AI AS A LEGAL ENTITY: THE NEXT FRONTIER IN LAW

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ABSTRACT

The rapid advancement of science and technology has undeniably made life easier for people, yet it has simultaneously birthed complex dilemmas that challenge the traditional boundaries of law and ethics. One of the most significant and contentious difficulties brought up by these developments is the legal recognition of Artificial Intelligence (AI) as a person. As researchers strive to incorporate AI into human life in a seamless manner, legal professionals and policymakers are increasingly concerned about AI's jurisprudential footing. This article examines the conceptual evolution of "legal personality" transitioning from the Latin persona to modern entities like corporations, idols, and even natural features like rivers to determine if AI can fit within these established frameworks. The study utilizes a doctrinal and comparative research methodology, analyzing scholarly viewpoints alongside the legal landscapes of the European Union, the United States, India, and South Africa. Central to this investigation is the application of traditional jurisprudential theories: the Fiction Theory, which views personhood as a state-created convenience; the Realist Theory, which demands objective agency and "will"; and the Bracket Theory, which treats personality as a procedural symbol for managing human interests.

Keywords: Artificial Intelligence, Personhood, Natural Person, Legal Person.

Research Question

What are the practical and jurisprudential barriers to acknowledging AI as a legal entity under current legal systems, and should AI be given legal personhood?

Research Methodology

The study's methodology takes a doctrinal approach, examining scholarly viewpoints on AI personhood as well as current legal frameworks and jurisprudence. Using both historical and modern legal concepts, the study starts with a conceptual investigation of legal personality. By comparing case laws, statutes, and international treaties, comparative legal research is used to investigate how other jurisdictions have handled the legal position of artificial intelligence. The theoretical and practical difficulties in granting AI legal personality are highlighted through a

thorough analysis of secondary materials, including books, journal articles, and regulatory body reports. The study also critically assesses legislative proposals and policy frameworks, offering insights into the ramifications and viability of acknowledging AI as a legal entity.

Introduction

Prior to analyzing artificial intelligence's legal personality, it is crucial to comprehend the idea of "legal personality." 'Person' comes from the Latin word 'Persona,' which originally meant a mask that represented a person's social role. However, according to contemporary legal theory, a person is an entity with the capacity to have rights and obligations.

Additionally, humans are not the only entities with legal personality; corporations, businesses, trade unions, and even idols are also recognised as legal persons under Hindu law. On the other hand, some natural persons like the insane or unborn do not have full legal rights. In the past, this exclusion also applied to women and slaves, two underprivileged groups who were not granted legal personhood[1]. For example, it was long believed that a husband and wife were one person under English law, with the husband standing in for that one person. This further illustrates how legal recognition has changed throughout time, frequently as a result of law

[1] Centre for the Fourth Industrial Revolution, Impact Report Centre for the Fourth Industrial Revolution Network 2022-2023, WORLD ECONOMIC FORUM (Jan. 2024), https://centres.weforum.org/centre-for-thefourth-industrial-revolution/home.

reforms and societal standards.[2]

Salmond's definition of legal personhood is still applicable to artificial intelligence among other definitions. He claims that any entity that the law recognizes as having rights and obligations is a person; if not, even a human being is not a legal person. Therefore, the ability to possess rights and obligations is the primary requirement for legal personhood. The jurisprudential

viewpoint on whether AI can meet these requirements and be acknowledged as a legal person is examined in this study.

