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LAW IN THE AGE OF ARTIFICIAL INTELLIGENCE

A Fundamental Perspective



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The International Conference on “Law in the Age of Artificial Intelligence: A Fundamental Perspective” provided an academic platform to examine the transformative impact of Artificial Intelligence on law, legal systems, governance and society.

The conference explored emerging legal and ethical questions relating to Artificial Intelligence, including intellectual property, authorship and ownership, liability, data privacy, cybersecurity, criminal justice, evidence law, human rights, ethics and accountability. It addressed the implications of Artificial Intelligence for legal education, commercial law, regulatory frameworks, policy development, research and scholarly communication.

The conference brought together academicians, research scholars, legal professionals and students to present research, exchange ideas and engage in interdisciplinary discussions. It encouraged meaningful academic dialogue and contributed towards the development of effective, ethical and inclusive legal responses to the rapidly evolving Artificial Intelligence landscape.

Conference	International Conference
Theme	Law in the Age of Artificial Intelligence: A Fundamental Perspective
Date	24 January 2026
Time	10:00 AM onwards
Mode	Online
Organised by	IQAC, Student Research Society and Library Committee
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PRINCIPAL'S MESSAGE

KES' Shri. Jayantilal H. Patel Law College



It gives me immense pleasure to welcome all academicians, research scholars, legal professionals and students to the International Conference on “Law in the Age of Artificial Intelligence: A Fundamental Perspective.”

Artificial Intelligence is transforming the way societies function and is increasingly influencing legal systems, governance, professional practices and education. These developments bring significant opportunities as well as complex legal, ethical and social challenges.

This conference provided a valuable platform for intellectual exchange and interdisciplinary dialogue on emerging issues such as data privacy, intellectual property, liability, criminal justice, human rights, ethics and the governance of Artificial Intelligence. The scholarly contributions and discussions during the conference encouraged deeper understanding and promoted responsible approaches to the use of Artificial Intelligence.

I extend my best wishes to all the speakers, researchers, presenters, participants and members of the organising team for a meaningful and intellectually enriching conference.

DR. VIRAL DAVE

I/c. Principal

KES' Shri. Jayantilal H. Patel Law College

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ARTIFICIAL INTELLIGENCE IN CONTRACT FORMATION: LEGAL IMPLICATIONS FOR COMMERCIAL TRANSACTIONS

Ms. Priyanka Arvind Khakhadia¹

I. ABSTRACT

Artificial Intelligence (AI) has become an increasingly significant instrument in modern commercial contracting. Businesses now deploy AI-enabled systems to analyse market data, communicate with customers, generate contractual terms, automate acceptance, manage procurement, and execute transactions with limited human intervention. These developments improve speed and efficiency, but they also challenge contract law, which traditionally assumes that consent, authority, intention, and responsibility can be attributed to legally recognised human or juristic persons. This paper examines the legal implications of AI-assisted contract formation in commercial transactions, with particular focus on consent, agency, authority, attribution, enforceability, and accountability. It adopts a doctrinal and comparative research methodology by analysing the Indian Contract Act, 1872, the Information Technology Act, 2000, and relevant legal developments in the United Kingdom and the United States. The paper considers whether AI systems should be treated as mere technological tools, electronic agents, or autonomous decision-making mechanisms whose actions must nevertheless be attributed to the persons or entities deploying them. The study finds that existing principles of contract law can accommodate many forms of automated contracting, particularly where AI operates within predefined parameters and remains subject to effective human oversight. However, highly autonomous and self-learning systems create uncertainty where outcomes are unexpected, erroneous, or beyond the immediate contemplation of the user. The paper concludes that India should adopt a technology-neutral but accountability-oriented framework that

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preserves the enforceability of AI-assisted contracts while clearly assigning responsibility to the human and corporate actors who design, deploy, control, and commercially benefit from AI systems.

II. KEYWORDS

Artificial Intelligence, Contract Law, Consent, Agency and Authority, Commercial Law.

