and Amazon.

The judicial precedents in this study are mainly obtained from official judgment databases of China and the U.S., public decisions of European Union courts, as well as authoritative legal databases including Westlaw and Pkulaw. For commercial disputes and industrial trends, this study comprehensively draws on official corporate announcements, in-depth reports from authoritative legal news outlets (such as Holland & Knight), and tracking analyses by professional legal research institutions. Literature is finally screened based on four criteria: authority, timeliness, relevance and representativeness, forming a literature system supported by the research of leading global intellectual property scholars, classic socio-technical theories and a comparative law perspective. This ensures theoretical depth and academic rigor, while accurately addressing core controversies in the field of AI copyright, laying a reliable foundation for subsequent empirical analysis and framework construction. For cross-jurisdictional comparative research, this study pays special attention to differences in adjudicative logic and reasoning between common law and civil law traditions. Comparative analysis focuses not only on judicial outcomes but also on in-depth examination of judicial reasoning and value balancing under different legal traditions to avoid simplistic analogies of conclusions.

3.3 Construction of the Analytical Framework

This study constructs a "three-in-one" analytical framework to systematically deconstruct the complex landscape of AI and copyright relations. The first dimension focuses on the criteria for copyrightability determination, analyzing the application of copyright law at the input stage (prompts) and output stage (AI-generated content), and exploring the concrete meaning and identification standards of "human contribution" in judicial practice. The second dimension addresses full-chain regulation of infringement liability, sorting out judicial logic and regulatory intensity regarding liability determination across the training data input stage, platform content distribution stage, and malicious output use stage. The third dimension examines the innovative evolution of business models, analyzing strategic transformations of leading technology enterprises amid legal uncertainty, especially the internal motivations and mechanism design behind the shift from "fair use defense" to "licensing cooperation". These three dimensions are not isolated but interrelated and dynamically interactive: the determination of copyrightability shapes the boundaries of infringement liability; the stringency of liability regulation directly influences enterprises' business model choices; and innovations in market practice in turn provide empirical evidence and reform momentum for improving legal institutions. Adopting this framework, this study first organizes facts, summarizes controversial issues and extracts judicial logic in individual cases, then conducts horizontal comparisons and typological summaries of typical cases across jurisdictions and stages. Finally, from the interactive perspective of "technology-law-market", it distills the overall evolutionary laws and transitional trends of AI copyright governance.

4 Data Analysis

4.1 Judicial Determination of the Copyrightability of AI-Generated Content

Through a comparative analysis of landmark judicial precedents in China and the U.S. from 2025 to March 2026 in Table 1, it can be observed that judicial systems are gradually forming a review standard centered on "human contribution" when addressing copyright ownership of AI-generated content. In-depth analyses of each case are provided below.

Table 1. Comparison of typical cases on the copyrightability of AI-Generated content (Only one representative viewpoint is selected for each section).

Case / Event	Jurisdiction	Core dispute	Holding / Judicial tendency	Key viewpoint summary
Thaler v. Perlmutter	U.S.	Whether an AI system can qualify as an "author"	No. The U.S. Supreme Court affirmed the lower court's decision, clarifying that "human authorship" is the cornerstone of U.S. copyright law.	AI is excluded from authorship: Under the current legal framework, AI is entirely precluded from enjoying copyright as a legal subject.
Shanghai Prompt Case	China	Whether prompts themselves are protectable	Not protectable. Prompts fall within the realm of "ideas" and are not protected by copyright law.	Exclusion at the input stage: Mere human instructions (e.g., prompts) do not constitute protectable "expression".

Case / Event	Jurisdiction	Core dispute	Holding / Judicial tendency	Key viewpoint summary
Feng Moumou Case	China	Whether AI-generated images constitute "works"	Depends on circumstances. The key is whether the human user made "individualized choices and substantial contribution". If not, they do not qualify as works.	Review at the output stage: The focus shifts from "who generated the content" to "the degree of human contribution", establishing a review standard for original contribution.