Jurisprudential Foundations of Personality: Beyond Salmond

While Salmond's definition establishes the capacity for rights and duties as the bedrock of legal personhood, examining the traditional jurisprudential theories of personality provides a clearer framework for assessing artificial intelligence. Legal scholars have long debated the nature of non-human entities through three primary theoretical lenses: the Fiction Theory, the Realist Theory, and the Bracket Theory. The Fiction Theory, championed by Friedrich Carl von Savigny, posits that only human beings are natural persons, and any other entity granted personhood (such as a corporation) is merely a legal fiction created by the state for practical commercial purposes. Under this theory, AI does not need consciousness, soul, or inherent will; it merely requires legislative recognition to function as an economic and legal actor. If a state can fictionalize a corporation to facilitate trade, it could theoretically fictionalize an AI system to facilitate autonomous commerce.[3]

Conversely, the Realist Theory (or Organic Theory), associated with Otto von Gierke, argues that juridical persons are not mere fictions but real, objective entities with their own collective will and agency[4]. Applying this to AI introduces profound complications. While AI can execute complex decisions and learn from its environment mimicking agency it currently lacks true subjective intentionality or "will." Therefore, under a strict Realist interpretation,

[2] Chopra, S., & White, L. (2004). Artificial Agents – Personhood in Law and Philosophy. In Proceedings of the 16th European Conference on Artificial Intelligence, ECAI'2004, including Prestigious Applicants of Intelligent Systems, PAIS 2004 (pp. 635–639). Valencia: IOS Press.

[3] Filipova I.A., Koroteev V.D. Future of the Artificial Intelligence: Object of Law or Legal Personality? Journal of Digital Technologies and Law. 2023;1(2):359–386. https://doi.org/10.21202/jdtl.2023.15. EDN: immoam

[4] Greenstein, S. (2022). Preserving the rule of law in the era of artificial intelligence (AI). Artificial Intelligence and Law, 30, 291–323

recognizing AI as a person would be fundamentally flawed until artificial general intelligence (AGI) achieves true sentience.

Finally, the Bracket Theory (or Symbolist Theory) proposed by Rudolph von Ihering suggests that legal personality is simply a symbol or a "bracket" put around a group of human interests to simplify legal proceedings. In the context of AI, granting the system personhood would merely be a convenient procedural bracket to manage the rights and liabilities of the programmers, users, and corporations behind the AI. This functionalist approach is currently the most viable jurisprudential pathway for AI personhood, as it bypasses the philosophical debate of consciousness and focuses purely on legal utility.

Personality of Non-Natural Persons

Natural Persons and Legal individuals (sometimes known as juridical, artificial, or fake persons) are the two categories into which legal systems around the world divide legal individuals[5]. Legal persons are non-human entities recognized by law, whereas natural persons are individuals with inherent rights and obligations. Common examples include religious, governmental, and intergovernmental organizations such as the United Nations, as well as corporations, trade unions, and business groups.[6]

Presently, it is safe to state that, artificial intelligence (AI) can only be categorized as having a juristic personality since it does not meet the requirements to be a natural person[7]. Assessing AI's potential recognition requires an understanding of how non-human entities acquire legal status. In the past, non-living things like the Belize Barrier Reef in Ecuador, the Whanganui River in New Zealand, and Gurudwaras in India have been given legal personhood. Bolivia has even recognized nature as a legal entity by ratifying the Universal Declaration on the Rights of Mother Earth.[8]

[5] Robert F.Trager, Killer Robots Are Here-and We Need to Regulate Them, FOREIGN POLICY, https://foreignpolicy.com/2022/05/11/killer-robots-lethal-autonomous-weapons-systems-ukrainelibya-regulation/.

[6] "Recognition of the Legal Personality of Artificial Intelligence" (2024) International Journal of Religion, 5(10), pp. 875–882. doi:10.61707/6frh0e13.

[7] Irfan Rasool Najar & Sneha Sneha, Is AI a Legal Person?: Redefining the Limits of Legal Personhood, in EXPLORING AI IMPLICATIONS ON LAW, GOVERNANCE, AND INDUSTRY 25 (Swati Chakraborty ed., 2025).

