Technology: California Decoded

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NEWSLETTER

Hollywood's AI copyright frustrations boil over

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With help from Emma Anderson



SAG-AFTRA is among the Hollywood unions supporting AI copyright transparency legislation in California. | David McNew/Getty Images

QUICK FIX

- Tinseltown creators are pushing lawmakers to find a solution on Al and copyright.
- Even Daniel Lurie wants to see Washington broaden its approach to Al regulation.
- Federal judge signals where California's Medicaid data case could go.

Welcome to California Decoded! Of course an AI-generated song would top the *country* charts, of all genres. Send feedback, scoops and story ideas to californiadecoded@politico.com.

DRIVING THE DAY

ANALYSIS: HOLLYWOOD'S SEETHING — Silicon Valley's getting rich. Hollywood's barely scraping by. And yet, tech companies are relying on actors and artists' work to train its AI models and rake in profits — or at least that's how some in the struggling film industry see it.

Now, after a disappointing outing for copyright protection efforts this past year, California's entertainment workers are pleading with lawmakers to pass *something* aimed at protecting their industry before AI-generated movies, music and art run them out of their jobs.

"I don't know how many of you have come to LA recently, but it is bleeding out in front of my very eyes," **Danny Lin**, president of the Animation Guild, said Monday at a legislative hearing on AI copyright issues. "[AI's] not creating that problem, but it's absolutely exacerbating it."

The standing-room-only joint Assembly Privacy and Senate Judiciary committee hearing, held Monday at Stanford University, previewed how the AI copyright battle brewing between California's two most iconic industries is poised to boil over when lawmakers return to Sacramento next year. That fight will more than likely center around Assembly Privacy Chair **Rebecca Bauer-Kahan**'s pending AI copyright transparency legislation, AB 412.

Actors and creators want to know when their content is used to train AI, and to ensure their work isn't used without their permission. Their concerns are underscored by anecdotes of AI-generated songs topping Billboard charts and a flurry of ongoing litigation, like a recently-filed case in which The New York Times accused AI startup Perplexity of illegally copying its writers' work.

"I don't understand why their right to not go bankrupt supersedes all the artists' right to not go bankrupt," game developer and artist **Brendan Mauro** testified.

"I think all voice artists, in the next three to five years, are in trouble," **Jason George**, a SAG-AFTRA national board member and actor who testified Monday, told Decoded in an interview. George is known for playing Dr. Ben Warren on ABC's "Grey's Anatomy."

"They'll do the work that can be seen as more perfunctory, like joining the storyboards," he said of AI models. "If those go away, then our movies are going to start looking really, really middle of the road. Mid, you know?"

George and dozens of creative workers who attended Monday's hearing rallied around Bauer-Kahan's bill as a potential solution. Her measure would require companies to publicly display certain AI training data online and allow copyright holders to request information about which works were used to train a model.

But identifying copyrighted work in AI model training data is challenging.

Tech companies and industry groups have argued that Bauer-Kahan's AB 412 is technically infeasible and near-impossible to implement without forcing firms to publish data that risks revealing trade secrets.

"The future of the way AI is being deployed within the enterprise space and the media space is one that gives you a significant collaboration between media technology companies," OpenAI Copyright Policy Counsel **Mark Gray** testified Monday. "With that said, we do recognize that there are specific AI applications that raise concern."

OpenAI was the only company willing to show up at the hearing, Bauer-Kahan said Monday. Amazon, Google, Meta and Microsoft were invited to testify but didn't respond. Of the four no-shows, none responded to a request for comment.

Industry sidestepped a copyright fight this year when Bauer-Kahan's bill stalled in the Senate Judiciary Committee. But it's not over: the Bay Area Democrat told Decoded she wants to find a path forward next year, even as expert witnesses at Monday's hearing suggested her plan might run afoul of existing federal copyright law.

"Copyright preemption rules actually limit what states can do," said **Pamela Samuelson**, a copyright law professor at UC Berkeley. "I consulted with half a dozen of my copyright colleagues, and we think that [AB 412] is actually, probably, likely to be struck down."

