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AEITAR

client update



## Breaking news: the US District Court - Northern District of California rules on AI training and fair use

June 26, 2025

You should read this client update if you use copyrighted content to train AI models or you are considering investments or acquisitions of companies who train AI models with copyrighted content.

In August 2024, several authors brought a putative class action, alleging that Anthropic had infringed their copyrights by pirating copies of their books for two separate purposes: (a) training its Large Language Models (i.e., Claude) and (b) creating a central digital library, which could be used for future purposes.

In addition, Anthropic spent millions of dollars buying print books, often in used condition. Its service providers stripped the books from their bindings, cut their pages to size, and scanned the books into digital form—discarding the originals.

The question the Court decided was whether Anthropic's actions in training and creating the central library (from pirated and purchased books) were fair use, and therefore legal.

The copies of the books, whether pirated (over seven million copies were downloaded by Anthropic from Books3, Library Genesis and Pirate Library Mirror, three online libraries of unauthorized copies of books) or purchased and scanned, were placed into a central research library or generalized data area. Sets or subsets were then copied again to create training copies for data mixes. The training copies were successively copied, cleaned, tokenized, and compressed so as to more effectively train Anthropic's LLMs. Finally, whether or not Anthropic used the books in the central library for training, Anthropic still retained that work as a resource for potential future uses.

According to the Court:

1. The use of the books at issue to train Claude was exceedingly transformative and constituted a fair use under Section 107 of the Copyright Act.
2. The digitization of the books purchased in print form by Anthropic was also a fair use, but not for the same reason as applied to the training copies. Instead, it was a fair use because all Anthropic did was replace the print copies it had purchased for its central library with more convenient, space-saving, and searchable digital copies for its central library—without adding new copies, creating new works, or redistributing existing copies.
3. However, Anthropic's use of pirated copies to build a central library was not a fair use. Holding these copies for a potential future use, even for training, is not a fair use. On this point, the Court rejected Anthropic's argument that the pirated library copies must be treated as training copies and concluded that there will be an additional trial on the pirated copies and the resulting damages, actual or statutory, including for willfulness (which is a factor which can increase the statutory damages under the Copyright Act).

This decision is likely to be appealed, so stay tuned for future client updates on this, and other AI matters.

Feel free to reach out if you have any questions or would like to discuss the implications of this decision to your business.

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