

News

China's Supreme Court issues landmark guidance on AI disputes: Practical implications for businesses

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China's Supreme People's Court has issued its first comprehensive judicial guidance on AI-related disputes, providing important insight into how Chinese courts may apply existing laws to AI technologies. The guidance addresses a wide range of issues including generative AI liability, model training, personal information protection, deepfakes, algorithmic discrimination, autonomous vehicles, intellectual property, and AI-generated evidence. While it does not create new AI legislation, it signals that AI governance is increasingly becoming a litigation, enforcement, and risk management issue. Businesses operating or deploying AI in China should review their governance frameworks, data practices, contracting strategies, consumer-facing AI applications, and evidence preservation processes to prepare for evolving judicial expectations. This article highlights the key developments and practical implications for companies.

On 7 September 2026, China's Supreme People's Court ("SPC") issued the Opinions on Lawfully Adjudicating AI-Related Disputes (the "Opinions"), its first comprehensive judicial guidance on AI-related disputes. The Opinions cover a broad range of topics, including generative AI liability, model training, personal information protection, deepfakes, algorithmic discrimination, autonomous

vehicles, open-source software, intellectual property and AI-generated evidence.

The Opinions extend beyond AI litigation. They indicate how Chinese courts may apply existing civil, data protection, intellectual property, consumer protection and product liability laws to AI-related disputes. The SPC emphasizes balancing innovation and safety while protecting individual rights, consumer interests and public order.

For international businesses operating in China, the message is clear. China's AI framework is moving beyond regulatory compliance into litigation and enforcement. Companies deploying AI in China should also prioritize litigation readiness, evidence preservation and defensible governance.

1. AI risk management is becoming a litigation issue

The Opinions explain how courts should allocate liability among AI developers, providers, operators and users. Unless strict or presumed-fault liability applies, courts will generally assess fault by considering the use case, degree of autonomy, transparency, foreseeability of risk and preventive measures taken.

Chinese courts may therefore scrutinize a company's AI governance when assessing fault and responsibility. Separate product liability rules may apply to AI-enabled physical products, such as intelligent robots and autonomous vehicles, but not to AI services without a physical carrier.

Documented risk assessments, testing, model validation, human oversight and incident response may become important evidence in future disputes.

AI governance documentation should therefore support both regulatory compliance and future litigation needs.

Practical considerations for companies:

- Establish and document AI governance and escalation structures.
- Conduct and retain AI risk assessments and testing records.

- Maintain evidence of model validation, monitoring and mitigation efforts.
- Develop audit trails for material AI-assisted decisions.

2. Deepfakes, voice cloning and AI-enabled impersonation are high-risk areas

The Opinions address unauthorized use of a person's name, likeness or voice in identifiable digital representations, including deepfakes and voice cloning. They also cover virtual representations of deceased persons and manipulations that may infringe reputation rights.

In short, the Courts may grant urgent injunctive relief where ongoing or imminent AI-related infringements of personality rights could cause irreparable harm. Such infringements could be caused by both consumer-facing applications and internal uses of synthetic media.

As companies continue to experiment with AI-generated trainers, digital employees, synthetic voices, avatars and marketing content, these uses may face greater scrutiny in China if appropriate consents, disclosures and controls are missing.

As such, we urge companies to review their uses of digital avatars, synthetic voices and AI-generated media involving employees, consumers, influencers, executives or other third parties. As for generative AI providers, they should maintain effective notice-and-takedown procedures as these will likely be the market expectation going forward.

3. Model training and publicly available information

The Opinions provide commercially significant guidance on AI model training.

The Opinions address privacy, doxxing and use of lawfully public personal information. Such information may generally be used within a reasonable scope if the individual has not expressly objected. Consent may still be required where processing is likely to have a significant impact on the

individual's rights and interests. Chinese Courts may consider the processing purpose, the model's function, the type and sensitivity of the information, and the context and reasonable expectations surrounding disclosure.

As none of this creates a blanket exemption for model training, we continue to recommend a case-by-case specific assessment. .

In particular, the Courts in China are likely to examine the facts closely for large-scale scraping, profiling or high-impact AI applications.

Companies should therefore document data provenance, assess the legal basis for training datasets, manage objections and opt-out requests, and record the reasons as to why use of publicly available information is reasonable and proportionate.

4. Consumer-facing AI applications will face greater scrutiny

The Opinions signal increasing judicial attention to consumer-facing AI uses.

The SPC addresses algorithmic discrimination and "big data price discrimination", including unjustified differential treatment based on browsing history, consumption preferences or willingness or ability to pay. The Opinions also address AI-generated endorsements and other marketing practices that may mislead consumers.

This is particularly relevant to e-commerce platforms, consumer brands, financial services platforms, online travel services and digital marketplaces.

Punitive remedies may be available where AI is used for fraud or deliberate consumer deception, including fake celebrity endorsements.

Companies should assess whether consumer-facing AI systems create discriminatory outcomes or misleading representations. They should test pricing algorithms, document fairness controls, govern AI-generated endorsements and, where applicable, maintain notice-and-takedown procedures.

5. Vendor management, IP governance and AI contracting

The Opinions address AI-generated content and copyright, open-source software, AI-assisted inventions, technology contracts and data use. Courts may closely examine the conduct of developers, providers, users, licensors and commercial counterparties.

In copyright disputes, AI developers may need to provide evidence on training-data sources, training processes and model operations. The Opinions also address potential liability protections for providers of free open-source modules that disclose functionality and security risks, subject to applicable conditions.

For AI-assisted inventions, substantive human contribution remains important to inventorship.

More broadly, the Opinions reinforce the need for robust procurement, contracting, data governance and vendor management.

Companies deploying AI in China should revisit their:

- AI procurement procedures;
- training-data representations and warranties;
- IP ownership clauses;
- indemnity regimes;
- open-source compliance procedures;
- audit and disclosure rights; and
- AI-specific vendor due diligence.

Looking ahead

The Opinions do not create a standalone AI law. Rather, they explain how Chinese courts are expected to apply existing legal frameworks to AI-related disputes. They also address AI-generated evidence, judicial fact-finding, verification and disclosure of AI-assisted litigation materials, potential criminal liability for serious conduct, and international judicial cooperation. Their practical impact may be significant, as Chinese courts are positioned to shape AI governance through litigation.

Two important questions remain unresolved: whether AI-generated content is copyrightable and whether unauthorized use of copyrighted works for model training constitutes infringement. Businesses deploying AI in China should maintain use-case-specific governance, defensible data provenance and training records, clear vendor, IP, open-source and contractual controls, tested consumer-protection safeguards, and reliable evidence-preservation and AI-use disclosure protocols. Building these capabilities now will help businesses manage litigation, regulatory scrutiny and evolving judicial expectations.

Hogan Lovells Cadwalader regularly advises on AI governance, data, cybersecurity, IP, consumer protection and technology contracting issues. We help companies assess AI-related legal risks, strengthen governance frameworks, manage disputes and investigations, and navigate evolving regulatory and judicial developments in China and globally. Please contact us if you would like to discuss the implications of the SPC Opinions for your business.

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