CHANAKYA LAW REVIEW (CLR)

Vol VI, Issue II July- December, 2025 pp 14-31

JUSTICE TRANSFORMATION THROUGH ARTIFICIAL INTELLIGENCE- A STUDY ON CIVIL DISPUTE RESOLUTION IN INDIA USING AI TOOLS

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ABSTRACT

This paper investigates the potential role of AI in enhancing the resolution of civil disputes in India, focusing on its applications in legal research, Online Dispute Resolution (ODR) and case management, Machine learning, natural language processing (NLP), and generative AI empower not only legal practitioners but also disputants as well, with sophisticated means in legal research, case analysis, dispute management, and judicial decision-making.

This paper focuses on the varying forms of AI technology, such as legal databases, predictive analytics, automated mediation systems, generative AI-powered virtual assistants, and decision-support systems for judges. It uses Richard Susskind's ideas from "Tomorrow's Lawyers" to emphasise the importance of AI in modernising legal processes. However, ethical challenges in question, such as algorithmic bias, transparency, privacy, and generative AI-specific issues, including authenticity, deepfakes, and intellectual property violations, pose significant risks.

This paper contends that the application of AI in the civil justice system constitutes a radical change with regard to the need for exemplary governance, equity, and adequate scrutiny of the system by the stakeholders. The aim is to assess the use of AI technologies and propose ethical guidelines for the considerate use. At last, we argue in our paper how justice can be transformed using AI tools, more so in civil cases.

Keywords*:* civil disputes, Artificial Intelligence, online dispute resolution, alternate dispute resolution, transparency, data privacy, Natural Language Processing, machine learning.

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1. Introduction

Resolving a dispute that is civil by different means, from traditionally suing the party failing to fulfil their legal obligation to making settlement agreements under various provisions of law that in modern times are referred to as Alternate Dispute Resolution (*hereinafter* ADR) without direct involvement of the Court procedures, yet being governed by legal procedures laid under Code of Civil Procedures, 1908.[3]

There are cases when parties may want an action from another party, where civil disputes would often escalate into personal conflicts without Curt's intervention. Scholars like Goodman & Chen define AI in legal technology as 'an autonomous system capable of interpreting legal texts, identifying relevant information, and generating probabilistic models for case outcomes.'[4]

The civil disputes in India and their scenarios are changing as we move ahead in terms of technology as well as globalisation. Because of social injustice, lengthy court processes, high costs, and large caseloads, traditional courts need to adapt to the current society with a more advanced information technology system. Consequently, the Indian legal system is in the process of integrating Information Technology (*hereinafter* IT) and making use of technology-aided means to improve the effectiveness, availability, and transparency of civil justice.

Artificial intelligence[5] is a type of technology that allows machines and systems to learn from experience, adapt to new inputs, and mimic human-like behaviour.[6] AI refers to the development of computer systems capable of performing tasks that typically require human intelligence, such as learning, reasoning, and decision-making. In the legal domain, AI encompasses a range of technologies: Machine Learning (ML), which enables systems to improve from data; Natural Language Processing (NLP), which allows machines to interpret and generate human language; and Predictive Analytics, which forecasts outcomes based on historical patterns. These tools have

[3] A conflict or controversy; a conflict of claims or rights; an assertion of a right, claim, or demand on one side, met by contrary claims or allegations on the other. *Slaven v. Wheeler*, 58 Tex. 25 ; *Keith v. Levi* (C. C.) 2 Fed. 745; Ft. *Pitt Gas Co. v.Borough of Sewickley*, 198 Pa. 201, 47 Atl. 957; *Railroad Co. v. Clark*, 92 Fed. 968, 35 C. C. A. 120.
[4] John Goodman & Li Chen, Defining Artificial Intelligence in Legal Practice: Towards a Functional Framework, 45 Int'l J. L. & Tech. 112, 118 (2023).
[5] Copeland & B.J., Artificial Intelligence (AI) | Definition, Examples, Types, Applications, Companies, & Facts, Britannica (Mar. 18, 2025), https://www.britannica.com/technology/artificial-intelligence
[6] Mapping ADR, Artificial Intelligence and the Future of Online Dispute Resolution in India, Mapping ADR (Apr. 17, 2024), https://jgu.edu.in/mappingADR/artificial-intelligence-and-the-future-of-online-dispute-resolution-in-india/.

started to transform the legal systems all over the world by providing aid that goes beyond the limitations of human-centred systems.

As noted by Richard Susskind in ‘Tomorrow's Lawyers"’, legal research, contract examination, predictive analytics, and even decision-making can all be furthered by the use of AI, reducing costs while enhancing outcomes. Legal databases, automated negotiation and mediation platforms, Generative AI assistants, and legal tech supports that are powered by AI are not only revolutionising the dispute settlement mechanism but also making it more efficient and accessible.