The U.S. Adherence to the Standard of "Human Authorship": In-Depth Analysis of "Thaler v. Perlmutter". In "Thaler v. Perlmutter", the U.S. Supreme Court upheld the original ruling of the Federal Circuit Court, explicitly rejecting the possibility of recognizing AI systems as "authors" under U.S. copyright law. The court reiterated in its reasoning that "human authorship" is a foundational requirement of the U.S. Constitution's Copyright Clause and the Copyright Act, a requirement with uncompromising rigidity that completely excludes the possibility of AI enjoying copyright as an independent legal entity. This ruling does not deny all possibilities of copyright protection for AI-generated content, but rather strictly limits the attribution of rights to human subjects who have contributed original intellectual labor in the creative process. As shown in Table 1, this case established the key principle of "excluding AI from authorship", providing a fundamental precedent for subsequent cases. The reasoning of this ruling reflects the strict formalistic interpretation of the concept of "author" in U.S. copyright law, namely, that only natural persons can be authors in a legal sense; AI, regardless of the degree of originality of its generated content, cannot surmount this threshold of legal authorship.

The Formation of China's "Human Contribution" Review Standard: A Comparison of the "Shanghai Prompt Case" and the "Feng Moumou Case". Echoing the strict limitations imposed on "author" status in the U.S., Chinese judicial practice has developed a more refined "human contribution" review standard. In Shanghai's first case involving the copyright of AI prompts, the court ruled that user-input prompts fall under the category of "ideas" rather than "expression" and are not protected by copyright law. This ruling excluded pure instructions from copyright protection at the input stage. In the "Feng Moumou Case", the court adopted a cautious "case-by-case" approach to the copyrightability of AI-generated images, with the key criterion being whether human users made "personalized choices and substantial contributions". If these conditions were not met, the AI-generated content did not constitute a protected work. This judicial logic represents a significant shift in the focus of review: from the formal "authorship" to the substantive "degree of human contribution", establishing a qualitative review standard for original contributions. Comparing the two cases, the "Shanghai Prompt Case" focused on excluding unprotected elements, while the "Feng Moumou case" focused on establishing the conditions for protection. Together, they constitute a complete framework for the Chinese judiciary in assessing the copyrightability of AI-generated content.

Cross-jurisdictional Consensus: The Legal Positioning of AI as a Tool. As can be seen from the latest cases in China and the U.S. listed in Table 1, the judicial system is gradually relegating AI to the status of a sophisticated creative tool. The law protects not the algorithmic output of AI, but the original intellectual labor expended by humans in using this tool. The U.S. achieves this goal through strict subject matter exclusion, while China achieves a similar effect through substantive contribution review. Both approaches converge on the establishment of the "human-centric" copyright protection principle. This cross-jurisdictional consensus lays the theoretical foundation for subsequent infringement liability determination and business model construction, and also provides a basis for international coordination.

4.2 Trends in Full-Chain Regulation of Infringement Liability

As shown in Table 2, judicial practice has intervened in multiple stages of copyright infringement disputes arising from AI, including data input, content generation, and platform responsibility, presenting a trend of "full-chain regulation". The intensity of regulation is significantly tightened at the input and output stages, while a balanced strategy of refined differentiation is adopted for intermediate platforms. The following is a detailed analysis of each stage.

Table 2. Summary of typical cases of full-chain regulation of AI infringement liability.

Stage	Case / Event	Jurisdiction	Core dispute	Holding / Judicial tendency	Regulatory trend
Input stage	Ziff Davis v. OpenAI [17]	U.S.	Unauthorized use of content for model training	Claims for "unauthorized use" and "removal of copyright management information" permitted to proceed.	Increasingly stringent scrutiny of training data legality; "fair use" defense facing constraints.
	GEMA v. OpenAI	Germany	Use of copyrighted works for training without authorization	Held to constitute infringement of reproduction right and right of communication through information networks.	Clarification of training data infringement determinations across the EU.
	Disney v. ByteDance	China	Visual IP used for training video models	Case pending (filed February 2026); core claim seeks to prevent uncompensated appropriation of IP value.	High-value IP rights holders taking proactive action; scope of rights protection expanding to visual content.
Output stage	China's First AI Copyright Criminal Case [18]	China	Using AI to "fine-tune" and sell others' works	Found to constitute "substantial similarity"; criminal liability imposed.	Malicious use of AI tools subject to criminal sanctions; technical methods do not exempt liability.

Stage	Case / Event	Jurisdiction	Core dispute	Holding / Judicial tendency	Regulatory trend
Platform stage	"Ultraman" Case [12]	China	Whether AI platforms constitute contributory infringement	Platform actively recommended infringing models and profited therefrom; held to have failed duty of care, constituting contributory infringement.	Heightened liability for platforms with "active profit-seeking" conduct.
	"Medusa" Case [19]	China	Liability determination for search service platforms	Algorithmic transparency and compliance with "notice-and-takedown" obligations established; "technological neutrality" defense accepted.	"Technological neutrality" platforms may be exempted after fulfilling duty of care.
	Lang Mou Culture Co. v. Mi Mou Network Technology Co. [20]	China	Boundaries of general search service liability	Provision of general search services may be exempted on the premise of algorithmic transparency.	Algorithmic transparency and "notice-and-takedown" become core requirements for exemption.

