INCORPORATING ARTIFICIAL INTELLIGENCE INTO THE LEGAL SECTOR: A FORMAL ANALYSIS

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ABSTRACT

The contemporary era, marked by rapid globalisation and technological advancement, has witnessed the widespread adoption of artificial intelligence (AI) across various sectors, including the legal industry. Courts, law firms, and legal practitioners are increasingly utilising AI technologies such as machine learning algorithms, natural language processing, and computer vision to perform tasks including legal research, contract review, and case outcome prediction. The integration of AI into legal practice presents significant opportunities to enhance efficiency and reduce operational costs. However, it also raises critical concerns regarding privacy, bias, and accountability. This article offers a comprehensive overview of AI and its diverse applications within the legal sector.

This article aims to critically examine the benefits and challenges associated with the use of AI in legal practice, as well as to discuss the ethical and legal ramifications inherent in the adoption of AI within judicial systems. Furthermore, it analyses the prospective impact of AI on the Indian legal landscape and the evolving role of legal practitioners. International standards and future pathways for a balanced and constructive transformation of the legal sector through AI are also explored.

Keywords: Artificial Intelligence, Legal Industry, Law, Judicial Automation, Human Primacy.

INTRODUCTION

Artificial intelligence (hereinafter referred to as "AI") is transforming a range of industries by providing advanced technological solutions to complex challenges, and the legal sector is similarly affected. AI has the potential to fundamentally reshape legal practice, from automating repetitive administrative tasks to enhancing the accuracy of legal analysis. The adoption of AI in the legal industry is increasing, with significant potential for further integration. This article examines the intersection of artificial intelligence and law, focusing on current applications, ethical considerations, and future developments within the legal sector.

The legal industry has been significantly impacted by the ongoing digital transformation affecting the global economy. The emergence of AI offers the potential to revolutionise the legal profession by increasing the efficiency of legal processes and automating tasks that were traditionally performed manually. AI-driven technologies, including machine learning, natural language processing (NLP), and computer vision, are actively reshaping the legal landscape. Tasks previously reserved for legal professionals, such as legal research, contract review, and outcome prediction, can now be effectively managed by AI-powered tools.

AI is both a scientific discipline and a suite of computational technologies inspired by human perception, learning, reasoning, and action. While many sectors have benefited from the integration of these technologies, significant concerns remain regarding the potential misuse of AI and its unintended consequences. In the legal domain, AI offers the promise of increased efficiency and cost reduction, but also raises issues related to privacy, bias, and accountability. The integration of AI into the legal system prompts critical ethical and legal questions, including how to ensure transparency and accountability in AI systems, what safeguards are necessary to prevent bias in AI-assisted decision-making, and how the role of lawyers may evolve as AI assumes more legal functions. This article addresses these questions by providing an in-depth overview of AI's applications in law, examining both its benefits and challenges, and analysing the ethical and legal implications of its adoption. Recommendations are offered for policymakers, legal practitioners, and researchers to maximise AI's potential while effectively managing associated risks.

BACKGROUND AND CURRENT SCENARIO IN INDIA

There is a huge backlog of pending cases within the Indian judicial system across various levels

of the court hierarchy. Traditional practices involving manual document processing, citation verification, and multi-language translation contribute to significant administrative challenges. The COVID-19 pandemic accelerated the adoption of technology in Indian courts, prompting the use of virtual hearings via videoconferencing. This transition not only minimised physical contact but also conserved time and resources typically required for in-person proceedings. The move toward a digitally advanced system highlights the judiciary's commitment to transformation and modernisation, as well as the ongoing need to strengthen court digitalisation. Technological integration reduces paper usage in courtrooms, thereby lowering environmental costs and facilitating the efficient transfer of files and documents between courts. Excessive physical record-keeping hampers information accessibility and, in some cases, results in the unavailability of relevant documents for related cases. Further, large case files complicate the prompt retrieval of information by judges and increase storage costs. AI-driven technologies enable the digitisation and rapid summarisation of extensive case files, allowing for the efficient analysis and retrieval of data, cases, and statutes by legal professionals. Additionally, AI and digitisation technologies can enhance case workflow management. The implementation of AI-driven tools, including chatbots, has the potential to improve the efficiency of legal research and document preparation. Overall, digital systems in judicial processes offer multiple advantages, such as automating case management and facilitating virtual hearings.

It is pertinent to note that integrating AI with law offers a scalable solution to these procedural problems in a faster way. These technologies enhance the accessibility of case information for both parties and legal representatives, while also streamlining the management of court information from beginning to disposal. Furthermore, the implementation simplifies documentation processes related to filing, appealing, scheduling, and tracking cases. Additionally, automated compliance monitoring ensures that parties adhere to specified timelines effectively. Generative AI platforms, such as natural language processing (hereinafter referred as "NLP") and automated document systems, can perform tasks within seconds that previously required many hours of manual effort. For legal practitioners, AI tools facilitate the rapid retrieval of documents, including case files and client records. The indexing of statutory authorities across extensive legal databases supports the drafting of preliminary notices, commercial contracts, and other legal documents. Further, in court registries as well, the AI tools assist with defect detection, document categorisation, speech-to-text transcription, hearing scheduling, and the redaction of personally identifiable information (PII) from

published orders. However, the incorporation of AI is not as rosy as it seems, as without appropriate regulation it introduces several institutional risks.

