

When AI Gets It Wrong, Who Could Be Legally Responsible: German Court Holds A Major Search Engine Liable for False AI-Generated Search Summaries About Businesses

I. INTRODUCTION

As AI is increasingly being deployed by businesses as the first level of customer service (e.g. AI chatbot, AI summary, etc.), who may be legally responsible when AI's output is wrong?

A recent German judgment dated 28 May 2026 (Case No. 26 O 869/26) involving two German companies and a major internet search engine provider ("MSEP") provides an important warning for businesses deploying AI.

II. BACKGROUND

The claimants (i.e. two companies) were in the publication industry. The MSEP's search engine offers a feature labelled "AI Overviews". The feature uses AI to write a summary answering the search engine user's searches, displayed above the ordinary results and accompanied by links to third-party websites ("AI Overview").

A search combining the name of the claimant(s) with the term "Betrugsmasche" ("fraud scheme") produced an AI Overview which associated the claimants with fraudulent schemes and dubious business practices which the claimants said were untrue. The AI Overview stated, among other things, that the business:

- Lured customers into subscription traps;
- Continued demanding payment after customers had already paid;
- Could not be reached by phone and ignored written enquiries; and
- Were connected with certain other companies, with which the claimants had no connection at all.

The MSEP argued that it was simply a search engine which displayed information from third-party websites.

III. THE GERMAN COURT'S DECISION

The German court prohibited the MSEP from disseminating a number of specified statements concerning the claimants, including allegations of fraud or dubious business practices.

The key finding, however, was how the court characterised the AI Overview. The German court determined that the AI Overview was not merely a display of search results. Instead, it constituted content which was attributable to the MSEP.

In reaching its decision, the German court considered that the AI Overview did more than reproducing links or snippets. The AI Overview, among other things, (a) summarised search results in its own words, (b) generated an affirmative answer to the user's query, and (c) made statements which did not appear in the underlying third-party search results.

IV. WHY THIS MATTERS FOR BUSINESSES

While it must be highlighted that the German court's decision does not establish a universal rule for AI liability, there may be several lessons for businesses deploying AI for client-facing functions.

- 1. If you deploy AI, you may be liable what it says.**

Businesses that use AI chatbots for customer service, or AI tools to generate product descriptions or marketing content, should be mindful that they may be legally liable for the AI tools' output.

- 2. If you deploy AI, put governance in place.**

Review customer-facing AI tools. Maintain a process for handling complaints and corrections. Businesses should consider whether inclusion of a user T&C limitation of liability clause may be suitable to mitigate business risks.

- 3. Manage your business risks if you deploy AI.**

Importantly, businesses should consider performing risk management exercises to manage the extent of their liability in the AI tools malfunction. Businesses should review their agreements with AI developers, model providers, and technology vendors including: (a) allocation of responsibility for AI outputs, (b) indemnities, (c) data and intellectual property rights, and (d) allocation of regulatory and litigation risks.

V. HOW WE CAN HELP

Coleman Street Chambers LLC advises businesses on managing the legal risks of emerging technology and AI.

If you have any queries on the above or other matters, please feel free to contact us.

DISCLAIMER

This publication is provided for general information purposes only. It should not be treated as legal advice, and it should not be relied upon as such or treated as a substitute for professional or legal advice on any particular matter. No lawyer-client, or any other relationship should be, or deemed to be, formed between you and Coleman Street Chambers LLC.

Readers should seek independent legal advice

By reading this publication and using any part of this website, you agree that we shall not be liable in any manner whatsoever for any loss or damage which may result from accessing, using, or relying on the information in this publication.
