

2024 DEALMAKERS OF THE YEAR



NADER MOUSAVI



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By Patrick Smith

Not every deal has the potential to help shape the future of everything. But it would not be hyperbolic to put the partnership between OpenAI, represented by Sullivan & Cromwell's Nader Mousavi and Mark Schenkel, and Microsoft, in that category.

OpenAI couldn't do what it needed to further the use, and acceptance, of AI without the computing and financial resources of a company like Microsoft. OpenAI was looking to structure a partnership so that it was able to facilitate the commercialization of the technology while also continuing OpenAI's stated mission of releasing AI technology in a democratized and ethical manner.

And the partnership would need to appease both parties' interests and likely provide a framework moving forward on how those deals are structured.

"It is widely believed that to push the boundaries of AI, you need to push the boundaries of computing power," Mousavi said. "They [OpenAI] needed a partner willing to push. And they believed that in order to help the world get ready for AI, you need to put products in the marketplace. While AI existed before ChatGPT (OpenAI's Interactive AI language model product), its release changed the conversation completely on a policy level."

No lawyer could walk into that meeting and say they had the previous experience to handle this. But, according to Mousavi and Schenkel, they were able to provide the next best thing.

Mousavi and Schenkel, both partners who are IP attorneys and work on technology transactions, were about as close to getting a team with "experience" in the area as one could get in the emerging field, where pretty much everything is without precedent. "We are a hybrid of transactions and IP," Mousavi said.

"We like to think that OpenAI had their pick of who they wanted to handle this," Mousavi said. "The distinguishing factor was that, while no one had done this before, we were the team who had the experience in technology, joint ventures and licensing, as well as the ability to be both creative and commercial. All of those things played out during this deal."

The end result of the deal is an ongoing partnership that will likely heavily influence the rollout of artificial intelligence over the coming years. While the information is not public, many publications have put Microsoft's investment at \$10 billion.

"We feel very fortunate to play this small part in the development and evolution of such a transformative technology," Mousavi said. "We view it as a once-in-a-lifetime experience to be this involved in something this transformative."