INAUGURAL ISSUE OF THE

NEWSLETTER

on

AI, LAW & REGULATION

NOVEMBER 2025

CYRIL SHROFF CENTRE *for* ARTIFICIAL INTELLIGENCE, LAW & REGULATION *at*

JINDAL GLOBAL LAW SCHOOL

O.P. JINDAL GLOBAL
INSTITUTION OF EMINENCE DEEMED TO BE
UNIVERSITY
A Private University Promoting Public Service

Jindal Global Law School
India's First Global Law School

CYRIL SHROFF
CENTRE FOR AI,
LAW & REGULATION

MESSAGE BY THE DIRECTOR

It gives me immense pleasure to introduce to you all the inaugural issue of the Newsletter published by Cyril Shroff Centre for AI, Law & Regulation (CSCAILR/Centre) at Jindal Global Law School, O.P. Jindal Global University. The release of this issue signals the beginning of a sustained effort to build thought leadership at the intersection of artificial intelligence, law and regulation.

The idea for this Centre was conceived during the 10th Anniversary Celebrations of Cyril Amarchand Mangaldas (CAM), a moment that represented both a reflection on the firm's century-long legacy and a forward-looking conversation on the future of legal practice. It was during this event that a need was felt for establishing a research-driven platform to study and engage with the regulatory, ethical and institutional issues arising due to proliferation of emerging technologies. This idea found resonance within Jindal Global Law School, which has long championed interdisciplinary and policy-oriented legal education. The shared vision evolved into the Cyril Shroff Centre for AI, Law & Regulation which is India's first dedicated Centre of Excellence focused on the legal and regulatory dimensions of AI.

The establishment of the Centre represents much more than simple creation of a research facility. It marks the coming together of two complementary worlds - academia and industry. Universities provide space for critical inquiry, theoretical reflection and non-partisan interdisciplinary research, while law firms and practitioners bring a nuanced understanding of market realities and regulatory practice. This partnership therefore embodies a broader principle highlighting that the governance of emerging technologies requires intersectional collaborations between researchers and practitioners. It is through such cooperation that meaningful and responsible regulatory innovation can take shape.

Since its inception, the Centre has sought to position itself as a hub for interdisciplinary dialogue and research. The inaugural event was convened at the Law Society of England and Wales in London, where Professor David B. Wilkins of Harvard Law School delivered the keynote address to set the tone for the

Centre's future. Since then, the Centre for has undertaken a range of academic and policy outreach initiatives aimed at bridging the gap between emerging technologies and legal frameworks. The Centre, in pursuit of its mission to promote the responsible development and regulation of artificial intelligence, has convened dialogues with leading administrators, policymakers and legal professionals in India and abroad to examine the emerging challenges posed by the growing adoption of AI-driven systems. CSCAILR has also contributed to lectures, faculty seminars and student-driven events on themes including algorithmic governance, dispute resolution and AI ethics. Besides academic initiatives, with the launch of the Mediation Chatbot Studio - a unique project combining artificial intelligence, legal reasoning, and system design - the Centre seeks to demonstrate how emerging technologies can facilitate dispute resolution processes in the coming times.

The Centre also aims to publish scholarship that contributes towards policymaking. In this regard, CSCAILR recently sent out Comments to the International Financial Services Centres Authority on the Draft IFSCA FinTech Sandbox Framework. In parallel, the Centre's faculty members have also pursued significant research and publication projects that explore the ethical and regulatory implications of artificial intelligence, which are due to be released soon. The Centre also aims to launch a Primer on AI and Law, which would hope to facilitate a more informed discourse surrounding contemporary issues of AI governance. In addition to the above, the Centre's members actively contribute to teaching and mentorship by offering courses and research opportunities to students of O.P. Jindal Global University.

Through its research, teaching and partnerships, the Centre aims to advance a holistic vision of AI regulation that is responsive to India's evolving technological landscape. Our faculty and researchers continue to explore new frontiers in AI governance. The upcoming research outputs of the Centre aim to establish India as a key contributor to the global regulatory discourse. In the future, we also plan to expand our work on executive and judicial training, capacity-building workshops and continuing education in AI literacy for policymakers and practitioners.