2. Methodology

The research methodology of this study is qualitative doctrinal and involves legal analysis with a critical analysis of AI applications. Legal research, along with case analysis, makes up the core of resolving civil disputes, enabling lawyers to prepare arguments, suggest relevant precedents, and counsel clients effectively. Until now, these processes have been manual and slow because there was no alternative to sifting through the entire statutes, case law, legal commentary, and other relevant files.

Primary sources such as statutes, case law, and policy documents (e.g., EU AI Act) provide the regulatory context. Technical and ethical insights from secondary sources such as Susskind's "Tomorrow's Lawyers", academic journals, and industry reports have been referred to. Policy proposals rely on such ethical frameworks as UNESCO's recommendations. The research question is addressed through an analysis of AI's contributions to efficiency, accessibility, and fairness, as well as ethical and practical problems that are addressed.

3. AI Technologies in Dispute Resolution

AI technologies collectively position India's legal-tech sector to address low-complexity disputes effectively, though ethical and infrastructural considerations remain critical for equitable implementation. The following are the key AI technologies used in dispute resolution within the Indian legal-tech ecosystem:

3.1 Natural Language Processing (NLP):

Natural Language Processing (NLP) is a branch of artificial intelligence that interfaces the computer with its environment, i.e., its user, through the presentation of natural language. This

technology acts as an essential system for analysing large quantities of legal content alongside contracts and judicial paperwork written in diverse Indian languages. The dispute resolution field utilises NLP technology for text analysis of legal documents, making judgments easier to understand and enabling automatic document classification through legal criteria. The NLP technology in India helps judicial systems by creating an automated system for examining prolonged court documents while identifying critical past cases. NLP processing within SUPACE creates legal document summaries, allowing judges to manage their cases more efficiently while lowering their work-related mental stress. The operation of virtual legal assistants depends on NLP to examine user inputs and generate legal insights through easy-to-understand language.

3.2 Machine Learning (ML) Algorithms:

ML is the set of algorithms that learn patterns in historical data and get better at it by themselves without explicit programming. In dispute resolution, ML can also be used to find the trend in judicial behaviours, assess the probability of case outcomes, and recommend settlement strategies. In particular, these algorithms become very good when they are trained on a big pool of past judgments, and they can predict the duration and decision in a similar case. ML is at the core of such tools in India as SUPACE, which not only brings together documents that are relevant but also learns from user interactions to increase the next iteration's performance. Pilot projects are also being conducted in the area of litigation risk to pilot ML in assessing the risk of pursuing or settling the case, as well as the optimal allocation of resources in the framework of arbitration and mediation procedures.

3.3 Legal Chatbots and Virtual Legal Assistants

Legal chatbots are AI-enabled virtual tools that answer legal questions using conversation pretence, while virtual legal assistants go a step further by extending their ability to provide complex services like document drafting, appointment scheduling, and so on, with the help of NLP and ML. These tools are also useful for litigants who cannot afford legal counsel, increasing access to justice and reducing the burden on the formal court system. The cost-effective resolution to such tenancy and banking disputes (up to ₹20 lakh) is offered through the deployment of the chatbots by Nest Away and Sama. The tele-law initiative includes chatbots that provide legal aid in rural areas through Common Service Centres for dispute-related issues. In India, there are globally inspired tools like DoNotPay emerging to resolve the disputes of minor consumer disputes.

3.4 Decision Support Systems (DSS)

Decision Support System is an AI-driven tool that helps lawyers and judges make informed decisions by providing structured data, precedents, and analytical insights. These are systems that do not replace human decision-making with machines but instead amplify it with suggestions, evidence from case laws, and visualisations of legal trends. DSS has been integrated with several High Court and district court workflows in India under the e-Courts Mission Mode Project that seeks to digitise the judicial processes. These systems help judges with caseload management, fact patterns recurrence in past decisions, and legal standards in making decisions; all of these will increase judicial efficiency and consistency in the decision-making process.

3.5 Predictive Analytics

Legal document analysis and drafting tools based on AI reduce errors and speed up the task of mediation and arbitration preparation using the document creation, review, and analysis tools. Predictive analytics is defined as the use of statistical models and AI to forecast the results using historical data. This technology can be applied in the legal field to predict the likelihood of judgment in a case, the time to finish the resolution, and the probability of appeal or triggering the enforcement of the judgment. This can be used to make data-driven decisions about whether or not to settle or litigate for dispute resolution for lawyers and litigants. However, in India, several startups and High Court initiatives are experimenting with predicting lawsuits to order case scheduling, assess judicial delay, and suggest other paths like mediation. In particular, banks and financial institutions have to choose recovery strategies based on the expected legal outcome.

