

Enterprises will face surge of AI lawsuits by 2027, warns John Margerison

John Margerison warns enterprises will face a surge of AI lawsuits by 2027, as deployers fail to interrogate legal risks when signing vendor contracts.

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Enterprises will face a surge of AI lawsuits by 2027, warns [John Margerison](#), CEO of XFactorAi, an AI communications platform for Fortune 500 companies. He argues deployers of AI tools are often ignorant of the legal risks they expose themselves to when signing vendor contracts.



John Margerison, CEO and Founder of XFactorAi

Margerison's intervention follows the recent case against Workday, which saw deployers of its AI hiring algorithm pulled in as co-defendants alongside the creator and vendor of the technology itself. For Margerison, the increasing pace of regulatory development means we'll see countless more cases like this next year. AI mentions in global legislative proceedings have grown ninefold since 2016, rising 21.3% in 2024 alone, with 145 AI laws enacted in the US last year. Gaps in AI governance are growing fast, and enterprises are failing to keep up.

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John Margerison

That's compounded by the fact that only 3% of compliance

professionals say their organization is prepared for AI regulation as things stand. Margerison argues this lack of preparedness means we'll soon see a spike in the number of breaches.

To avoid legal proceedings, he urges enterprises to name a single accountable owner for AI governance and audit every existing tool, asking questions they failed to address when signing vendor contracts. He argues these changes must be treated as business-critical, or warns businesses could face a surge of lawsuits as early as 2027.

John Margerison, CEO of XFactorAi, said: “There’s a common misconception that, should AI agents cross legal lines, the enterprises that deploy them are off the hook. Boards often assume that vendors take the fall, but that’s a misunderstanding that I think will land them in legal hot water as early as next year.

“None of the fixes are difficult, they just aren’t particularly popular. Businesses should name one accountable owner for AI governance, not a committee or working group, who can be asked to their face what went wrong. And they must take a hard, honest look at the tools they already run, asking the questions that never came up at signing.

“AI regulation is accelerating, so boards must be aware of the risks and make these changes now. Otherwise, legal fees, regulatory fines and reputational damage could be only a few months away.”

ABOUT JOHN MARGERISON

John Margerison is an international entrepreneur focused on building trust-first, human-in-the-loop AI systems for enterprise. He is the CEO and founder of XFactorAi, the AI communications platform pioneering AI systems for enterprises and government environments. XFactorAi’s proprietary technology powers WorkPilot, which enables large enterprises to embed AI into their communications to streamline workflows, ensure compliance, and drive results. He writes a regular newsletter about building trust-first AI for enterprises. To subscribe and find more information visit: <https://johnmargerison.com/>

ABOUT XFACTORAI

XFactorAi is an AI communications platform pioneering AI systems for enterprise environments. XFactorAi’s proprietary technology powers WorkPilot, which enables large enterprises to embed

AI into their communications to streamline workflows, ensure compliance, and drive results. It has developed 11 production-ready AI applications powered by four underlying proprietary frameworks. For more information visit: <https://www.xfactorai.com/>

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