At its core, the Centre is guided by the idea that law must evolve alongside technology, not as a constraint but as an enabler of ethical progress. Our goal is to ensure that AI enhances rather than undermines public trust. We see emerging technologies not only as a scientific achievement but also as a social phenomenon that tests the resilience of democratic institutions and legal standards alike. As we release this inaugural issue of the newsletter, we hope it serves as more than a record of our activities. We envision it as a platform for scholars, students, practitioners and policymakers to exchange perspectives on the regulatory implications of AI. I invite all readers to join us in this ongoing conversation and contribute towards shaping a future where technology and humanity progress together responsibly.

Prof. Sidharth Chauhan
Director, Cyril Shroff Centre for AI, Law & Regulation; Associate Professor & Associate Dean, JGLS

ANNOUNCEMENT OF THE CENTRE AT 10TH ANNIVERSARY CELEBRATIONS OF CYRIL AMARCHAND MANGALDAS

During the 10th Anniversary celebrations of Cyril Amarchand Mangaldas (CAM), Mr. Cyril Shroff announced the establishment of the "Cyril Shroff Centre for Artificial Intelligence, Law & Regulation" in collaboration with O.P. Jindal Global University at Jindal Global Law School (JGLS). Established through a personal contribution from Mr. Cyril Shroff, Managing Partner at CAM, the Centre was established to serve as India's first dedicated hub working at the intersection of AI and regulation. This partnership reflects a shared vision to shape the future of law in the digital age through research, innovation and thought leadership.

INAUGURATION OF CYRIL SHROFF CENTRE FOR AI, LAW, & REGULATION

at Law Society of England, United Kingdom and Inaugural Lecture by Prof. David B. Wilkins (Harvard Law School) followed by Roundtable Discussion

The Cyril Shroff Centre for AI, Law & Regulation was formally inaugurated on 30 June 2025 at the Law Society of England and Wales, London.

The event marked setting-up of India's first Centre of Excellence exclusively dedicated to AI governance. Established through a 15 crore endowment by Mr. Cyril Shroff, the Centre aims to develop foundational research for ethical AI regulation.

The evening featured an inaugural lecture by Professor David B. Wilkins of Harvard Law School on "Reimagining Law, Lawyers and Justice in the Age of Artificial Intelligence" followed by a roundtable discussion with eminent scholars, jurists and practitioners. Speakers highlighted India's unique opportunity to lead the world in responsible AI governance, with the Centre serving as a catalyst for innovation, inclusion and institutional excellence.

OFFICIAL LAUNCH OF THE MEDIATION CHATBOT STUDIO LED BY PROF. SPRIHA BHANDARI

A Mediation Chatbot Studio was recently launched as part of Centre's legal technology initiatives.An interdisciplinary initiative led by Prof. Spriha Bhandari, the project simulates a training environment for prospective mediators. Over the course of the semester, students have worked in interdisciplinary teams like Legal Engineering, Legal & Compliance, Technology, Product Management, UX and Data, Human Resources & Operations and Research and Writing Teams to design, build, test and deploy an AI-powered mediation chatbot. This Project has been undertaken in collaboration with the JGLS Legal Incubation Centre (LInC).

BUZZ EVENT: STUDENT JUBILEE DEBATE ON AI AND LAW

A Jubilee-style debate on the theme: "(A)I Told You So: A Debate on the Future of Law in the Age of Artificial Intelligence." Bringing together students and faculty members, the event explored how AI is reshaping the legal profession, thus challenging participants to question what it truly means to "think like a lawyer" in a world increasingly influenced by algorithms. Over an hour of spirited exchanges, debaters engaged with pressing questions - from whether lawyers will be valued more for prompting AI than arguing in court, to whether core legal subjects still matter in a data-driven world.