4. Applications of AI in Dispute Management

Traditionally, law professionals were to dedicate long hours to manual assessment of statutes and case law, and legal commentaries to perform these tasks. Technology disruptions that AI has enabled have introduced research and analytical tools that speed up legal research while improving both its precision and depth of analysis.

Legal practice becomes more effective and efficient when integrated with AI. Automation allows a legal department to invest time in the strategic planning phases and client engagement while remaining at the top of data review in terms of quality. Because the nature of AI and the extensive analytical abilities are exact, there are cases with well-documented evidence for just as successful

outcomes. Platforms like LexisNexis and Westlaw Edge use NLP to process case law, statutes, and commentary, delivering relevant results in seconds.[7]

Knowing that AI is capable of absorbing knowledge, the more it experiences, the greater its operational efficiency improves. In this case, AI systems get stronger performance since the accumulated processed data and handled cases enable them to learn better, recognise patterns, and make more accurate predictions.

4.1 AI-Powered Legal Databases

Implementation of artificial intelligence tools in the practice of law helps law enthusiasts get increased operational speed and market dominance. Because AI technology processes large legal data quantities better and more quickly than human reviews, lawyers are better equipped to serve their clients with both faster and more dependable results.

AI databases offer remarkable advantages during the resolution of civil disputes. They assist practitioners in locating representative cases swiftly, evaluating the strength of propositions made, and predicting counter moves from the opposition side. For instance, AI could examine previous adjudications on certain parts of contracts in a contractual conflict and qualify the rationale for such judgments. This does not just aid in improving efficiency, it also expands access to legal information, which was not previously available to many firms and litigants without the resources to compete with well-established systems.

India is home to a growing number of AI-driven legal research platforms that have become essential tools for litigants, judges, and legal professionals. Manupatra, one of the country's most widely used legal databases, uses machine learning to help users quickly find relevant case laws, statutes, and legal commentaries, making the research process more accurate and efficient.[8] Similarly, SCC Online uses advanced AI-powered search features that allow quicker access to precedents and judgments, significantly improving the speed and ease of case preparation.[9] Another standout is CaseMine, which applies natural language processing and predictive algorithms to generate case summaries, highlight key legal principles, and recommend

[7] Ed Walters, The Model Rules of Autonomous Conduct: Ethical Responsibilities of Lawyers and Artificial Intelligence, 35 Ga. St. U. L. Rev. 1387, 1390-1395 (2019).
[8] Manupatra. "AI and Machine Learning in Legal Research." *Manupatra Knowledge Center*. Available at: https://www.manupatrafast.com.
[9] SCC Online. "About SCC Online and AI-Powered Legal Research." *Eastern Book Company*, 2023. Available at: https://www.scconline.com.

precedents.[10] These features are especially useful in online dispute resolution (ODR), where mediators and arbitrators often need quick, data-driven insights to understand the legal landscape and guide parties toward informed settlements.

However, it is obvious that these tools, as available today, need to maintain specific boundaries in operation as they are not without limitations.[11] The proprietary nature of these platforms makes it difficult for users to understand their algorithms and, therefore, challenges the verification of impartiality and accuracy of their results, which should be customised as per the set of facts of the case and requirements.

4.2 Predictive Analytics for Case Outcomes

With predictive functionality, AI has changed the work of legal practitioners related to dispute resolution. Machine learning applies algorithms to historical legal data, such as past judgments, court orders, and timelines of litigation, to predict the likelihood of success, estimated duration, and proposed best legal steps. These systems help identify less apparent trends, thus assisting lawyers and disputing parties in making calculated decisions. This is helpful during negotiations or mediation, which changes the outcome dynamics since knowing the chances of a favourable ruling can encourage an early settlement.

Predictive Analytics is a powerful tool for all legal stakeholders. It helps assess legal risks more accurately and allocate counsel resources efficiently, which is beneficial in the case of India's persistent backlog and case delays.[12] This is particularly impactful in the context of Online Dispute Resolution (ODR), as AI tools can assist parties in assessing the options available to them prior to formal arbitration or litigation. Through predictive analytics, AI increases efficiency in the legal machinery by reducing guesswork and increasing transparency. Despite its promise, predictive analytics raises ethical questions. Over-reliance on historical data may perpetuate past injustices, such as discriminatory sentencing patterns, into future predictions.[13]

[10] CaseMine. "How CaseIQ Uses AI to Transform Legal Research." *CaseMine Legal Tech Blog*. Available at: https://www.casemine.com.
[11] See Daniel L. Chen, Judicial Analytics and the Great Transformation of American Law, 27 Artificial Intelligence & L. 15, 18 (2019).
[12] LexisNexis, Legal Analytics: The Future of Legal Strategy, https://www.lexisnexis.com/community/insights/legal/b/thought-leadership/posts/legal-analytics-the-future-of-legal-strategy (last visited Apr. 18, 2025).
[13] See Cathy O'Neil, *Weapons of Math Destruction: How Big Data Increases Inequality and Threatens Democracy* 87 (2016).