III. INTRODUCTION

The increasing integration of artificial intelligence into commercial activities has altered the manner in which contracts are negotiated, formed, and performed. AI systems are no longer limited to administrative support functions. Advanced algorithms are capable of analyzing market data, communicating with customers, generating contractual terms, and making decisions without immediate human intervention. E-commerce platforms, digital marketplaces, financial institutions, and supply-chain enterprises increasingly rely on AI-enabled technologies to facilitate transactions.

Contract law traditionally rests on the assumption that parties entering into agreements possess legal capacity and consciously express their intention to create legal relations. The emergence of AI-generated decisions challenges this assumption. When an AI system autonomously accepts an offer or negotiates contractual terms, questions arise regarding the existence of consent, the authority of the system, and responsibility for errors. These concerns are particularly relevant in commercial transactions where speed and automation are prioritized.

This paper explores whether existing legal principles are sufficient to regulate AI-assisted contract formation. It focuses on the central issues of consent, authority, and accountability while examining the legal position in India and drawing comparative insights from the United Kingdom and the United States.

A. Research Objectives

The objectives of this research are:

1. To examine the legal implications of artificial intelligence in the formation of commercial contracts, particularly in relation to offer, acceptance, consent, authority, and accountability.
2. To analyse whether the existing Indian legal framework, especially the Indian Contract Act, 1872 and the Information Technology Act, 2000, is adequate to regulate AI-assisted contract formation.
3. To compare the Indian position with relevant legal developments in the United Kingdom and the United States and suggest an appropriate direction for legal reform in India.

B. Research Questions

This paper addresses the following research questions:

1. Does existing Indian contract law adequately address AI-assisted contract formation in commercial transactions?
2. How should consent, intention, and authority be legally attributed when an AI system negotiates, accepts, or executes contractual terms without immediate human intervention?
3. Who should bear accountability and liability when an AI system produces an erroneous, unauthorised, or unexpected contractual outcome?
4. What lessons can India draw from the United Kingdom and the United States in regulating AI-assisted and automated contracting?

C. Research Methodology

This study adopts a doctrinal and comparative legal research methodology. The doctrinal component examines the applicable black-letter law, including the Indian Contract Act, 1872 and the Information Technology Act, 2000, to assess how existing principles of contract formation apply to AI-assisted transactions. The

comparative component considers legal developments in the United Kingdom and the United States, particularly in relation to smart legal contracts, electronic agents, and automated contracting.

The study relies on primary legal sources, including legislation and relevant legal instruments, as well as secondary sources such as academic literature, law commission materials, policy reports, and scholarly commentary. This methodology is used to evaluate whether existing legal principles are sufficient or whether targeted regulatory reform is required to address consent, authority, attribution, enforceability, and liability in AI-driven commercial transactions.

IV. AI AND CONTRACT FORMATION IN COMMERCIAL TRANSACTIONS

Artificial intelligence refers to computer systems capable of performing tasks that ordinarily require human intelligence. In the commercial context, AI applications include customer service chatbots, automated procurement systems, algorithmic trading platforms, and contract management software. These systems can collect information, evaluate alternatives, and execute transactions according to predefined objectives.

The use of automated systems in contract formation is not entirely new. Electronic contracting has existed for decades through click-wrap agreements, browse-wrap contracts, and electronic data interchange systems. However, AI introduces a higher level of autonomy. Unlike traditional software that merely executes predetermined instructions, advanced AI systems may analyze information and make decisions based on machine-learning models.

The process of contract formation generally involves offer, acceptance, consideration, and an intention to create legal relations. AI systems may participate in each of these stages. For example, an online retailer may use AI to determine dynamic pricing, respond to customer inquiries, and automatically

accept purchase requests. Similarly, businesses may deploy procurement software that independently places orders when inventory reaches a specified threshold.

From a practical perspective, AI enhances efficiency, reduces transaction costs, and accelerates commercial decision-making. Nevertheless, its growing autonomy creates legal uncertainty. Traditional contract law assumes that decisions can be attributed to identifiable human actors. When an AI system independently generates outcomes that were not specifically anticipated by its operator, determining legal responsibility becomes more complex.