Large Language Models (LLMs) are inherently susceptible to 'hallucinations,' which may result in the generation of fictitious case law, fabricated statutory citations, or erroneous legal propositions. Notable examples include the Karnataka trial court drafting incident and the recall of an Income Tax Appellate Tribunal order due to fictitious precedents[1] and, the Vijayawada Lower Court Incident (2026) involved a junior civil judge who relied on four judgments generated by artificial intelligence in a property dispute case. The Supreme Court subsequently stayed the order and characterised the reliance on these fabricated AI rulings as misconduct.[2]

Additionally, there have been instances of case filings containing ChatGPT-generated content.[3] In an adversarial legal system that relies on judicial precedent, the use of unverified algorithmic sources poses a risk of contaminating judicial records and misleading judges, thereby compromising the integrity of legal justice. Thus, with this rising trend due to the advent and boom of AI within the country's legal industry, there have been systemic challenges before the Supreme Court of India. Subsequently, its AI committee, chaired by Justice P.S. Narasimha, issued a landmark judgment on the Draft Regulations for the Use of Artificial Intelligence in Courts, 2026.[4] This framework establishes clear guidelines for advocates, litigants, and judicial officers regarding the incorporation of AI into legal practice in India. The central principle of the 2026 Regulation is 'human primacy,' which mandates that AI be used solely as an assistive tool, subject to human judgment and judicial authority. By clearly distinguishing between administrative automation and substantive rulings, the Supreme Court seeks to enhance precedential efficiency while protecting the rule of law from algorithmic errors.

However, the digital divide has the potential to exacerbate inequalities, particularly for individuals lacking Internet access and literacy in technology. Such disparities may restrict individuals' capacity to engage with a digitised, AI-driven judicial system, thereby rendering justice less accessible. Furthermore, the lack of technical knowledge among residents impedes the adoption of advanced technologies and tools by courts in rural regions, as residents often

[1] Moneylife, 'AI-driven' Tribunal Order Sparks Bias Fears; Karnataka HC Notes Case Shifted to, 'AI-driven' Tribunal Order Sparks Bias Fears; Karnataka HC Notes Case Shifted to New ITAT Bench
[2] Anahita Sachdev, India's top court angry after junior judge cites fake AI-generated orders, India's top court angry after junior judge cites fake AI-generated orders
[3] Deepak vs. Heart & Soul Entertainment Ltd., W.P. 8390 of 2009, The High Court of Judicature at Bombay.
[4] Namrata Banerjee and Debjani M, Order in the Digital Court, Order in the Digital Court - Supreme Court Observer

serve as litigants in these forums. Although these digital divides remain substantial, they have been diminishing due to an increase in Internet usage among rural women from 2020 to 2022, which has contributed to narrowing the gender divide.[5]

ANALYSIS OF JUDICIARY'S APPROACH TOWARDS THE USAGE OF AI IN THE LEGAL PRACTICE

The administration of justice is fundamentally a human endeavour, although its efficiency can be enhanced through the judicious use of technology. The adoption of AI-driven technologies in the legal industry and by the Courts at times raises ethical concerns about data privacy, security, bias, and potential liability. It is pertinent to note that AI lacks human understanding, and certain judgments involving complex facts or prevailing customs require subjective evaluation and consideration of moral and ethical dimensions, areas where AI may not adequately substitute for human judgment. To mitigate bias and unfair outcomes, it is essential to train AI systems with diverse case data and information. Technology should support the delivery of justice in a manner that upholds the rule of law, prioritises human dignity, and reinforces the core values of the legal system. The digital transformation of the Indian justice system must remain consistent with the principles of fair and timely justice. The integration of modern technologies into the judiciary should align with constitutional responsibilities to uphold fairness, transparency, and accountability. Technological design should be people-centric to ensure accessibility and participation in the digital court system, thereby reducing barriers to justice. AI technologies used in the judiciary must secure sensitive data and demonstrate sufficient reliability to meet evolving demands. Information security is a significant concern, as unauthorised data access, phishing attacks, or network threats can compromise data integrity and privacy. Protecting privacy, recognized as a fundamental right in Justice K.S. Puttaswamy v. Union of India[6], requires appropriate guidelines to regulate technological advancements. Collecting user feedback is also necessary to assess project implementation and identify areas for improvement. To address systematic risks such as algorithmic hallucination, the 2026 regulation establishes a functional distinction between permissible assistive functions and prohibited adjudicative functions in legal technology.[7]

[5] Xueyan Bai and Lin Yang, Digital literacy's impact on digital village participation in rural left-behind women through serial mediation of political trust and self-efficacy,
Digital literacy's impact on digital village participation in rural left-behind women through serial mediation of political trust and self-efficacy - PMC
[6] (2017) 10 SCC 1
[7] Supreme Court of India, Regulations for use of Artificial Intelligence (AI) in Courts, 2026,

Although the recent measures implemented by the Supreme Court of India are commendable, an pertinent aspect of the latest regulations is that any advocate or litigant integrating AI with legal procedures in the preparation or submission of documents, pleadings, or evidence must disclose the AI-assisted origin of such materials to the court at the time of submission.[8] However, this provision has recently faced criticism. Although the aforementioned regulations constitute a positive development in the increasing integration of AI within the legal profession, only time will determine their efficacy and practicality amidst generational shifts, evolving dynamics, and changing ethical standards among future practitioners in the legal industry.