[8] Tanner W. Mathison, Recognising Right: The Status of Artificial Intelligence, 19 J. Bus. & Tech. L. (2023) Available at: https:/ /digitalcommons.law.umaryland.edu/jbtl/vol19/iss1/4

A key point brought up by these judgments is whether AI systems can be given a legal personality of any kind. A state could establish a worldwide precedent and encourage other jurisdictions to do the same if it acknowledges AI as a legal person. Determining AI's legal

A comparative analysis of international jurisdictions reveals a fragmented approach to the legal footing of artificial intelligence[9]. While non-living entities like rivers and idols have been granted rights, translating this to algorithms requires examining specific legislative movements.[10]

The European Union: The EU has been at the forefront of AI regulation. In 2017, the European Parliament debated a report on civil law rules on robotics, which controversially proposed creating a specific legal status of "electronic persons" for the most sophisticated autonomous robots. This status would have required robots to make good on any damage they caused.[11] However, following intense backlash from legal, ethical, and scientific experts who argued that this would inappropriately shift liability away from manufacturers, the proposal was largely abandoned. The EU has instead pivoted to the "EU AI Act," which regulates AI based on a strict risk-tier system rather than granting personhood.[12]

The United States: The US lacks a unified federal approach to AI personhood, relying instead on existing corporate personhood frameworks and tort law. The focus in the US has predominantly been on autonomous vehicles. As seen in the fatal Uber self-driving car accident, American courts currently pierce the "algorithmic veil" to hold the human backup drivers, software developers, or corporate owners liable, rather than the machine itself.[13]

India: Under the Indian legal framework, competency is strictly defined. For instance, the Indian Contract Act of 1872 explicitly requires parties to be competent to contract. Because an AI is not a recognized legal or natural person, any high-frequency trading algorithm or smart contract that executes autonomously exists in a legal gray area[14]. If a contract is breached by an AI, Indian

[9] Ankit Kumar Padhy. Amit Kumar Padhy, Criminal liability of the Artificial Intelligence Entities, 8 NIRMA UNIVERSITY L.J. 15, 2 (2019), https://docs.manupatra.in/newsline/articles/Upload/4e5c9c80-320b-4433-9f87-f56059a5345c.pdf.
[10] Mohan Kumar S.K., The Legal Status of AI-Generated Fashion in Authorship, Ownership and Design Rights, 8 INDIAN J.L. & LEGAL RSCH. 3942 (2026).
[11] Noam Kolt et al., Legal Alignment for Safe and Ethical AI, arXiv:2601.04175v1 [cs.CY] (Jan. 7, 2026).
[12] Elkin-Koren N, Salganik MJ. AI, data, and copyright: Reframing the boundaries of authorship and ownership. Columbia Journal of Law & the Arts. 2021 Fall;44(4):473–520
[13] Ginsburg JC, Budiardjo LA. Authors, and machines: A comparative copyright analysis of human and artificial creativity. Columbia Journal of Law & the Arts. 2023 Winter;45(1):1–62
[14] Chaudhary Hamza Riaz, The Legal Status of AI Training Data: A Cross-Jurisdictional Analysis of Copyright, Fair Use, and Text-and-Data Mining, 18 Int'l J. Sci. & Res. Archive 935-949 (2026)

courts currently have no mechanism standing is still a major concern for legislators and policymakers around the world, given its growing influence in autonomous acts and decision-making.

Intellectual Property Conundrum: Authorship And Inventorship

One of the most pressing practical barriers to acknowledging AI as a legal entity lies within the realm of Intellectual Property Rights (IPR)[15]. As AI systems become capable of autonomously generating art, music, literature, and patentable inventions, global legal systems are forced to ask whether an algorithm can be an "author" or "inventor."

Traditionally, intellectual property law is deeply anchored in human creativity. The dilemma of AI authorship was starkly highlighted in the international legal battles surrounding the DABUS (Device for the Autonomous Bootstrapping of Unified Sentience) system[16]. The creator of DABUS attempted to list the AI as the sole inventor on patent applications across multiple jurisdictions[17]. The courts in the United States, the United Kingdom, and the European Patent Office overwhelmingly rejected these applications, ruling that an “inventor” must inherently be a natural person. However, South Africa set a controversial global precedent by granting the patent with DABUS listed as the inventor, highlighting the fractured international consensus on AI capabilities.