Now, how this predictive analytics works in Civil Dispute Resolution is that it involves an algorithmically structured process to forecast case outcomes. Legal datasets are stored in the form of historical case data, which includes judgments, legal briefs, and precedents, along with a set of regulatory frameworks to abide by. Then, Machine learning models, such as decision trees and neural networks, are trained to identify patterns in the data input. Finally, the trained model predicts case outcomes by comparing new cases to similar precedents and outputs probabilistic estimates of success or viability of settlement. In India, this assists ODR and aligns with judicial objectives to promote the speedy resolution of cases by enabling parties to consider settlement options and bypass extended litigation.

4.2.1 Use of Predictive Analytics in Indian Legal Systems

The Indian legal-tech startup ecosystem has adopted the use of predictive analytics in conjunction with Online Dispute Resolution (ODR). Platforms like Sama have developed outcome prediction models that claim an accuracy rate of around 75%, enabling parties to assess the potential results of a case and make informed decisions during mediation.[14] Similarly, Presolv360 utilises historical case data and legal trend analysis to estimate the likelihood of resolution success and guide parties toward outcome-oriented negotiations.[15] Such insights have significantly streamlined the processes associated with consumer-business disputes, resolving them in a fraction of the time and at significantly lower costs.

4.3 AI in Dispute Management: Automated Mediation and Negotiation Platforms

Automated mediation and negotiation services are revolutionising the management of civil dispute resolution. Algorithms are employed in Online dispute resolution (ODR) platforms such as Modria and Smartsettle in scrutinising the information on disputes to suggest and enable settlements.[16] Mediation and negotiation are done better with help from AI and automated platforms and automation of negotiation engines, which in India are known as Online Dispute Resolution, facilitating remote resolution of disputes to be more inclusive for geographically dispersed or underserved populations alike.

[14] Sama, Technology at Sama, Sama: Access to Justice, https://www.sama.live/technology (last visited Apr. 18, 2025).
[15] *Presolv360*, Data-Driven Dispute Resolution: How We Use AI, Presolv360 Blog, https://www.presolv360.com/blog/data-driven-dispute-resolution (last visited Apr. 18, 2025).
[16] Matteo Giacalone, AI and the Future of Private Dispute Resolution Mechanisms, SSRN (2025), https://ssrn.com/abstract=5083207.

Natural Language Understanding (NLU), which is a subset of NLP, is used by automated mediation platforms that help to identify dispute contexts, analyse party positions, and suggest suitable settlements that cut down human intervention. An AI-based negotiation engine explores multiple negotiation scenarios and applies game theory and ML to formulate a compromise strategy that satisfies the interests of both parties. Automated Dispute Resolution (AIDR) is also known as so because the legal industry is changing into changing, and utilising the data derived from its potential to make use of AI is rising as an essential factor to consider.[17] In addition, AIDR platforms are much more accessible. ODR platforms like Sama use AI to automate mediation processes, analyse dispute data, and recommend optimal settlement agreements, significantly reducing resolution times for banking and consumer disputes. Presolv360 employs predictive models to assess dispute trajectories and propose fair settlements, enhancing the efficiency of commercial and tenancy dispute resolution.

Dispute management systems guided by AI are transforming mediation and negotiation with automation of workflows, suggestion of settlement options, and real-time communication between the parties. Dispute resolution is accelerated and has become more accessible by these systems that utilise NLP and ML to understand the dispute contexts, simulate negotiation scenarios, and suggest fair resolutions.

4.4 Role of Chatbots in Civil Dispute Resolution

Through real-time legal guidance, chatbots and virtual legal assistants are improving user experience in dispute resolution in terms of offering real-time legal guidance in the process through documentation and simplification of complex legal processes. In India, where legal literacy is tough, chatbots are the channels for democratic access to justice for rural and underserved societies to resolve their disputes in multiple languages.

The introduction of generic purpose systems, which are not crafted explicitly for legal activities like ChatGPT of OpenAI, Gemini of Google, and CoPilot of Microsoft, has widened the variety of AI tools readily available for NLP jobs. These models, just as ChatGPT-4, use extensive training.[18] Chatbots and virtual legal assistants use natural language processing (NLP) to provide litigants and lawyers in civil disputes with real-time assistance.[19] Platforms such as DoNotPay

[17] Ethan Katsh & Orna Rabinovich-Einy, *Digital Justice: Technology and the Internet of Disputes* 112 (2017).
[18] Aditya Ramesh et al., Hierarchical Text-Conditional Image Generation with CLIP Latents, arXiv:2204.06125 [cs.CV] (Apr. 13, 2022), https://arxiv.org/abs/2204.06125.
[19] DoNotPay, https://donotpay.com.

and LawGeex allow users to prepare legal papers, comprehend procedural requirements, and navigate dispute resolution procedures. For example, Do Not Pay has been wearing the mantle of 'robot lawyer' for its ability to send users through the process of filing small claims and negotiating settlements with corporations. These capabilities are transforming ODR by making legal assistance scalable and user-friendly.