Tightening at the Input Stage: International Trends in the Legality Review of Training Data. On the input stage, the legality review of training data has become the main battleground in international copyright litigation. Defenses based solely on "technological neutrality" or "fair use" are facing severe challenges. Table 2 shows that in the U.S. case "Ziff Davis v. OpenAI", the court allowed the plaintiff's "removal of copyright management information" claim to proceed, refusing to dismiss the case at the procedural stage. This procedural ruling essentially recognized the justiciable nature of the training data copyright infringement allegations. The German case "GEMA v. OpenAI" went a step further, with the court ruling that unauthorized use of copyrighted works to train models constituted an infringement of the copyright holder's reproduction right and right of communication to the public via information networks. This provided an important reference for similar lawsuits within the European Union, and Table 2 summarizes it as a trend of "clarification of training data infringement determinations within the European Union".

Of particular note is the "Disney v. ByteDance" case, which occurred in February 2026. Table 2 shows that this case marks a significant step forward for copyright holders with a large number of high-value intellectual property (IP). The scope of their rights protection is no longer limited to textual content but has expanded to include visual IP that can be used to train video generation models. The core demand is to protect the commercial value of their IP from being exploited by AI models without compensation. This case foreshadows an escalating direct conflict between the entertainment and AI industries, exhibiting a new trend: high-value IP rights holders are taking the initiative and expanding the scope of rights protection to visual content.

Severe Punishment at the Output Stage: Criminal Regulation of Malicious Use of AI Tools. On the output stage, China's first criminal case concerning AI copyright was adjudicated, serving as a landmark warning. As shown in Table 2, the court determined that the defendant's use of AI tools to "fine-tune" others' works and then sell them on a large scale constituted "substantial similarity" to the original work. This behavior exceeded the scope of civil infringement and should be subject to criminal liability, establishing a firm stance that "malicious use of AI tools faces criminal sanctions, and technological means do not exempt one from liability". This case sends a clear signal to the public: the advancement of technological means cannot be a shield for exemption from infringement liability; using AI for large-scale, commercial infringement will face severe legal sanctions, including possible imprisonment. The intervention of criminal liability signifies a new level of judicial regulation of AI infringement, creating a powerful deterrent to potential infringers. The trend of "severe punishment at the output stage" presented in Table 2 corroborates this.

Platform Liability Differentiation: Refined Application of the "Safe Harbor" Principle. Regarding platform liability, Chinese courts made differentiated determinations in the "Ultraman" and "Medusa" cases, providing refined adjudication rules for the boundaries of AI platform liability. Table 2 clearly illustrates this divergent pattern. In the "Ultraman" case, the court determined that the platform not only provided infringing content but also actively recommended infringing models and directly profited therefrom, failing to fulfill its reasonable duty of care and thereby constituting contributory infringement, reflecting the trend of "increased liability for platforms that actively profit". In the "Medusa" case, however, the court held that the platform, as a search service provider, should be considered "technologically neutral" and granted exemption from infringement liability, provided that its algorithm was transparent and it promptly fulfilled its "notice-and-takedown" obligation, thus establishing the rule that "technologically neutral platforms can be exempted from liability after fulfilling their duty of care". The Shanghai Xuhui Court further clarified the applicable standards for algorithmic transparency and general search services as exemption conditions in subsequent similar cases, which Table 2 summarizes as "algorithmic transparency and 'notice-and-takedown' becoming the core requirements for exemption". These cases collectively outline the core logic of platform liability determination: distinguishing between "active profit-making" and "technological neutrality", using the fulfillment of the "duty of care" as the substantive standard for liability division, preventing platforms from evading responsibility under the guise of technological neutrality while also avoiding excessive suppression of technological innovation and information flow.