ANALYSIS OF THE INTERNATIONAL SCENARIO VIS-À-VIS AI USAGE AND WAY FORWARD

On the international stage, nations worldwide have initiated regulatory measures concerning the deployment of Artificial Intelligence (AI) within judicial systems, reflecting a unanimous understanding that AI should primarily serve to assist legal professionals in court proceedings. Notable regulations currently in force across various legal frameworks include UNESCO's Recommendation on the Ethics of AI, 2021 (applicable to 194 member states),[9] the OECD AI Principles, 2019 (revised in 2024)[10], and the European Union AI Act, 2024, which designates the administration of justice as a 'high-risk' sector necessitating stringent regulatory compliance.[11] These regulations emphasise principles of transparency, accountability, human oversight, and bias mitigation as non-negotiable standards.

Further, the United Kingdom's AI Action Plan for Justice, published in July 2025, delineates governmental policies for the responsible and proportional utilization of AI in courts, tribunals, and correctional facilities.[12] In October of the same year, a comprehensive guide was issued, instructing judicial officers to refrain from inputting confidential data into publicly accessible AI tools, requiring verification of accuracy prior to reliance, and underscoring accountability for AI-assisted outputs.[13] Meanwhile, in Singapore, the court user guide assigns full responsibility for the accuracy of AI-generated content to the submitting party.[14] Across these

notification_1781784510_0.pdf
[8] Draft Regulations for Use of Artificial Intelligence in Courts, 2026, reg. 43(3) (Sup. Ct. India 2026).
[9] UNESCO, *Recommendation on the Ethics of Artificial Intelligence* (Nov. 23, 2021)
[10] Organisation for Economic Co-operation and Development (OECD), *AI Principles*
[11] Regulation (EU) 2024/1689 of the European Parliament and of the Council of June 13, 2024, Laying Down Harmonised Rules on Artificial Intelligence (Artificial Intelligence Act), 2024 O.J. (L 1689) 1.
[12] Ministry of Justice, *AI Action Plan for Justice* (July 31, 2025)
[13] Courts and Tribunals Judiciary, *Artificial Intelligence (AI)—Judicial Guidance* (Oct. 31, 2025)
[14] Supreme Court of Singapore, *Guide on the Use of Generative AI Tools by Court Users* (2024),

jurisdictions, the requirement for 'human in the loop' remains imperative, ensuring substantive engagement and oversight.

In India, the AI market is flourishing due to the country's substantial talent pool in the technology sector, with approximately 600,000 AI professionals and 700 million Internet users, and due to the government's emphasis on fostering AI integration.[15] Furthermore, India's diverse population and distinctive cultural and linguistic fabric provide a valuable data source for AI training and development. The country is swiftly constructing a robust artificial intelligence computing and semiconductor infrastructure to bolster its expanding digital economy. Following the endorsement of the 2024 India AI Mission, the government has allocated $1.2 billion over a five-year period to enhance artificial intelligence capabilities.[16]

As discussed throughout the article, artificial intelligence and other digital technologies hold immense potential to revolutionise the justice system in India. Undoubtedly, digitisation initiatives represent a significant advancement in transforming the system. The commencement of the journey toward implementing technology in the justice system and using AI tools has indeed posed challenges, such as digital literacy, data privacy, and digital infrastructure. Nevertheless, the primary aim behind such transformation to increase efficiency, accessibility, and transparency in the justice system—is undeniable. From remote access to judicial services to digital management of cases and paperless, structured digital data, the integration of AI and other technologies has not only standardised the system but is also working to minimise human error, which is essential for AI-driven operations. However, issues such as automated judgment, judicial independence, and privacy and data protection are critical to future developments. It is evident that, in just a few years of digitalisation, AI-driven technologies have pervaded all aspects of life, and this trend continues to accelerate. Today, the challenge is not solely about technological infusion but also about creating a safe, accountable, and efficient system to ensure that AI technologies do not impede the rule of law, fundamental rights, and democratic principles. Indian justice systems have begun implementing the technology by adopting various innovative AI-driven tools to deliver justice in a transformative manner to billions of people and their evolving needs.

[15] 44 IBEF, *India's artificial intelligence (AI) market set to triple, may cross Rs. 1,45,384 crore (US$ 17 billion) by 2027: Report,*
[16] 46. INDIAai, https://indiaai.gov.in.