4.5 AI as Decision Support for Judges

Judgment analysis and workflow automation enable judges to use AI as a decision support tool. By applying NLP and ML, AI understands the patterns in judicial decisions and suggests relevant precedents and case summaries on which judges can base their decisions. Judicial workflow automation takes away tasks that judges would otherwise spend their time on, such as scheduling mandatory cases and document preparation. These tools are deployed both in traditional Indian courts as well as in ODR platforms to make dispute resolution faster and more transparent. Leveraging machine learning, the Supreme Court's SUVAAS model transforms legal documents into multiple Indian languages and assists in case management to reduce some of the procedural burdens of judges. Such decision support systems are essential, especially in courts with millions of pending cases and in high-volume disputes such as consumer and family law, where delays can be exacerbated.

AI systems assist judges by synthesising case law, analysing evidence, and providing recommendations based on legal and factual patterns. In the United States, tools like COMPAS (Correctional Offender Management Profiling for Alternative Sanctions) have been used in criminal sentencing, though their civil applications are emerging.[20] It is always cautioned against over-reliance on AI as it holds a "black box" nature of algorithms that may tend to undermine judicial accountability and hamper the purpose of the same.[21] This is also because AI is trained on biased data, which may reinforce inequities, making it challenging for Judicial persons themselves to deliver justice by not being influenced by any data being fed to the data system that might be improper to the set of circumstances of the case.

4.5.1 Predictive Modelling in Sentencing and Judgments

[20] Julia Angwin et al., Machine Bias, ProPublica (May 23, 2016), https://www.propublica.org/article/machine-bias-risk-assessments-in-criminal-sentencing.
[21] Frank Pasquale, *The Black Box Society: The Secret Algorithms That Control Money and Information* 22 (2015).

In India, where sentencing disparities can occur due to subjective factors, predictive modelling supports judicial reforms by promoting transparency and standardisation, particularly in criminal and juvenile justice systems. By analysing historical data, the sentencing prediction model provides guides for sentencing ranges to the judges to ensure they are not making decisions based on their values but on well-established legal precedents. Offenders are assessed and found to have a certain level of risk of recidivism, and such tools powered by ML evaluate risk and suggest measures for rehabilitation, if possible, of offenders through counselling or community service. Among these applications, they are especially pertinent in high-stakes cases where data-driven insights make judicial accountability and reduce the chance of arbitrariness in administering sentencing.

AI can analyse landmark judgments and estimate appropriate remedies, such as monetary damages or injunctive relief. Another adopted version of the 'Harm Assessment Risk Tool' (HART) was developed in the United Kingdom for predicting recidivism with potential adaptations to civil penalties.[22] In the U.S., tools like COMPAS have been used for risk assessment in sentencing, though their application is controversial due to bias concerns.[23] Similarly, in India, Sama's AI sentencing model creates sentencing ranges to provide judges with a consistent ruling. Predictive tools in lower courts in the area of juvenile justice in India recommend the service or rehabilitation, or community programs consistent with the country's focus on restorative justice. These tools analyse the facts of the case by using machine learning and categorise the type of offence and record of the defendant, with other necessary details, to provide fair, evidence-based sentencing recommendations.

5. Ethical Challenges of AI in CDR

AI-powered tools, leveraging technologies such as Natural Language Processing (NLP), Machine Learning (ML), and blockchain, are streamlining processes like legal research, case prediction, automated mediation, and document analysis. Platforms like Sama, Presolv360, and the Supreme Court's SUPACE exemplify how AI is reshaping dispute resolution. However, the adoption of AI in CDR and ODR introduces significant ethical and legal challenges that threaten fairness, transparency, and trust in the legal system.

[22] See Seena Fazel et al., Use of Risk Assessment Instruments to Predict Violence and Antisocial Behaviour in 73 Samples, 352 BMJ 1 (2016).
[23] Angwin et al., *supra* note 18 at 10

5.1 Algorithmic Bias and Fairness

In India, where social inequalities are deeply entrenched, such biases could disproportionately affect marginalised communities, violating the constitutional guarantee of equality under Article 14. The ethical dilemma is compounded by the fact that biased outcomes may go unnoticed due to the complexity of AI algorithms, making it difficult for litigants to challenge unfair decisions. To address this, ethical AI frameworks must prioritise bias detection and mitigation, ensuring that models are trained on diverse and representative datasets.