V. CONSENT IN AI-BASED CONTRACT FORMATION

Consent is a foundational element of contract law. A valid contract requires parties to agree to the same thing in the same sense. Traditionally, consent is linked to human intention and understanding. AI-assisted transactions challenge this concept because the system itself lacks consciousness, intention, and legal personality. However, the absence of human consciousness in the AI system does not automatically prevent contract formation. In commercial law, courts often determine consent objectively by examining the outward conduct of the parties rather than their undisclosed mental state.

This approach is especially important in electronic commerce, where parties may express assent through digital interfaces, automated systems, or programmed responses. In *Trimex International FZE Ltd. v. Vedanta Aluminium Ltd.*, the Supreme Court of India recognised that a binding commercial contract could arise through exchange of emails where the material terms had been agreed and acceptance was communicated electronically. This case does not directly concern AI, but it demonstrates judicial willingness to recognise technologically mediated contract formation where the objective elements of offer and acceptance are present.

In AI-assisted contracting, the relevant consent should therefore be traced to the person or organisation that deploys the system, defines its operating parameters, and benefits from its commercial use. If a business authorises an AI tool to accept

orders, determine prices, or execute transactions within specified limits, the system's acts may ordinarily be attributed to that business. The more difficult question arises when the AI system produces an unexpected outcome. In such cases, courts may have to examine whether the outcome was within the reasonable scope of the system's deployment, whether the counterparty reasonably relied on the automated communication, and whether adequate safeguards were maintained by the operator.

One approach is to treat AI systems as tools through which human parties express their intentions. Under this view, the relevant consent is not that of the AI but of the person or business that deployed the system. If a company authorizes an AI platform to enter into transactions within defined parameters, contracts formed through that platform may be regarded as reflecting the company's consent.

However, difficulties arise when AI systems produce unexpected outcomes. Machine-learning applications may adapt their behavior over time, making decisions that were not specifically foreseen by their developers or operators. In such cases, it may be argued that the resulting contract does not accurately reflect the user's intention. The challenge for courts is to determine whether the user's initial decision to deploy the AI constitutes sufficient consent to transactions subsequently concluded by the system.

In India, the Indian Contract Act, 1872 does not explicitly address AI-generated contracts. Nevertheless, the law recognizes agreements formed through agents and electronic means. Courts may therefore interpret AI-assisted contracting through existing doctrines of agency and electronic commerce. The key question is whether the actions of the AI can be attributed to the person who authorized its use.

VI. AUTHORITY AND THE LEGAL STATUS OF AI AGENTS

The concept of authority is closely related to agency law. An agent acts on behalf of a principal and may create legal obligations for that principal. AI systems are

often described as “electronic agents” because they perform functions traditionally carried out by human intermediaries. This description is useful in a functional sense, but it should not be confused with legal personality. AI systems cannot presently be treated as legal persons capable of holding rights, bearing duties, or being sued independently.

Their legal significance lies in the fact that they operate as instruments through which human or corporate actors participate in commerce. Therefore, the authority of an AI system should ordinarily be assessed by examining the authority granted by the deploying party, the system’s programmed or operational limits, and the reasonable expectations created for third parties interacting with it. Comparative law provides useful guidance. Section 14 of the Uniform Electronic Transactions Act expressly recognises that a contract may be formed by the interaction of electronic agents, including interactions between an electronic agent and an individual.

This provision supports the enforceability of automated transactions without requiring direct human review of every individual act. Similarly, the E-SIGN Act provides that a contract or electronic record cannot be denied legal effect merely because it is electronic or because an electronic record was used in its formation. India does not contain an equivalent statutory provision expressly referring to electronic agents. Nevertheless, Indian contract law can reach a similar result by attributing the automated act to the person who authorised the system. This approach protects commercial certainty and prevents businesses from avoiding liability merely by claiming that the AI tool acted unexpectedly.

At the same time, limited exceptions may be justified where the transaction resulted from fraud, unauthorised manipulation, cyber intrusion, or a technical malfunction outside the reasonable control of the operator.

Despite this terminology, AI systems do not possess legal personality. They cannot hold rights, bear duties, or be sued in their own name. Consequently, legal systems generally attribute the actions of AI systems to natural or juristic persons.