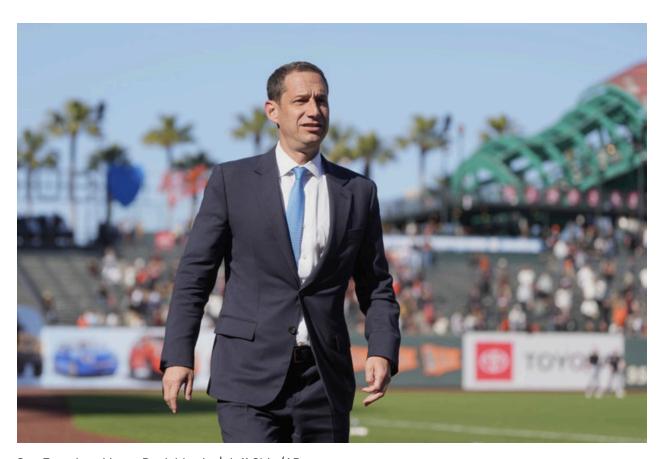
Bauer-Kahan told us she disagreed with the assessment and is pushing forward anyway, and that she'll use information gathered at Monday's hearing to inform how she retools AB 412 for the next session.

"The companies are going to sue on any bill I do," she told us. "I believe I stand on strong grounds, as it relates to states' rights."

She has a potential ally: Senate Judiciary Chair **Tom Umberg**, who chairs the committee where AB 412 is currently parked, was adamant during Monday's hearing that the Legislature should find a way to solve the issue.

"This is too important of an issue to not come up with some solution here," Umberg told Decoded.

SAN FRANCISCO



San Francisco Mayor Daniel Lurie. | Jeff Chiu/AP

TRICKY TERRITORY — It wasn't a full entry into the AI preemption debates dominating policy circles. But San Francisco Mayor **Daniel Lurie** said Tuesday that he believes there should be a greater role for the federal government in setting comprehensive AI rules.

"Anytime you do something that's just city specific — or maybe even state specific — you get into a territory where you drive people to other locations," he told a tech-heavy crowd at Fortune's AI conference in San Francisco. "I would love to probably see a more broadbased approach from our electeds in the federal government."

Silicon Valley investors and industry lobbyists have cited the flurry of AI legislative activity from blue states like California in justifying their calls for a federal measure that would override them.

After they failed to tack one onto the year-end defense policy package, President **Donald Trump** announced that he would sign an executive order this week to end states' involvement in AI rules and make room for a single federal standard.

That's not to say Lurie was advocating for deregulation at either level, as some safety advocates have accused preemption proponents of pushing for.

"I'm always a believer in making sure that we have regulations and guardrails in place for this incredible technology," he added. "We should be always pushing, and I think that's what they're doing in Sacramento."

Still, the comments were rare from Lurie, who himself acknowledged he hadn't "weighed in on AI policy as of yet," despite leading a city that is home to the major frontier labs. AI companies have been a bright spot for the recovery of San Francisco's office market and downtown conference bookings, key metrics that the first-term mayor has staked his economic agenda on.

IN THE COURTS

ICE WITH THAT? — A federal judge on Tuesday signaled he may allow the Trump administration to resume sharing personal information about undocumented immigrants receiving government-funded health insurance benefits with immigration officials as soon as next month, Tyler reports.

If that happens, it would be a blow to the ongoing lawsuit from California's **Rob Bonta** and other Democratic state attorneys general that seeks to prevent Immigration and Customs Enforcement officers from using Medicaid data in deportation cases. More details here.

POST OF THE DAY



Screenshot | X

JOBS FOR HUMANS

OpenAI hires Slack's CEO, **Denise Dresser**, as its chief revenue officer, where she will manage the AI company's enterprise unit. Wired reports that at least two of OpenAI's economic research staffers have left, amid claims that the team has drifted into advocacy and become hesitant to publish research on the negative impact of AI. In California, OpenAI has shared reports with Gov. **Gavin Newsom** and legislators, projecting its future tax revenue for the state. ... **Lindsay Fraser** has joined the Blockchain Association as chief policy officer. She was most recently senior U.S. policy lead at Uniswap Labs.

BYTE SIZED

- Anthropic and Accenture strike three-year AI deal. (Wall Street Journal)
- Viral video shows three Waymo "robotaxis" stuck in an apparent standoff in San Francisco. (SF Chronicle)
- Where **MacKenzie Scott**'s \$7 billion of giving went this year. (New York Times)
- EU Commission opens antitrust probe into Google. (POLITICO)

Have a tip, event or holiday movie you watch on repeat every year? Do reach out: Emma Anderson, California tech editor; Chase DiFeliciantonio, AI and automation reporter; Tyler Katzenberger, Sacramento tech reporter; Christine Mui, Silicon Valley reporter; and Juliann Ventura.





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