Founded by Aravind Srinivas, Johnny Ho, Andy Konwinski, and Denis Yarats in 2022, with Aravind as CEO, Perplexity AI is a unique conversational language model with an academic approach to answering prompts. This search engine scans the web like a scholar and gives the user a summary complete with citations and references, just like a recommendation from a friend or colleague, as Aravind would say.

Artificial intelligence that provides accurate information? Sure, that sounds amazing. However, Perplexity's success is not as clean as it looks. Its reputation is being wrought with lawsuits, and the holes in its logic are starting to show. Its intelligence has boundaries that cannot be fixed.

A Smarter Search Engine?

AI chatbots, search engines, and assistants are not perfect. We've all seen how they can give us hilariously bad answers we can make memes about, or they're deadly inaccurate, like when Google AI told users to eat glue-pizza and rocks. Despite these hiccups, people have come to rely on LLMs like ChatGPT for homework and legal advice (which can get one expelled). However, as AI gets smarter every day, the competition has never been higher.

Enter Perplexity AI, the conversational LLM that removes the browsing and web surfing experience from a search engine and provides the user with exactly what they were looking for.

There were signs that search engines were always going to merge with artificial intelligence. In a 2000 interview, Larry Page, Co-founder of Google, once said, "Artificial intelligence would be the ultimate version of Google," and, "It would understand everything on the web, and it would understand exactly what you wanted, and it would give you the right thing."

It seems as if Perplexity AI has achieved just that, perhaps better than Gemini AI. Perplexity cuts out the web-surfing process and gives you the answer with references. Aravind is proud of this feature, coming from an academic background himself and holding a PhD in Computer Science. This principle drives the company to construct a language model that rigorously checks itself and provides citations with every claim it makes, all just for a prompt that could be asking, "Which TV is best for my gaming console?"

"Don't blame the user for not having a good prompt. Blame the AI for not being able to expand or help them expand themselves to a good prompt," says Aravind with EO.

Aravind wants a friendly conversational experience to come to a search engine, balancing what the human user needs and what they want and are interested in. Humans are known for taking simple answers and unpacking them, building sprawling topics and discussions on a simple sentence. AI search engines should be able to do the same.

Perplexity goes beyond the basic search engine function, aiming to make finding a specific product as seamless as magic. With a phone camera, one could snap a picture of an item, and Perplexity AI takes care of the rest, taking the customer straight to the store. Buy it with one tap on the app. See [shopping with Perplexity](#).

Perplexity AI could take your prompt and expand upon it. Ask it like you would a friend. "Help me build a library, or help me host a disco party," Aravind says as an example on CNBC Television. Perplexity sources reviews that are available all over the web. It's all in one place. The product expert, store front, and review site.

The host of the CNBC interview asks Aravind about scraping and if some sites, presumably ones with published reviews, would block Perplexity from analyzing them. Aravind mentions their "merchant program," which invites sellers into their service. This has a lot of advertising potential, especially with investors like Jeff Bezos, associated with Amazon, backing Perplexity. Perplexity also works directly with Shopify, giving users a quick way to pay.

However, the concern of scraping isn't just with reviews of products on sites like Amazon, and this goes beyond shopping.

The Lawsuits

Perplexity is free, but it has subscription plans like ChatGPT. Interestingly, it's neither higher nor lower than ChatGPT. Aravind didn't want the reason for people flocking to his service to be because it was cheaper, but genuinely what they wanted. Though it's worth mentioning, Perplexity leverages the power of OpenAI as well. Through its subscription plans, Perplexity has raised over $500 million, nearing its valuation at around $9 billion. It's a great success, but all of this money could sink into some legal troubles.

The New York Post, Forbes, and Wired have filed lawsuits against Perplexity AI for numerous copyright infringements. From Dow Jones and the New York Post, "Perplexity's brazen scheme to compete for readers while simultaneously freeriding on the valuable content publishers produce." Accused of using copyrighted articles to train

its language model, Perplexity could face up to $150 thousand for each violation. Considering the number of articles scanned in a day, it doesn't look good if this lawsuit stands its ground in court. News sites like the New York Post also [filed lawsuits](#) against Microsoft because of OpenAI.

Do news sites have a point here? Isn't public information available to everyone? Well, yes, with a fee.

Presses like the New York Post, Forbes, and Wired run ads and subscription plans to fund their websites, pay their writers, and keep the lights on. It's not unreasonable to believe that this is more than Perplexity copying or regurgitating their web publications, but about bypassing the paywalls and pop-up ads entirely. To do this would require ignoring many websites' Robot Exclusion Protocol. If users can ask Perplexity for information and assume it's cited, the average user may rarely feel the need to visit the sources directly, robbing news sites of their revenue. Perplexity AI has over 10 million monthly active users.

News presses feel threatened by AI search engines that cut out the human experience of researching and analyzing information on their sometimes free or monetized platforms. Despite giants like the New York Post and others taking legal action, Perplexity has [made deals](#) with news presses like TIME, Fortune, and Entrepreneur. This agreement ensures the publishers of the articles cited in Perplexity's results receive their cut. Still, many big presses and independent sites aren't going to make a compromise. Additionally, Perplexity's need to make merchant programs and deals with news sites shows they're trying to avoid as many lawsuits as they can by building bridges with them.

Hallucinations

Despite how efficient Perplexity may be, it's still highly vulnerable to hallucinations and citing information from untrustworthy or parody websites. Many users have reported dumb answers from Perplexity on their free and paid plans.

Perplexity is not sentient and can't be as curious as a human. There's no guarantee it'll cross-reference the dates and compare with details only a human would notice. A human knows what satire is. Since Perplexity relies on OpenAI, it can catch [second-hand hallucinations](#) like the common cold. With the internet being so full of AI-generated content, parodies, and misinformation, it's unrealistic to expect Perplexity AI, which is serving tens of millions of users at once, to catch every red flag and clue. No matter how much it improves.

Double-Edged Sword

A small point, but it's worth mentioning. Perplexity is supposed to be, as far as they've advertised it, an unbiased scholar who searches for the facts. However, if only certain news sites are allowed to be crawled through at times, it means crucial sides of the story will be missing. Furthermore, in shopping and commerce, its merchant program raises the concern that Perplexity will prioritize recommending its partners rather than the product that's *actually* best for you. It can either scan everything on the web and risk lawsuits, or only work with partners in its circle and be biased.

DIY

Perplexity AI is a good concept on paper, but with questionable execution and ill-gotten gains. If it only cited from publishers partnering with the company, then there wouldn't be as many lawsuits at the company's door. However, with funding from Jeff Bezos and Nvidia, it's not going anywhere yet. Despite how useful an AI tool may be, remember to read the source and think for yourself.