Businesses that deploy AI tools are therefore usually regarded as responsible for transactions concluded by those tools.

The challenge arises when AI systems operate with significant autonomy. If an AI system negotiates terms or enters into contracts that exceed the expectations of its operator, determining the scope of authority becomes difficult. Traditional agency law is based on actual authority, apparent authority, and ratification. These concepts may not fit comfortably within the context of self-learning technologies.

Commercial certainty requires parties dealing with AI systems to have confidence that transactions will be enforceable. If businesses could avoid liability by claiming that their AI acted unexpectedly, trust in automated commerce would diminish. Accordingly, many scholars argue that operators should generally bear responsibility for transactions conducted by authorized AI systems, subject to limited exceptions involving fraud, system manipulation, or technical malfunction.

VII. ACCOUNTABILITY AND LIABILITY

Perhaps the most significant legal issue surrounding AI-assisted contracting concerns accountability. When a contractual dispute arises, identifying the responsible party is essential. Several actors may potentially be involved, including developers, software vendors, business users, and platform operators.

Where an AI system merely executes instructions, liability can usually be attributed to the party that deployed the system. More difficult cases arise when machine-learning systems generate unforeseen outcomes. A pricing algorithm may mistakenly offer products at substantially reduced prices, or an automated procurement system may place erroneous orders.

One possible approach is operator liability. Under this model, the person or organisation that deploys and benefits from the AI system assumes primary responsibility for its actions. This approach promotes certainty and encourages businesses to adopt appropriate safeguards. Another possibility is shared liability,

under which responsibility may be distributed among developers, vendors, platform providers, and users depending on the factual circumstances. The accountability issue is particularly complex because AI systems are often developed, trained, licensed, integrated, and operated by different actors.

A business may purchase an AI contracting tool from a vendor, customise it internally, and use it on a platform controlled by another entity. Where the system causes contractual harm, liability may therefore depend on whether the loss arose from defective design, poor training data, negligent deployment, inadequate supervision, or misuse by the business user. A single-liability model may be insufficient for such cases. Indian contract law should therefore move toward a graded attribution model. Primary responsibility should ordinarily rest on the commercial operator who places the AI system into transactional use and benefits from its outputs.

However, developers and vendors should not be excluded from responsibility where the harm arises from defective architecture, misleading representations, inadequate warnings, or failure to provide reasonable safeguards. This approach is consistent with India's emerging AI governance direction. The India AI Governance Guidelines, released by MeitY under the IndiaAI Mission in November 2025, emphasise safe, inclusive, and responsible AI adoption, and official government materials also refer to transparency, accountability, data privacy, algorithmic fairness, and independent audit as relevant standards for AI deployment. In the contractual context, these principles support audit logs, human oversight, traceability of automated decisions, risk assessment, and grievance redressal. Such safeguards would help courts determine whether an AI-generated contract should be enforced, avoided, rectified, or treated as giving rise to damages.

The issue of accountability also has implications for consumer protection. Consumers interacting with AI-powered systems may not understand how decisions are made. If an automated system causes financial loss, consumers

require accessible remedies. Legal frameworks must therefore balance technological innovation with fairness and accountability.

VIII. THE INDIAN LEGAL POSITION

India does not currently have a dedicated statute governing AI-assisted contract formation. Nevertheless, several existing legal instruments provide a foundation for recognising electronic and automated transactions. The Indian Contract Act, 1872 establishes the general requirements of a valid contract, including offer, acceptance, free consent, lawful consideration, and lawful object. Although enacted long before the digital era, its principles are sufficiently broad to apply to contracts concluded through electronic or AI-assisted systems.

The Information Technology Act, 2000 strengthens the legal recognition of electronic commerce by recognising electronic records and electronic signatures. While it does not specifically regulate autonomous AI systems, it supports the validity of electronically concluded agreements. Indian courts have also shown willingness to apply traditional contract principles to electronic communications. In *Trimex International FZE Ltd. v. Vedanta Aluminium Ltd.*, the Supreme Court treated email communications as capable of creating binding contractual obligations where essential terms and acceptance were established.