In India, the Copyright Act of 1957 mandates that an author must be a natural person[18]. If an AI generates a piece of code or a novel, it cannot hold the copyright. Currently, the law defaults to granting ownership to the human who caused the work to be created. However, as AI systems require less human prompting and operate with greater autonomy, this legal workaround becomes increasingly tenuous[19]. Without granting limited legal personhood or creating a new sui generis category for AI-generated works, intellectual property regimes risk stifling innovation, as autonomous creations may immediately fall into the public domain,

[15] V.D. Mahajan, *Jurisprudence and Legal theory,* Chapter Fifteen, "Persons", Page-331, EBC publications, Fifth Edition Re-printed 2019.
[16] 1 William Blackstone, Commentaries on the Laws of England (John Doe ed., 1803).
[17] Maula Buksh v. Haftz-ud-din AIR 1926 Lah 372, In this case it was held that Mosque was a Juristic Person and could sue and be sued.
[18] Shiromani Gurdwara Prabandhak Committee, Amritsar v Shri Somnath Dass AIR 2000 SC 1421
[19] Simon Chesterman, ARTIFICIAL INTELLIGENCE AND THE LIMITS OF LEGAL PERSONALITY. British Institute of International and Comparative Law, Cambridge University

offering no commercial protection for the developers.[20]

Need to Know Whether AI be Considered a Legal Person Or Not

In order to establish rights, obligations, and liabilities, a legal system must acknowledge the entities it regulates and assign them legal personality. Legal persons, whether individuals or organizations support policy objectives such as maintaining legal stability and encouraging entrepreneurship[21]. Acknowledging legal individuality promotes continuity, as in organizations, and keeps government in order. Most legal concerns are based on the fundamental legal question of who can have rights and duties. Addressing AI's expanding role in law and society requires deciding whether it qualifies as a legal person[22].

Two main arguments for acknowledging AI as a legal person are highlighted from a layman's perspective, even without going into the law of legal personhood. Firstly, there must be a responsible party in the event of damage or malfunctions. Secondly, there ought to be a designated organisation to take accountability and receive benefits if AI functions well and makes notable progress.[23]

The legal standing of robots has been called into doubt due to incidents in which they have caused damage. On January 25, 1979, engineer Robert William was fatally struck by a robotic arm at a Ford facility in Michigan, the first known robot-related casualty. The $10 million settlement was achieved after the manufacturer, not Ford, was found to be at fault. A robot also murdered Kenji Urada, a Japanese industrial worker, on July 4, 198, two years later. Urada was the second such instance, although being frequently reported as the first, underscoring the growing worries about robotic accountability and artificial intelligence.[24]

Although it is not unique to humans, legal individuality is strongly associated with autonomy and free will. AI is not yet recognised by any law as a natural or legal person. Recent events, however, point to a change in this viewpoint. A chatbot named Shibuya Mirai was given

[20] AROUND THE NATION; Jury Awards $10 Million In Killing by Robot, The New York Times, https://www.nytimes.com/1983/08/11/us/around-the-nation-jury-awards-10-million-in- killing-by-robot.html

[21] Robert Whymant, "Robot Kills Factory Worker", The Guardian, https://www.theguardian.com/theguardian/robot-kills-factory-worker/2014/dec/09/all

[22] Alan Turing, "Computing Machinery and Intelligence", Oxford Academic, https://academic.oup.com/mind/article/LIX/236/433/986238.

[23] Roman V. Yampolskiy, "Could an artificial intelligence be considered a person under the law?", https://www.pbs.org/newshour/science/could-an-artificial-intelligence-be-considered-a- person-under- the-law.