BIG TECH REGULATION, COMPETITION LAW AND AI

At HSE University, Russia as Part of Research Collaboration with BRICS Law Schools Consortium

As part of the BRICS Law Schools Consortium, Prof. Sidharth Chauhan engaged in an ongoing research collaboration relating to technology, anti-trust law and regulation. As part of the same, Prof Chauhan delivered a lecture on "Big Tech Regulation, Competition Law and AI". The event was hosted by HSE University, Russia. Drawing on his expertise in corporate law, antitrust and technology law, Professor Chauhan explained how digitalization and the dominance of Big Tech is reshaping the contours of competition law in India and beyond.


HSE University Menu

Date: Tuesday, 14th October, 2025; 14:00

Lecture by: Sidharth Chauhan, Associate Professor and Associate Dean (Academic Affairs) at Jindal Global Law School (JGLS), O.P. Jindal Global University

COMMENTS ON DRAFT IFSCA FINTECH SANDBOX FRAMEWORK SUBMITTED TO IFSC AUTHORITY

The Centre prepared detailed comments on the Draft IFSCA FinTech Sandbox Framework and made its submission to the International Financial Service Centres Authority (IFSCA). Key recommendations emphasized on the need to define "innovation" objectively, avoid vague terminologies and adopt impact-based, technology-neutral definitions that align with international practice. Other recommendations included replacing rigid requirements, such as mandatory testing partners and a single extension limit, with a more flexible risk-based approach.

The submission to IFSCA emphasised that monitoring should rely on standardized reporting templates and, where necessary, independent verification. The work reflects Centre's continued commitment to contribute and engage with public institutions through cutting edge research and build a dialogue between policymakers and academic institutions so that regulatory frameworks may continually evolve in line with public interest.

FIRESIDE CHAT ON "SKILLS OF A TECH-ENABLED LAWYER: INDIA & HER LEGALTECH MOMENT

The Centre organised a Fireside Chat on "Skills of a Tech-Enabled Lawyer: India & Her LegalTech Moment" at the Performing Arts Academy, O.P. Jindal Global University, Sonipat. Participation in the event saw leading law firm partners along with CXO's representing reputed organisations such as AZB & Partners, Cyril Amarchand Mangaldas (CAM) as well as founders of prominent legal technology firms coming together and sharing their viewpoints on the ever-evolving legal services market. This event was organised in collaboration with the JGLS Legal Incubation Centre (LInC), The Ideate Lab and the JGU Entrepreneurship Cell led by Prof. Spriha Bhandari .

Lecture by Prof. Souradeep Mukhopadhyay on

GOVERNING ARTIFICIAL INTELLIGENCE

at PPIA PRAXIS Programme organised by Transform Rural India

Prof. Souradeep Mukhopadhyay delivered a lecture on 'Governing Artificial Intelligence' as part of the commencement week of the PPiA Praxis Programme at Transform Rural India – an NGO working towards building scalable solutions for rural areas.

The discussion revolved around how AI and its immediate impact. The lecture discussed short-term risks that can be anticipated because of emerging technologies and how AI could be regulated to ensure equitable and optimal results for the society at large.

RESEARCH PUBLICATION BY PROF. KRISHNA DEO SINGH CHAUHAN

Prof. Krishna Deo Singh Chauhan's work has been featured in the "Handbook of Global Philosophies on AI Ethics: Towards Sustainable Futures" (Routledge). The publication is titled 'Hypersuasion' and Beyond: Contending with Regulatory Gaps in Modern AI Systems through a Pluri-Ethical Perspective.

UPCOMING BOOK: ENTITLED 'TECHNOLOGY LAW: REGULATION, CYBER POLICY, AND THE DIGITAL LANDSCAPE'

The Centre is pleased to announce release of a new publication titled "TECHNOLOGY LAW: REGULATION, CYBER POLICY, AND THE DIGITAL LANDSCAPE" by Prof. Nikhil Naren co-authored with Mr. Rodney D. Ryder, Founding Partner of Scriboard. The publication aims to be a practical compass for lawyers, policymakers, founders and students who may be interested in developments at the intersection of technology and regulation.