Following a concurring opinion in the case of K.S. Puttaswamy v. Union of India[24], Justice D.Y. Chandrachud said, *"Privacy is the constitutional core of human dignity. Privacy has both positive and negative content. The negative content restrains the State from committing an intrusion upon the life and personal liberty of a citizen. Its positive content imposes an obligation on the State to take all necessary measures to protect the privacy of the individual."* On the same note, if we consider AI technologies being fed with personal information without user consent or lawful justification, it is not good in law. Thus, Puttaswamy serves as the constitutional safeguard, ensuring that any use of AI in civil justice respects the individual's right to privacy.

Considering the same holding of the Apex Court, as it emphasises individual autonomy and dignity, in civil dispute resolution, if AI tools are used to suggest settlements or predict case outcomes, then the point of explainability and transparency becomes vital to uphold constitutional values. Therefore, A party should have the right to know how an AI algorithm arrived at a recommendation in mediation, just as they would expect reasoning in a judicial order.

5.2 Transparency and the "Black Box" Problem

If a judge relies on an AI recommendation that later proves erroneous, liability is unclear. The "black box" problem exacerbates this issue, as proprietary algorithms resist scrutiny.[25] A very serious ethical problem in CDR and ODR is the opaque nature of AI making (i.e., the black box problem). Even the developers of many AI models, especially deep learning systems running inside platforms such as CaseMine or SUPACE, are unable to understand how these models operate. Such a lack of transparency erodes trust because litigants and mediators would not know how the AI fields its recommendations, like settlement proposals or case predictions. While

[24] *K.S. Puttaswamy v. Union of India*, (2017) 10 S.C.C 1 (India).
[25] Pasquale, *supra* note 19, at 10.

parties in these sorts of ODR, where they are relying on platforms like Nest Away for tenancy disputes, can easily understand simple logic unless they can explain the AI outputs, they also erode confidence in the process when the outcomes seem arbitrary or counterintuitive. This is ethically dicey because, ethically, parties are entitled to know what they're bound by, upon the basis of which decisions were made that affect their legal rights. In India, judicial transparency forms an essential requisite of public trust. The use of opaque AI systems in the process of dispute resolution requires that AI models that lead to explainability and fairness be developed, as affirmed in the State of Uttar Pradesh v. Raj Narain.[26]

5.3 Access Disparities and Digital Divide

The ethical challenge that arises from India's digital divide, and the fact that the country has a digital divide, is that there are access disparities that prevent the fair use and adoption of AI-driven ODR platforms. Urban litigants who are familiar with smartphones and high-speed internet can make use of tools like Presolv360 or DoNotPay India, but rural and poor people who are unable to access available infrastructure and literacy on digital initiatives can not. With the initiative of Tele-Law, using AI chatbots to give legal aid in rural regions, it has been able to cover some miles, but is hindered by telecom and language issues. The digital divide in ODR violates the Constitutional principle of equal access under Article 39A of the Indian Constitution by marginalised communities[27] being excluded from the benefits of AI-driven ODR. The AI deployed in CDR and ODR must ethically be inclusive, and accordingly, it should invest in digital infrastructure and multilingual AI interfaces to bridge the gap.

5.4 Preserving Human Judgment

Richard Susskind argues that AI should serve as a "second pair of eyes" rather than a decision-maker, preserving the judge's role as the ultimate arbiter.[28] This is one of the major concerns that, ethically, over-reliance on AI could dehumanise the whole mechanism, and sidelining the role of human mediators who bring empathy and discretion to the table is a crucial element that is needed in civil dispute resolution. In a pluralistic society like ours, where there is involvement of diverse cultural norms, there is a need for preserving human judgment, which is critical to ensuring equitable outcomes. AI tools like Sama's automated mediation platform may excel in handling

[26] *State of Uttar Pradesh v. Raj Narain*, (1975) 4 SCC 428 (India).
[27] S*ee* People's Union for Democratic Rights v. Union of India, (1982) 3 SCC 235 (India) (emphasizing access to justice for marginalized groups).
[28] Richard Susskind, *Tomorrow's Lawyers: An Introduction to Your Future* 108–32 (3d ed. 2023).

low-complexity disputes but might fail to capture the nuanced cultural and ethical factors inherent in complex cases. For example, a divorce mediation involving some intricate family dynamics may be inadequately addressed by AI-driven suggestions for settlement, thereby leading to resolutions that lack legitimacy or emotional closure. Ethical guidelines must, therefore, delineate the boundaries of AI's role, thereby reserving complex cases for human intervention.

6. Legal Challenges of AI in CDR

AI systems used in legal decision-making must comply with due process and the provisions under the Indian Constitution. AI-driven dispute resolution should not compromise procedural fairness. Enforceability issues arise if AI-generated settlements lack statutory recognition and decisions made by AI lack legitimacy.

