

Disney and Universal Spark First Major AI Copyright Clash

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Disney Enterprises and Universal City Studios, two of the largest forces in the entertainment industry, have filed suit against Midjourney, Inc., an artificial intelligence (AI) image-generation company, alleging copyright infringement. This case marks a pivotal moment for AI and copyright law, directly challenging whether AI companies can lawfully use copyrighted works without permission to train and operate generative models.

Plaintiffs Disney and Universal allege that Midjourney is “a bottomless pit of plagiarism” that “seeks to reap the rewards of Plaintiffs’ creative investment by selling an artificial intelligence image-generating service” without authorization.^[1] According to the complaint, “Midjourney’s Image Service functions as a virtual vending machine, generating endless unauthorized copies of Disney’s and Universal’s copyrighted works” and “blatantly incorporate[s] and cop[ies] Disney’s and Universal’s famous characters.”^[2] Plaintiffs argue that Midjourney’s business model is built on unauthorized use of their intellectual property and that it continues to generate infringing content despite repeated requests to stop.^[3] The complaint details how Midjourney’s AI can generate high-quality, downloadable images of iconic characters such as “Darth Vader from Star Wars, Elsa from Frozen, Lightning McQueen from Cars, Buzz Lightyear from Toy Story, Sully from Monster’s Inc., Marvel’s Iron Man, and Homer Simpson from The Simpsons,” as well as Universal’s “Shrek,” “Minions,” and others, in response to simple prompts.^[4] Plaintiffs allege that Midjourney has refused to adopt basic technological safeguards to prevent infringement and continues to profit substantially, boasting over 21 million users and generating \$300 million in revenue in 2024.^[5]

Plaintiffs bring claims for both direct and secondary copyright infringement under the Copyright Act (17 U.S.C. § 101 et seq.). For direct infringement, they allege that Midjourney “unlawfully reproduc[ed], publicly display[ed], distribut[ed], and ma[de] derivative works based on Plaintiffs’ Copyrighted Works both in developing and training its Image Service and in the output Midjourney generates for its subscribers,” in violation of their exclusive rights under 17 U.S.C. § 106.^[6] The complaint asserts that each act of infringement is “willful, in disregard of and with indifference to Plaintiffs’ rights,”^[7] entitling them to damages, profits, or statutory damages up to \$150,000 per work (17 U.S.C. § 504), as well as attorneys’ fees (17 U.S.C. § 505) and injunctive relief (17 U.S.C. § 502).^[8]

Alternatively, if Midjourney claims its users are the direct infringers, rather than Midjourney itself, Plaintiffs allege secondary liability, asserting claims for vicarious liability (because Midjourney “has the right and ability to supervise and/or control these acts of direct copyright infringement”) and contributory infringement (because Midjourney “knowingly and materially contributes to, encourages, and induces such infringement”).^[9] The

complaint emphasizes that Midjourney “has failed to take reasonable, readily available, and cost-effective steps to purge its Image Service of Plaintiffs’ Copyrighted Works,” despite being put on notice, and continues to profit from the ongoing infringement.^[10]

If successful, this lawsuit could significantly reshape the legal landscape for generative AI, potentially limiting how AI companies can source training data and develop their models. It may also open the door to more aggressive enforcement actions by other rights holders, leading to stricter requirements and heightened scrutiny for the AI industry as a whole.

Cullen and Dykman’s Intellectual Property team continues to monitor important developments in trademark and copyright law. Should you have any questions about this legal alert, please feel free to contact Karen Levin (klevin@cullenllp.com) at (516) 296-9110, Ariel Ronneburger (aronneburger@cullenllp.com) at (516) 296-9182, or Jordan Milite (jmilite@cullenllp.com) at (516) 296-9128.

This advisory provides a brief overview of the most significant changes in the law and does not constitute legal advice. Nothing herein creates an attorney-client relationship between the sender and recipient.

Footnotes

[1] Compl. ¶¶ 1-2, *Disney Enterprises, Inc., et al. v. Midjourney, Inc.*, Case No. 25-5275 (D.Ca. June 11, 2025).

[2] *Id.*

[3] *Id.* at ¶ 3.

[4] *Id.* at ¶¶ 5-6.

[5] *Id.* at ¶¶ 74; 182-183.

[6] *Id.* at ¶¶ 202, 206.

[7] *Id.* at ¶ 206.

[8] *Id.* at ¶¶ 209-211.

[9] *Id.* at ¶¶ 217-218, 224.

[10] *Id.* at ¶ 227.

Practices

- Intellectual Property

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