WORKSHOP ON MEDIATION CHATBOT CONDUCTED BY CSCAILR

A workshop on the Mediation Chatbot Studio was conducted by the Centre combining concepts of Artificial Intelligence, legal reasoning, system design, and product thinking.

The session was be led by Prof. Spriha Bhandari along with Ms. Anya Batra (COO, Jhana.AI), Mr. Devansh Ghatak (Co-founder and CTO of Simplismart; Ex-Machine Learning Engineer at Google), and Mr. Barnik Bhattacharya (Product Manager – Data Science & AI at Omnissa). Also, an advisory meeting was held with Mrs. Veena Ralli, Advocate and Organising Secretary of Samadhan, the Delhi High Court Mediation and Conciliation Centre. The workshop concluded with students finalizing two prototypes:

1. Mediation Training Simulator
2. Educational Chatbot for Mediation

PAPER PRESENTED BY PROF. KRISHNA DEO SINGH CHAUHAN

Prof. Krishna Deo Singh Chauhan presented a paper at a symposium on "The Role of AI in Legal Education: Preparing the Next Generation of Lawyers" hosted by Westminster Law School on Thursday, 11 September 2025. His paper titled "What is AI? Towards a Non-Technical Conceptualization of AI for Students of the Humanities" explored accessible ways of understanding artificial intelligence beyond its technical definitions. The session highlighted the importance of integrating conceptual and interdisciplinary approaches to AI within legal education.

RESEARCH PUBLICATION IN COLLABORATION WITH CSCAILR

Prof. Ashiv Choudhary and Prof. Harsh Mahaseth have co-authored a book chapter titled "The Arbitrability of Smart Contract Disputes Amid Legal Uncertainties in Digital Arbitration" in Law and Regulation of AI, Blockchain, and Digital Rights (IGI Global, 2026). This research, conducted in collaboration with the Cyril Shroff Centre for AI, Law and Regulation, advances the Centre's mandate of promoting scholarship at the intersection of technology and technology, particularly in context of dispute resolution processes.

PAPER PRESENTATION AT FACULTY SEMINAR ORGANISED BY JGLS RESEARCH DEAN'S OFFICE

Prof. Spriha Bhandari participated at the Fourth Faculty Seminar, organised by JGLS Research Dean's Office. She presented a paper titled 'Smart Calendaring in Courts: An Exploration of Introduction of Technology and Design in Listing of 'Advance' Cases in Courts'. The presentation dealt with how legal technology and design maybe incorporated in judicial proceedings for better outcomes.