4.3 Paradigm Shift in Business Models

From "Fair Use Defense" to "Licensing Cooperation": A Shift in Industry Perception. Faced with the uncertainty of legal regulations, particularly the increasingly stringent input-side review and the risk of criminal liability at the output stage (as shown in Table 2), leading technology companies have begun exploring innovative

solutions to bring copyrighted content into the legitimate business track, marking a fundamental shift in the industry's perception of copyright issues. The core of this shift lies in moving from passive ex-post defense to proactive ex-ante licensing, and from relying on legal gray areas to building compliant business models. This shift in industry perception was not instantaneous but rather a gradual process, progressing from confidence in "technological neutrality" to awareness of "legal risks", and finally to acceptance of "compliance costs". The increasingly stringent input-side review and the deterrent effect of criminal liability at the output stage in judicial practice have accelerated this process, making the uncertainty costs of the "fair use defense" exceed the transaction costs of licensing cooperation.

Strategic Significance of Microsoft and Amazon's Content Licensing Market Initiatives. Microsoft's "Publisher Content Marketplace" initiative, announced in February 2026, is groundbreaking. This initiative aims to establish a centralized trading platform that allows AI companies to legally and transparently purchase high-quality copyrighted content for training [21]. This marks the first time a major tech company has systematically attempted to internalize large-scale copyright licensing as a fixed component of its business model, rather than relying on ex post defenses or legal gray areas. Following closely behind, Amazon announced a similar content licensing marketplace plan, aiming to bridge the gap between publishers and AI developers and achieve legal access to training data through market mechanisms [22]. The strategic moves of both companies have created a demonstration effect, potentially triggering a follow-on effect across the industry and pushing licensing cooperation to become standard practice rather than an option in the AI industry. This shift directly echoes the judicial trends presented in Table 2, that is when the space for "fair use" defenses at the input stage is compressed, market-based licensing becomes a rational choice for companies.

Market-Based Solutions for Internalizing Legal Externalities. The strategic moves by Microsoft and Amazon are not isolated business decisions, but rather the most direct and fundamental market response to the trend of "stricter scrutiny of input legality" in judicial practice. The risk warnings in the "Ziff Davis", "GEMA", and "Disney" cases listed in Table 2 have received positive responses at the industry level. This shift indicates that the AI industry is moving from a crude model of "use first, then license" or even "use without license" to a compliant model of "license first, then use", placing copyright licensing costs upfront as fixed costs for AI development and operation, and resolving the legality issue of training data through market mechanisms. This business model exploration has a dual positive effect; on the one hand, it provides content creators with a stable source of income and a channel for rights remedies, mitigating the impact of AI technology on the creative industry; on the other hand, it provides AI companies with legal certainty, reducing potential litigation risks and reputational damage, thereby achieving symbiotic development of the AI industry and the content industry. The essence of the market-based licensing model is to internalize the externalities of legal regulation into internal costs for enterprises and achieve optimal resource

allocation through the price mechanism. This mechanism design is in line with both the principle of efficiency and the demand for fairness.

5 Discussion and Conclusion

This study, through a systematic empirical analysis of major case law, commercial disputes, and industry dynamics concerning the relationship between AI and copyright in key jurisdictions of China, the U.S., and Europe from 2025 to March 2026, yielded three core findings. First, regarding the copyrightability of AI-generated content, both Chinese and American judicial practices have converged on establishing "human contribution" as the core review standard. Second, in determining infringement liability, judicial practice exhibits a full-chain regulatory pattern characterized by "tightening at both the input and output stages and refined differentiation of platform responsibility". Third, in the evolution of business models, the content licensing market plans of Microsoft and Amazon signify a shift in industry from "confrontation" to "cooperation", internalizing copyright licensing as a fixed cost of the business model and responding to the externalities of judicial practice through market mechanisms. These findings reveal the dynamic interaction logic among technology, law, and the market. Continuous breakthroughs in technological capabilities constitute the original driving force for institutional change, but the law, through the shaping of adjudication rules, exerts a counter-effect on technological development, defining the legal boundaries of AI applications. Market mechanisms, acting as a mediating variable connecting the two, are playing a significant institutional constructive role. When judicial practice reduces the uncertainty surrounding "fair use", businesses transform legal externalities into internal costs through business model innovation. This market-driven compliance process, in turn, provides valuable experience for improving the legal system.

Of course, it must be acknowledged that this study has limitations in terms of time frame and cross-jurisdictional comparisons. The conclusions may need to be revised in a timely manner as technology iterates, especially as potential breakthroughs in AGI may challenge the existing "human contribution" standard. Future research should continue to track judicial dynamics in more jurisdictions, conduct long-term monitoring of content licensing platforms to evaluate the actual effectiveness of market-based solutions, and pay attention to the possibility of transforming "market practice" into "legislative rules", providing continuous theoretical support for building an institutional framework that balances incentives for technological innovation with the protection of creators' rights.

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