6.1 Lack of Regulatory Frameworks

The lack of a comprehensive regulation for the modernisation of Civil Dispute Resolution (CDR) and Online Dispute Resolution (ODR) through artificial intelligence (AI) currently forms one of the most important legal challenges. India's current constitutional and legislative instruments, including the Information Technology Act 2000 and the Arbitration and Conciliation Act 1996, were never conceived of with AI-mediated mechanisms in mind. As a consequence, these statutes do not meet the need of addressing more complex AI-specific issues, including the legal status of helping in the making of automated decisions, the enforceability of outcomes generated or generated by a system of AI, and the legality of blockchain-based smart contracts.[29]

For example, Sama is looking to incorporate smart contracts based on blockchain to create and automate the execution of agreements execution within ODR. The operative definition of these smart contracts in legal terms is ambiguous in India. India does not have statutory clarity in this area like certain jurisdictions that have enacted or proposed laws that directly address whether blockchain agreements are enforceable or not; hence, there is great uncertainty about whether AI-based or innovative contract-based systems whose decisions, and hereafter settlements, are enforced through such systems would be upheld by traditional courts.[30] This uncertainty could

[29] *The Information Technology Act*, No. 21 of 2000, INDIA CODE (2000); *The Arbitration and Conciliation Act*, No. 26 of 1996, INDIA CODE (1996).

[30] See generally *NITI Aayog, Responsible AI for All: Strategy for India*, Part 1 (2021), https://www.niti.gov.in/sites/default/files/2021-08/Responsible-AI-Part1.pdf .

harm public confidence in an ODR mechanism and prevent wider adoption, in particular for high-stakes or commercial disputes.

In addition, no clear responsibility and liability specifications exist for the use of AI tools in dispute resolution. Although questions remain unanswered, an AI tool counselling biased or flawed resolutions could leave the creators, developers of the AI algorithm, or those who relied on the AI output liable for legal purposes. Missing in the jurisprudence or statute is a sufficient legal risk for either litigant or practising legal through great unknown areas of law.[31]

6.2 Data Privacy and Security Risks

The highly sensitive data they process includes personal details, legal documents, and financial records stored in the legal database, which includes tens of millions of medical records, as well as thousands of documents containing users' private information. The recently passed Digital Personal Data Protection Act, 2023 (DPDP Act) makes data fiduciary compliance extremely burdensome, and challenges persist, especially for legal technology startups that are hard on resources. According to the latest study by the International Legal Technology Association (ILTA), 22% of legal firms have data breaches, and India, too, has its fair share of the legal tech ecosystem. Platforms like Manupatra and SCC Online handle all such sensitive case data. Litigants in Online Dispute Resolution, participating in the process remotely, are at greater risk of cyberattacks or data leaks than in court, thereby violating the right to privacy.[32] In addition, such cross-border data transfers in cloud-based AI systems may pose conflicts with the DPDP Act's localisation requirements, which complicate compliance. To keep trust in AI-driven dispute resolution, it is necessary to ensure that there are robust cybersecurity measures along with a legally strong infrastructure to ensure transparent data handling practices.

6.3 Enforceability of AI-Driven Outcomes & Jurisdictional Challenges

The Arbitration and Conciliation Act of 1996 enables the enforcement of arbitration awards but does not explicitly include AI-generated settlements, leaving it uncertain as to their binding characteristic. For example, ODR platforms experimentally employ the use of blockchain-based smart contracts for dispute resolution, but these do not have any legal recognition under the Indian Contract Act 1872, as defined. Such ambiguity gives rise to disputes regarding the validity of

[31] See Anirudh Rastogi, *Law and Technology in India: Moving Beyond the Regulatory Vacuum*, 8 NUJS L. REV. 89 (2015).
[32] Puttaswamy, (2017) 10 S.C.C. 1..

resolutions driven by AI, especially cross-jurisdictional ODR cases. There are cases[33] that motivate law reforms to clarify the enforceability of AI-driven outcomes in sync with the existing legal standards.

The creation of geographical borders has made AI-driven ODR platforms pervasive, difficult to regulate, and even more challenging to be legally recognised. An example is a consumer dispute in chambers in an international ODR platform, such as Modria, with parties from, for example, different jurisdictions, needing to address the question of where the dispute is governed by laws or whether awards are recognised, and whether AI-generated outcomes are fair at least procedurally. In the case of India, the principles that are not set out clearly regarding the cross-border ODR and the complexities of AI cloud-based operations and decentralised dispute processing create difficulties in legal decisions. The emerging challenges posed by these are not entirely within the fold of the Hague Convention on Choice of Court Agreements, in which India is not a contracting party, especially given that such non-traditional or automated decision-making tools are featured.[34] Thus, litigants may encounter barriers to enforcing ODR outcomes across borders, primarily where no mutual recognition protocols on ODR exist. This is important because it is necessary to harmonise domestic laws on dispute resolution with international ones for the use of AI-driven ODR solutions to be made legally acceptable to be use in different jurisdictions.