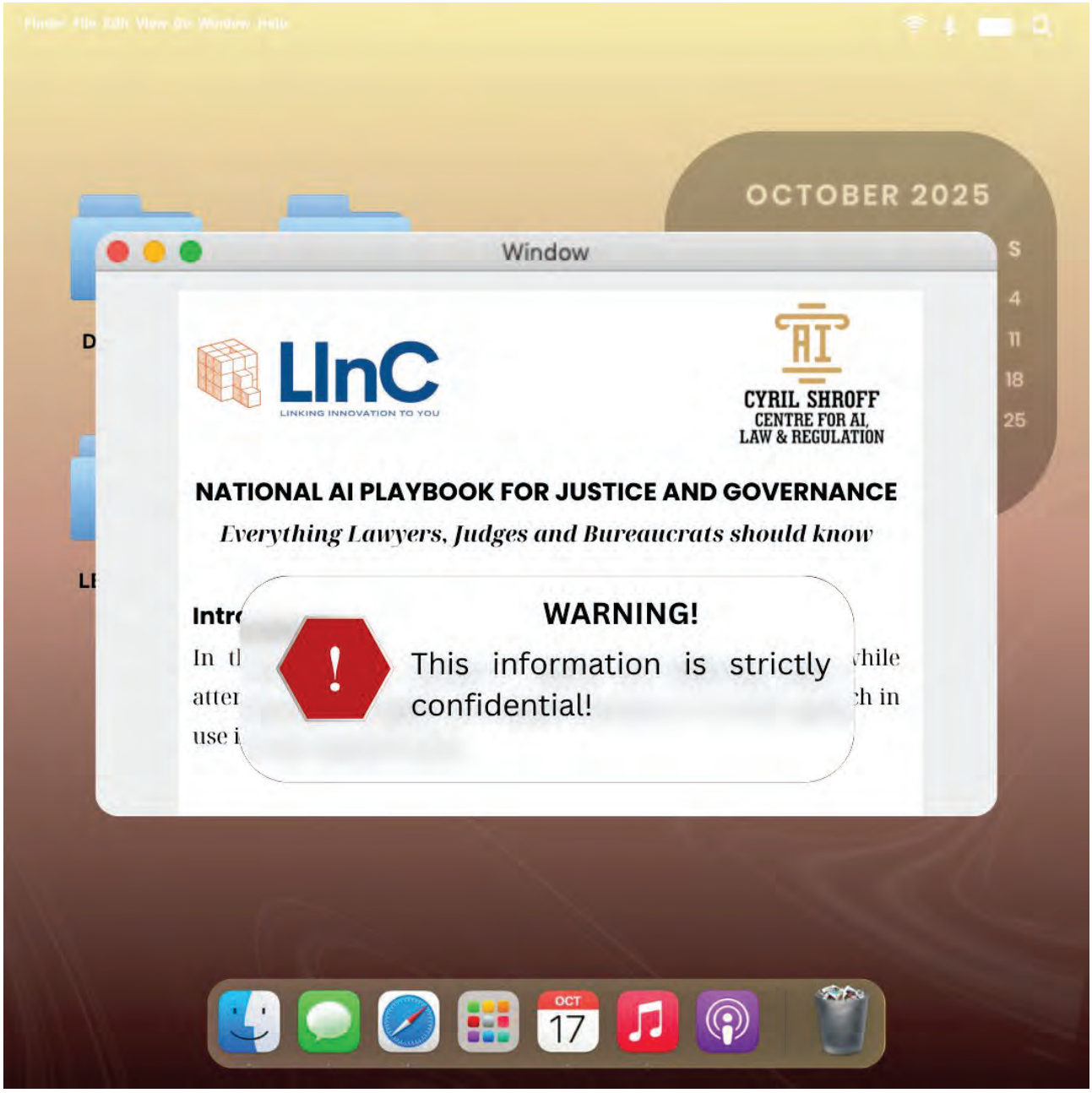
JINDAL LEADERSHIP SERIES INTERACTION WITH DR. SRIVATSA KRISHNA, IAS

As part of the Jindal Leadership Series, an interactive session with Dr. Srivatsa Krishna, IAS was held on 31 October 2025. The session was titled "Leading from the Future: How Exponential Technologies are Remaking Our World." The event explored how rapid technological advancements are transforming global governance, business, and society. This interaction sought to envision leadership in an era defined by innovation and exponential change.

Dr. Krishna gave a detailed presentation on how emerging technologies are reshaping leadership models and redefining the future of public administration as well as corporate strategy. This engaging dialogue encouraged participants to reflect on what it means to lead in an era of disruption and exponential change.

PROJECT ANNOUNCEMENT: AI PLAYBOOK FOR JUSTICE AND GOVERNANCE LED BY PROF. SPRIHA BHANDARI

On 22 October 2025, the Centre announced the launch of an AI Playbook for Justice and Governance that will bring together voices from law, technology, and government to craft a normative framework that helps India adopt AI with clarity and conscience. This project is a step towards integrating accountability, transparency, and constitutional values for India's digital future.



