OpenAI Cuts Off Cursor: The AI Coding War Is Now Official

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On August 28, 2026, OpenAI notified SpaceX that it will terminate its contract providing AI models to Cursor. The proposed cutoff date is November 12, 2026.

OpenAI's stated reason: "We cannot be confident that SpaceX will use our technology within our terms of service, based on our experience with Elon Musk's companies violating contracts." The company cited two specific incidents: X (formerly Twitter) allegedly breaking an existing OpenAI contract after Musk acquired it, and Musk's own sworn testimony acknowledging that xAI had violated OpenAI's terms of service.

What this means for Cursor users: Direct access to GPT-5.6 Sol, GPT-5.6 Luna, and other OpenAI models inside Cursor will end on November 12. OpenAI is offering to fund transitions to Replit and other independent multi-model alternatives. It is giving the maximum notice allowed under the contract.

What this does NOT mean: Cursor still works. Grok 4.6 has been the default model since the SpaceX acquisition, and Claude, Gemini, and other non-OpenAI models remain available. The product isn't broken - one major provider is walking out the door.

The strategic picture: SpaceX spent $60 billion to acquire Cursor in August 2026. Cursor had ~$4 billion in ARR, 75% from enterprise customers. OpenAI models were part of the multi-model IDE. With OpenAI exiting, the model lineup becomes: Grok 4.6 (default), Claude Opus/Sonnet, Gemini, Qwen, and whatever SpaceXAI ships next. Grok 4.7 is expected in the next few weeks.

The subtext: OpenAI’s move is openly competitive. Offering to fund transitions to Replit - an OpenAI partner - is not a neutral act. The company is essentially trying to pull enterprise Cursor customers to its own ecosystem before the November cutoff. Sam Altman and Elon Musk have been in public conflict since Musk’s 2024 lawsuit against OpenAI. This decision is strategic, legal, and personal simultaneously.

What’s next: Cursor/SpaceXAI said it is seeking talks with OpenAI. Anthropic has publicly offered support. The November 12 date is three months away - enough time for SpaceXAI to negotiate, or to ship Grok 4.7 and make the point moot.

Source:
https://openai.com/index/our-decision-on-cursor-following-its-acquisition-by-spacex/ (https://openai.com/index/our-decision-on-cursor-following-its-acquisition-by-spacex/)

https://myspacexai.site/issues/openai-cuts-off-cursor-the-ai-coding-war-is-now-official