This supports the broader proposition that the form of communication is not decisive if the legal requirements of contract formation are satisfied. At the same time, AI-assisted contracting raises issues beyond ordinary electronic contracting. A simple email or click-wrap agreement is generally traceable to direct human conduct. By contrast, an AI system may generate a decision through machine-learning processes that are not fully predictable to the operator.

This creates difficulty in identifying the relevant intention, determining the scope of authority, and allocating responsibility for erroneous outputs. India's recent AI governance developments are therefore highly relevant. The India AI Governance Guidelines released in November 2025 provide a policy framework for safe,

responsible, and inclusive AI adoption. Although the guidelines do not create a complete statutory regime for AI contracting, they support principles such as accountability, transparency, auditability, and institutional oversight.

They also indicate the need to review regulatory gaps relating to classification and liability across the AI value chain. Accordingly, Indian law should not treat AI as a separate contracting person. Instead, AI-generated acts should generally be attributed to the human or corporate actor that deploys, controls, or commercially benefits from the system. This approach would preserve certainty in commercial transactions while ensuring that affected parties are not left without remedies.

India does not presently have a dedicated statute specifically governing AI-assisted contract formation. However, the legal position can no longer be described only by reference to the Indian Contract Act, 1872 and the Information Technology Act, 2000. Recent AI governance developments, particularly the India AI Governance Guidelines released by the Ministry of Electronics and Information Technology under the IndiaAI Mission on 5 November 2025, now provide an important policy framework for assessing accountability, attribution, and liability in AI-driven commercial activity.

The Guidelines were introduced as a framework for safe, inclusive, and responsible AI adoption across sectors, and include guiding principles, governance pillars, an action plan, and practical guidance for developers, industry actors, and regulators. The Indian Contract Act, 1872 continues to establish the general requirements for valid contracts, including offer, acceptance, free consent, lawful consideration, and lawful object.

Although drafted long before the digital era, these principles remain relevant to AI-assisted contracting because the legal inquiry may still focus on whether the acts of the AI system can be attributed to the person or entity that deployed it. The Information Technology Act, 2000 also remains significant because it provides the foundation for electronic records, electronic signatures, digital intermediaries, cyber offences, and platform responsibility in the digital environment.

The AI Governance Guidelines expressly recognise the continuing relevance of existing legal instruments, including the IT Act, across the AI value chain. The most important contribution of the 2025 Guidelines is their adoption of a function-based and risk-linked approach to accountability. The Guidelines favour a graded liability system in which responsibility is proportionate to the function performed, the level of risk anticipated, and the degree of due diligence undertaken. They further recommend clarification of how developers, deployers, end-users, and other actors in the AI value chain are governed under existing laws, along with transparency reporting, audits, grievance redressal, and other accountability mechanisms.

This approach is directly relevant to AI-assisted contract formation. Where an AI tool generates or accepts contractual terms, liability should ordinarily be attributed to the commercial actor that deploys and benefits from the system, subject to the role played by developers, vendors, platform providers, or end-users in causing the relevant harm. The Guidelines therefore support the central argument of this paper: AI should not be treated as an independent legal person, but responsibility must be clearly allocated among human and corporate actors across the AI value chain.

The RBI's FREE-AI Committee Report of August 2025 further strengthens this position in the financial sector. The Reserve Bank of India noted that the Committee developed a framework to guide AI use in finance, seeking to harness AI's potential while safeguarding against associated risks, and proposed seven foundational principles and twenty-six actionable recommendations under six strategic pillars. Although sector-specific, the FREE-AI framework is relevant to commercial contracting because financial services frequently involve automated decision-making, digital transactions, consumer-facing AI systems, and algorithmic risk allocation.

Accordingly, the Indian legal position should be understood as one of evolving techno-legal governance rather than complete regulatory absence. Existing

contract and information technology laws continue to provide the doctrinal foundation for enforceability, while the MeitY Guidelines and RBI FREE-AI Report offer an emerging framework for accountability, risk classification, due diligence, transparency, auditability, and grievance redressal. The remaining challenge is to translate these policy principles into clearer contractual standards for attribution, operator responsibility, evidentiary records, and remedies in AI-assisted commercial transactions.