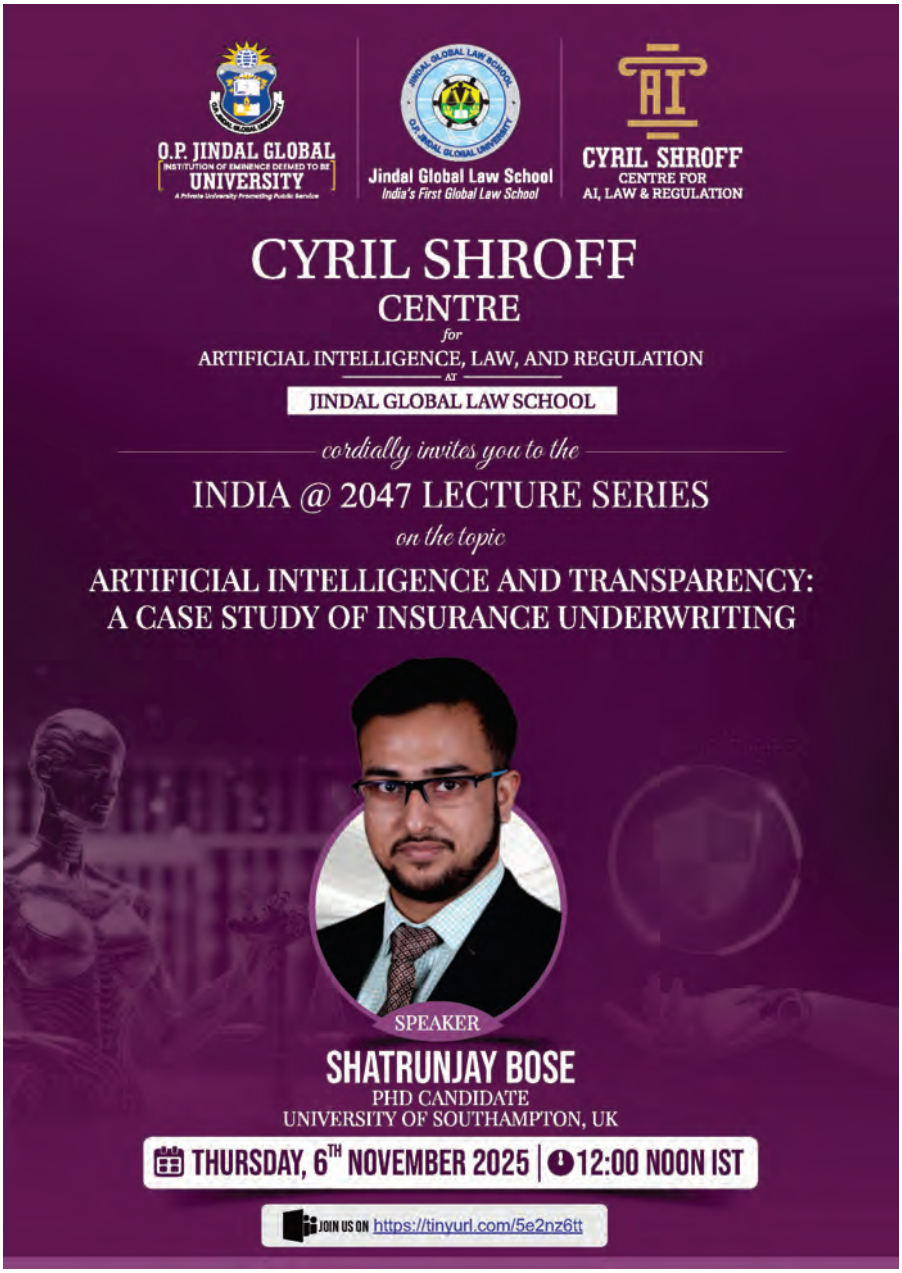
INDIA @ 2047 LECTURE SERIES: WEBINAR BY MR. PROMIT CHATTERJEE, BARRISTER, MAITLAND CHAMBERS, UNITED KINGDOM.

The Centre hosted a talk by Mr. Promit Chatterjee on "Technology and AI in International Dispute Resolution: Opportunities & Pitfalls" on 3 November 2025. The session delved into the impact that technology has on dispute resolution mechanisms and legal practice. It provided participants with insights into the evolving role of technology in shaping the future of dispute-resolution processes, both procedurally and substantively.

