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LEGAL CHALLENGES POSED BY ARTIFICIAL INTELLIGENCE

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INTRODUCTION:

Artificial Intelligence has moved from being experimental tool to becoming indispensable colleague in a legal profession. There has been a rapid growth of usage of Artificial Intelligence in legal stream. Law firms, courts and legal professionals are increasingly adopting this technology for legal research, document review, case review, contract management, and drafting legal document. Similarly, the usage of AI by individuals, and businesses has become a part of everyday life, along with usage of AI chatbots for contracts, wills, and court filings without hiring professionals. This progress promises efficiency, and improvement in getting justice, but they also entail with significant legal challenges¹.

AI tools can enhance legal drafting, legal research, and also increase efficiency, but they pose confidentiality concerns for clients. Since prompt, and document processing takes place on an external cloud-based platform. Thus, use of Artificial Intelligence is not controversy free. In the notable case of *Mata v Avinaca* (2023)², the US District Court penalized the lawyers for submitting a brief filled with fake case citations generated by ChatGPT. As AI systems become more influential, and autonomous existing laws now confront issues they were never designed to handle.

KEY CHALLENGES:

A significant issue of AI is its tendency to Hallucinate, which creates plausible but, often false information, such as fake case laws, invented facts, and wrong rules. This poses direct professional risk on lawyers, and their law firms. In the legal practice, using AI hallucinated work in court possess a significant risk, as court expects accuracy, and reliability for all information that is given. Using AI hallucinated work can lead to facing professional, ethical and legal penalties. In the case mentioned above, the court also stated that the respondents abandoned their responsibilities by submitting non-

¹ Vanderbilt Law School, How Is AI Impacting the Legal Profession? (Jan. 20, 2026).

² *Mata v. Avianca, Inc.*, 678 F. Supp. 3d 443 (S.D.N.Y. 2023).

existent judicial opinions with fake quotes, and citations which were created by the AI tool (ChatGPT). The court imposed a joint penalty of \$5000 on the lawyers.

As for individuals, and business the consequences are not severe until the conflict arises. AI, often lacks skills to identify the errors in AI generated contracts, and in legal fillings. These flaws can result into financial losses, unenforceable terms, and failed litigations³. When self-represented litigants present hallucinated citations, they put a significant burden on courts, which in turn harms their own cases. This creates additional obligations on lawyers, who must rectify AI induced mistakes.

The integration of AI in legal work, such as legal drafting, contract review, and case analysis; pose a threat on the data security, and privacy of clients, and sometimes lawyers too. It shakes the foundational duty of confidentiality. This confidentiality, between both is an established legal doctrine, that protects all the communications between client, the lawyers and insurers. Which cannot be disclosed, without the prior authorization of clients. American Bar Association in “ABA Model Rules Professional Conduct” in Model rule 1.6⁴, provides that a lawyer using AI, must be cognizant of the duty to keep all information relating to the representation of a client, regardless of its source, unless the client gives informed consent; confidential. Other model rules require lawyers to extend similar protections to former, and prospective client’s information. For instance, if a lawyer uploads confidential case - related information to an AI platform, the data may be stored, accessed, or used for model training. This creates a risk of the unauthorized disclosure of confidential information, constituting a breach of professional ethics, and potentially exposing the lawyer to disciplinary action by Bar Associations.

The AI bias, causes problems for lawyers, and law firms, as it hinders their ability to maintain the required level of impartiality in their works⁵. AI systems that are trained on legal precedents will always produce, and reinforce the very biases inherited in this data, such as racial, gender, and socioeconomic biases⁶. That have been established in the criminal justice system for years. For example, a discriminatory AI system used for conducting legal research, or for document review process, might overlook important authorities, or continue the tradition of discrimination. Thereby, lowering the quality of legal advice which is given to a client. Moreover, an AI powered client intake system may disadvantage the clients based on such protected characteristics. Which means that the usage of such technology would violate anti - discriminatory laws, and professional standards of conduct. Although, AI serves as an assisting tool, lawyers still are under an obligation to take their own judgment/s, along with checking the accuracy, and objectivity of results, which are obtained with its usage.

³ Thomson Reuters, How AI-Powered Access to Justice Is Impacting Unauthorized Practice of Law (Feb. 2, 2026).

⁴ Model Rules of Prof’l Conduct r. 1.6 (Am. Bar Ass’n 1983, as amended 2024).

⁵ National Institute of Standards and Technology, towards a Standard for Identifying and Managing Bias in Artificial Intelligence, NIST Special Publication 1270 (2022).

⁶ UNESCO, Recommendation on the Ethics of Artificial Intelligence (2021).

CONCLUSION:

AI is considered to be efficient in terms of delivering legal drafts, reviewing contracts, writing case analysis and carrying out legal researches, though there are various significant legal challenges instilled in it, which cannot be neglected. The tendency of AI to hallucinate, present fake case laws, and furnish wrong rules has resulted in legal sanctions. To illustrate, in the case of *Wadsworth v. Walmart Inc.*⁷ the US District Court revoked the attorney's admission, and imposed fines after AI generated false citations were submitted. And, the court stated lawyer's responsibility to assure submissions, to be accurate, and reliable before the submission. Beyond the above, the continuing dangers associated with data breach, bias in AI, hallucinations in AI; all suggest the importance of independent legal advice which the machines are unable to see.

⁷ *Wadsworth v. Walmart Inc.*, No. 2:23-CV-118-KHR (D. Wyo. Feb. 24, 2025).