IX. COMPARATIVE ANALYSIS: UNITED KINGDOM

The United Kingdom has emerged as an important jurisdiction in discussions concerning AI and contract law. English contract law traditionally emphasizes objective intention rather than subjective mental states. Courts generally assess contractual relationships based on outward manifestations of agreement rather than internal thought processes.

This objective approach provides flexibility in dealing with automated systems. If a business deploys AI technology to conduct transactions, English law is likely to focus on whether the system's actions objectively communicated acceptance or agreement. As a result, contracts formed through automated systems can often be enforced without major doctrinal difficulties.

The United Kingdom has emerged as an important jurisdiction in discussions concerning AI and contract law. English contract law traditionally emphasises objective intention rather than subjective mental states. Courts generally assess contractual relationships based on outward manifestations of agreement rather than internal thought processes. This objective approach provides flexibility in dealing with automated systems. If a business deploys AI technology to conduct transactions, English law is likely to focus on whether the system's actions objectively communicated acceptance or agreement. As a result, contracts formed through automated systems can often be enforced without major doctrinal difficulty.

The Law Commission of England and Wales has examined issues relating to smart contracts and emerging technologies. Its 2021 advice to Government concluded that the existing legal framework in England and Wales is generally capable of facilitating and supporting smart legal contracts. This conclusion is important for AI-assisted contracting because it shows how a common law system can adapt existing doctrines to technological change without immediately creating a separate legal personality for software or AI systems. Nevertheless, the United Kingdom's approach does not eliminate all difficulties.

Problems may still arise where an automated system behaves unpredictably, where code does not accurately reflect the parties' natural-language agreement, or where one party lacks meaningful understanding of automated terms. These concerns are relevant for India because Indian contract law also relies on broad principles that can adapt to technology, but may require targeted clarification in relation to attribution, evidentiary records, and accountability for autonomous outputs.

The Law Commission of England and Wales has examined issues relating to smart legal contracts and emerging technologies. Its 2021 advice suggests that existing principles of English contract law are generally capable of accommodating smart legal contracts, particularly where contractual performance or specified terms are executed through code. However, smart legal contracts should be distinguished from adaptive AI systems. Smart legal contracts generally involve rule-based or code-executed performance, whereas AI-assisted contracting may involve machine-learning systems that generate outputs not specifically anticipated by the parties or operators.

Therefore, the Law Commission's optimistic conclusion regarding existing doctrine may not extend with equal force to autonomous AI systems, whose unpredictability raises more difficult questions of consent, attribution, authority, and liability. Nevertheless, the Commission's technology-neutral approach

remains useful as a comparative reference for considering how existing contract law may adapt incrementally to new forms of automated commerce.

The UK regulatory approach has largely emphasized innovation-friendly governance. Rather than creating a separate legal personality for AI, policymakers have focused on accountability mechanisms that assign responsibility to human actors and organizations. This approach seeks to preserve commercial certainty while encouraging technological development.

X. COMPARATIVE ANALYSIS: UNITED STATES

The United States has also played a significant role in shaping the legal treatment of electronic and automated contracting. American law recognizes the validity of contracts formed through electronic means under legislation such as the Uniform Electronic Transactions Act (UETA) and the Electronic Signatures in Global and National Commerce Act (E-SIGN Act).

Notably, American legal frameworks explicitly acknowledge the concept of electronic agents. Under UETA, contracts may be formed by the interaction of electronic agents even without direct human review of individual actions. This recognition provides substantial legal certainty for automated commerce.

The American approach is generally pragmatic and commercially oriented. Courts tend to enforce electronically formed agreements where parties have chosen to use automated systems. The focus is often on risk allocation and reasonable expectations rather than theoretical questions regarding machine intention.

However, the growing sophistication of AI technologies has generated new concerns. Scholars have debated whether existing legal doctrines are adequate for highly autonomous systems capable of learning and adapting independently. While current frameworks remain functional, the increasing complexity of AI may eventually require legislative clarification regarding liability and accountability.