INDIA @ 2047 LECTURE SERIES: GUEST LECTURE DELIVERED BY MR SHATRUNJAY BOSE

The Centre held a Guest Lecture by Mr. Shatrunjay Bose on the topic "Artificial Intelligence and Transparency: A Case Study of Insurance Underwriting".

The lecture explored how artificial intelligence is shaping the landscape of insurance underwriting, with a particular focus on transparency, ethics and evidence-based decision-making. This session provided valuable insights for students, researchers and professionals interested in the intersection of AI, finance and regulatory practices.



PARTICIPATION IN PANEL DISCUSSION AT 3RD BANGALORE DISPUTE RESOLUTION CONCLAVE

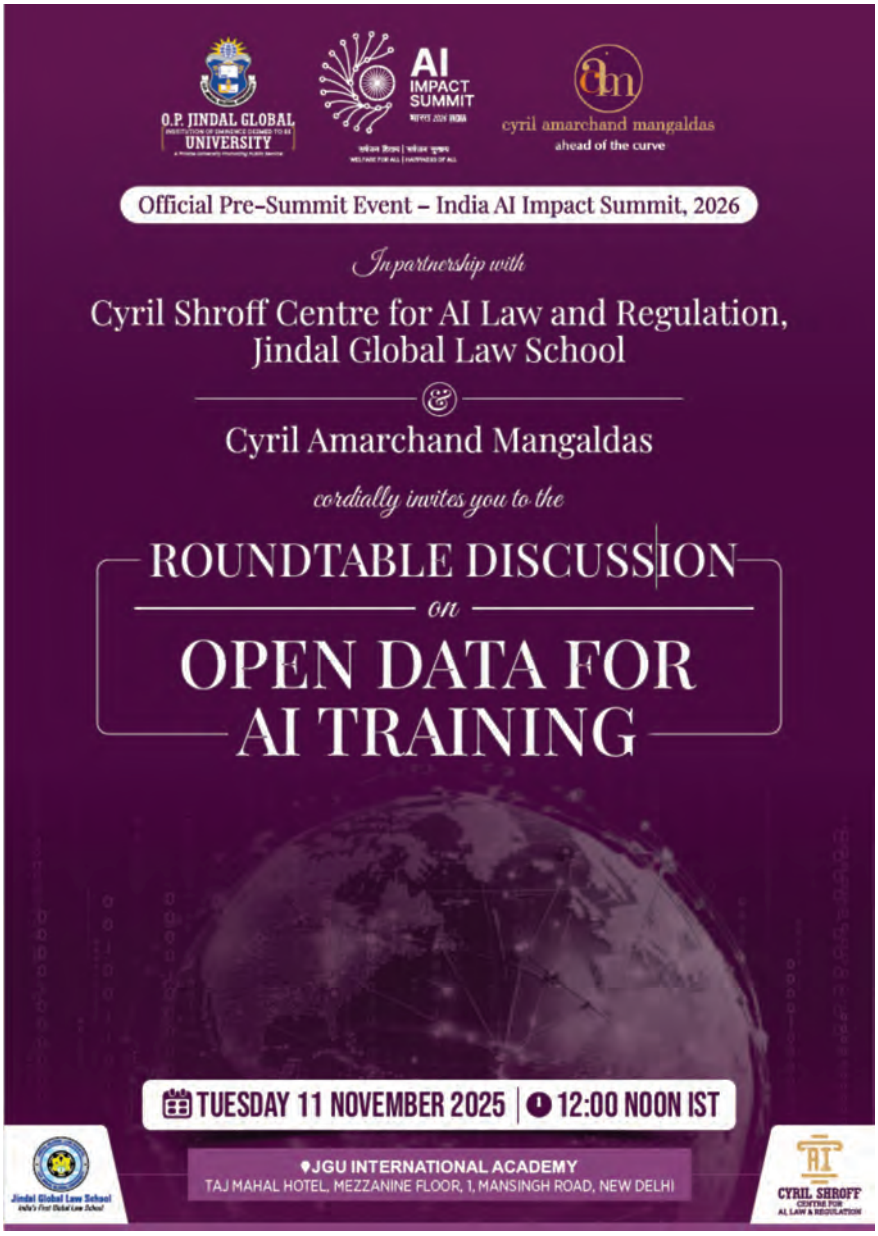
Prof. Sidharth Chauhan took part in the 3rd Bangalore Dispute Resolution Conclave, hosted by School of Law, CHRIST (Deemed to be University) Bangalore. As part of the Conclave, Prof. Chauhan joined a panel discussion on the theme "Emerging Jurisprudence on the Use of Artificial Intelligence and Machine Learning in Arbitrator Decision-Making" on 15 September 2025.