[24] Chris Smith, "Introduction in The History of Artificial Intelligence", UNIV. OF WASHINGTON, https://courses.cs.washington.edu/courses/csep590/06au/projects/history-ai.pdf

official residency in Japan, and a humanoid robot named Sophia was given citizenship in Saudi Arabia. Furthermore, events like Uber's self-driving car accident underscore how urgently the legal situation of AI needs to be addressed. Determining AI systems' legal recognition becomes more crucial as they become more autonomous.

Legal Personality of Artificial Intelligence

John McCarthy, an American computer scientist, coined the phrase Artificial Intelligence (AI) in 1956. The goal of the computer science field of artificial intelligence (AI) is to replicate intelligent behaviour in machines. The Turing Test was first used to evaluate AI, determining intelligence by a machine's capacity to replicate human reactions. But as technology developed, so did the standards for artificial intelligence, and many contemporary systems now pass the Turing Test. Although many new tests have been developed over time, the Turing Test is still one of the most important standards for assessing AI intelligence.

The basic essential prerequisites to be a person in the eyes of law are as follows:

- To be capable of Rights and Duties
- Capability to withhold property
- To sue and be sued
- The right to enter into contracts[25]

Arguments Against AI Being Granted Legal Personality

Human dignity could be compromised if AI were given human rights. Feminist scholars actively protested the irony that a robot had more rights than many Saudi women when Saudi Arabia gave citizenship to the robot Sophia. There is likely a concerning amount of gap in the rights of citizens and AI or AI-operated corporations in some areas, particularly if free speech, religious freedom, and gender expression are prohibited. The question of whether AI may enter and be bound by contracts is another important one. Even while international law and various

[25] Tokyo's Al 'boy' first bot to gain a residency", The Hindu, https://www.thehindu.com/news/international/tokyos-ai-boy-first-bot-to-gain-a-residency/article19982384.ece.

other jurisdictions recognise self-enforcing contracts, a thorough and transparent legal framework is still required to govern AI's contractual obligations. Furthermore, Only a legal person may enter into a legally binding contract under Indian law. AI is not yet considered a legal person. Hence, any agreement made autonomously by AI would not be enforceable in India.[26]

Certain additional objections to AI being given legal personality are that, firstly, the rights of constitutional personhood should only be granted to natural beings. Secondly, the important components of personality, like consciousness, intent, and emotions, are absent from AI. It does several things better than humans, yet its ethical judgment is insufficient. Since legal power ultimately rests on human oversight and conduct, AI can help in the legal field but cannot self-administer or interpret laws. Lastly and most importantly, AI being human-made, will always remain a form of human property.

Conclusion

In conclusion, modern jurisprudence faces both a difficulty and an opportunity posed by the growing field of machine learning and its subsequent quest for legal personality. From natural and legal persons to non-human entities like companies, trade unions, and even natural characteristics like rivers and ecosystems, this paper tried to examine the development of legal personality. The paper attempted to investigate the theoretical and practical obstacles in acknowledging AI as a legal person by thorough doctrinal research, concentrating on ethical judgment, accountability, and the lack of human characteristics like consciousness and intent. Cases like Shibuya Mirai's residency and Sophia's citizenship are recent examples that suggest a change in legal paradigms, but they also highlight the urgent need for significant legislative reforms and specialised regulatory systems. Lastly, future legal approaches must ultimately try to strike a compromise between the quick speed of technological advancement and moral, societal, and legal requirements to guarantee that advancements in AI integration don’t come at a cost and sustain legal stability & foster accountability. A fair and progressive legal future in the realm of technological advancements in India depends on this all-encompassing strategy considering all the stakeholders involved.[27]

[26] Annesha Kar Gupta, "Raz's Authority of Law", Research Gate
[27] WILLIAMS v. LITTON SYSTEMS, INC, Docket No. 87885. Michigan Court of Appeals

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