7. Proposed framework

"The human spirit must prevail over technology," as warned by Albert Einstein. The argument is that AI needs to trigger brilliance, not substitute intellectual rigour. So, to maximise the benefits of artificial intelligence (AI) towards the modernisation of civil dispute resolution while avoiding ethical and legal challenges, we can start by following the ethical standards that should be globally adopted, drawn from the European Union's Artificial Intelligence (EU AI) Act and UNESCO's Recommendation on the ethics of artificial intelligence. The guidelines emphasise non-discrimination and accountable AI decision-making processes that are transparent, which is critical in resolving disputes, such as contracts and property conflicts, where impartiality is essential. Second, AI systems used in dispute resolution need to be supervised by independent bodies that conduct annual audits of such systems. The audits would monitor biases in algorithms,

[33] Internet and Mobile Association of India v. Reserve Bank of India, (2020) 10 SCC 274 (India).
[34] See Hague Conference on Private Int'l Law, *Convention on Choice of Court Agreements*, June 30, 2005, https://www.hcch.net/en/instruments/conventions/full-text/?cid=98.

check for General Data Protection Regulation compliance and adherence to legal standards, and ensure the AI tools do not perpetuate systemic inequities. Third, generative AI regulation should take account of risks associated with AI-produced content within legal contexts, such as the risks of evidence authenticity being undermined or risks of intellectual property infringement during the process of generative AI-facilitated contract drafting. To protect a sacred pillar and uphold the trust in the judicial process, legislation should be passed to make watermarking a way for AI-generated outputs to differentiate from other human-generated content.

Last but not least, public education campaigns shall increase trust and ease in civil disputes to educate and inform stakeholders about the use of AI in cost arbitrage case management, predict outcomes, and reduce the costs associated with civil disputes. These initiatives aim to make these litigants aware and build confidence as they get trained to engage with the AI-driven platforms. The global ethical principles and robust oversight behind this framework powerfully put AI on the path to an equitable, efficient civil dispute resolution mechanism.

8. Conclusion

There is a need for a setup that could strengthen the digital infrastructure of Courts by integrating AI platforms with a regulatory framework. Training professionals through National Judicial Academy programs and raising public awareness of such AI-powered platforms for an easy settlement mechanism, which, by 2035, pendency could be halved by AI, aligns with the ADR vision of *Salem Advocate Bar Association*[35] and Digital India inclusion.[36]

In the third edition of Tomorrow's Lawyers, Richard Susskind explores how new technologies, most notably artificial intelligence (AI), are ready to transform the legal profession for the better. According to him, AI tools bring immense capacity to contribute to legal research, contract analysis, and predictive analytics, as well as to assist in making judicial or quasi-judicial decisions through an increase in efficiency, reduction in human error and access to legal services.[37] Susskind hence envisions a future when legal services are 'unbundled' and delivered in more automated, low-cost ways and less in traditional ways. This view is very pertinent to the modernisation of civil dispute resolution, especially in India, which is plagued with judicial backlogs and a deep-rooted problem of lack of access to justice. The inclusion of AI in civil dispute resolution, especially in Online Dispute Resolution (ODR) frameworks, will help India

[35] Salem Advocate Bar Ass'n v. Union of India, (2005) 6 S.C.C. 344.
[36] Ministry of Elecs. & Info. Tech., Digital India: Power to Empower 10 (2015), https://www.digitalindia.gov.in.
[37] Susskind, *supra* note 26, at 13

expedite the timeline of the dispute, streamline case triaging, and reduce litigation costs for the litigants.

Considering the ethical and legal challenges, it is important to create appropriate legal standards and regulations particular to AI in compliance with international legal standards, for instance, the European Union AI Act, which seeks to classify AI systems in terms of risk and impose corresponding legal obligations.[38] A forward-looking regulatory framework in India will ensure that AI-based applications in Civil Dispute Resolution and Online Dispute Resolution are transparent, accountable, and legally reliable to promote trust in the system by ensuring aid in access to justice.

To maintain a human-centric approach, future research must keep a check on the long-term effects of AI and monitor to enhance ethical safeguards in the interest of justice.[39]

[38] Commission Proposal for a Regulation of the European Parliament and of the Council Laying Down Harmonised Rules on Artificial Intelligence (Artificial Intelligence Act), COM (2021) 206 final (Apr. 21, 2021).
[39] NITI Aayog, *supra* note 28, at 14.