XI. FINDINGS AND RECOMMENDATIONS

The analysis demonstrates that AI-assisted contracting offers significant commercial benefits, including efficiency, speed, cost reduction, and improved transactional capacity. Existing principles of contract law in India, the United Kingdom, and the United States are sufficiently flexible to accommodate many forms of automated contracting, particularly where the AI system acts within parameters defined by its human or corporate operator. However, the analysis also shows that AI-assisted contracting cannot be treated as merely a faster form of ordinary electronic contracting.

Autonomous and machine-learning systems may generate outputs that are not specifically anticipated by their users. This creates legal uncertainty in relation to consent, authority, attribution, liability, and remedies. India should therefore adopt a calibrated approach.

First, AI-generated contractual acts should generally be attributed to the person or entity that deploys and benefits from the AI system.

Second, businesses using AI for contract formation should maintain adequate audit trails, decision records, and human oversight mechanisms.

Third, liability should be graded according to the role of each actor in the AI value chain, including developers, vendors, deployers, and platform operators.

Fourth, counterparties and consumers should have access to remedies where automated decisions cause financial or contractual harm.

Finally, India should consider issuing specific guidance on AI-assisted contracting under the broader AI governance framework rather than immediately creating a rigid, technology-specific statute. Such reforms would help the manuscript's central argument: technology-neutral contract law remains useful, but it must be supplemented by clearer attribution and accountability standards for autonomous AI systems.

At the same time, important legal challenges remain. First, traditional concepts of consent become more complicated when decisions are generated by autonomous systems. Second, agency principles do not fully address situations in which AI systems behave unpredictably. Third, accountability mechanisms remain underdeveloped, particularly in relation to machine-learning technologies.

India should build upon, rather than ignore, its emerging AI governance framework. The MeitY AI Governance Guidelines already provide a useful benchmark by favouring graded liability, proportionate responsibility, transparency, auditability, grievance redressal, and clarification of obligations across the AI value chain. Therefore, the appropriate recommendation is not merely that India should adopt a new framework, but that India should operationalise the 2025 Guidelines in the specific context of AI-assisted contract formation.

For contractual transactions, this would require clearer rules on attribution of AI-generated acts, standards of due diligence for deployers, record-keeping duties for automated decisions, and accessible remedies where an AI system causes contractual or financial harm. The RBI FREE-AI Committee Report also supports a sector-sensitive approach, particularly for financial transactions where AI systems may affect consumers, pricing, credit, risk assessment, and automated contractual outcomes.

India should therefore adopt a calibrated model in which primary responsibility ordinarily rests on the person or entity that deploys and commercially benefits from the AI system, while developers, vendors, and platform operators may bear responsibility where harm arises from defective design, inadequate warnings, poor system governance, or failure to provide reasonable safeguards. This function-based liability model would preserve innovation while ensuring that affected parties are not left without legal recourse.

Comparative experience from the United Kingdom and the United States demonstrates that technology-neutral legal principles can effectively support

innovation. Nevertheless, targeted reforms may be necessary to address the unique characteristics of autonomous AI systems.

XII. CONCLUSION

Artificial intelligence is reshaping the landscape of commercial contracting. By enabling automated negotiation, decision-making, and execution, AI systems have enhanced efficiency and transformed business practices. However, these developments also challenge traditional legal assumptions regarding consent, authority, and accountability.

Current legal frameworks in India, the United Kingdom, and the United States generally support the enforceability of AI-assisted contracts. Yet the growing autonomy of AI systems exposes gaps in existing doctrines. Questions concerning attribution of actions, allocation of risk, and responsibility for errors require greater legal clarity.

The future of commercial law will depend on its ability to balance innovation with accountability. Rather than treating AI as a separate legal person, legal systems should focus on assigning responsibility to the human and corporate actors who design, deploy, control, and benefit from AI technologies. India's 2025 AI Governance Guidelines and the RBI FREE-AI Committee Report indicate that Indian regulatory thinking is already moving toward a functional, risk-based, and graded model of responsibility. The next step is to apply that model more specifically to AI-assisted contract formation. Such an approach would promote certainty, encourage responsible innovation, and protect the integrity of commercial transactions in an increasingly automated marketplace.

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