ROUNDTABLE DISCUSSION ORGANISED IN PARTNERSHIP WITH CYRIL AMARCHAND MANGALDAS (CAM) AT HOTEL TAJ MAHAL, NEW DELHI.

A Roundtable Discussion was held on 11 November 2025 at Hotel Taj Mahal, New Delhi.

The event convened a distinguished group of experts, policymakers and industry leaders to deliberate on India's emerging data ecosystem.

Notably, this event had been selected as an official Pre-Summit Event in the run up to AI Impact Summit 2026 – Government of India's flagship event to address challenges relating to Artificial Intelligence by Ministry of Electronics and IT (MeitY) - Government of India.



INDIA'S DIGITAL BARGAIN: RECONCILING PRIVACY LAW WITH THE DAWN OF ALGORITHMIC GOVERNANCE

By: **Tushar Singh**,
2nd Year-LLB, Jindal Global Law School

The introduction of the Digital Personal Data Protection (DPDP) Act, 2023 marks a foundational moment for the data privacy regime within India jurisdiction. The legislation recognises citizens as "data principals" and codifies responsibilities of data-gathering entities as "data fiduciaries", defined as under S. 2(I) of the Act. While critical for privacy, unfortunately, the new enactment has not taken cognisance of steadily evolving AI-based innovations, thereby leaving a void in the regulatory footprint as such.

The legislation's basis rests upon "free, specific, informed, unconditional, and unambiguous" consent, pursuant to S.6 of the DPDP Act. The Draft Rules to the DPDP Act seek to further address this facet by providing for "Consent Managers" (Rule 4 read with Schedule I of the Draft Rules) – allowing for a interface that data principals may manage their permissions with. Unfortunately, this model, fails to account for operational reality – wherein algorithmic processes deep dive into chunks of information without much oversight. In such a scenario, meaningful consent becomes a fiction when personal data in automatically fed into AI-based models for training and outputs. The challenge arises with the training data itself, which comprises of vast compilations of information aggregated without having regard for purpose limitation or the original intent with which the user had shared a particular data point. For instance, data given at the time of issuance of a driving licence may not be intended to be shared further to third-party users at the time of collection. The problem is further compounded by opaque internal processing within the LLM's, which requires regulatory oversight. Under the DPDP Act, a core tenet of data privacy remains to be purpose limitation – that requires a specific purpose for processing data to be declared at the instance of data collection. This concept is articulated under S. 5 of the legislation.

Data gathered to train models could be potentially collected for an entirely different original purpose - such as blog posts, product reviews or even sensitive health history for an insurance service - making it impossible to have ever met this legal requirement. While consent is the Act's anchor, a broad array of "legitimate uses" exemption under Section 7 causes a significant vulnerability - they could be interpreted to permit large-scale algorithmic processing by default, thereby obviating the very need for any affirmative user consent whatsoever. This provision's wide framing creates a gap in governance. A more narrowly tailored draft might have provided clearer guardrails, for instance, by tying high-risk processing (like AI training) to a mandatory Data Protection Impact Assessment (DPIA) or a strict necessity

test. This would have offered a more explicit legal basis for balancing innovation with fundamental rights.

The Indian government, caught between a national mission to foster AI innovation and growing concerns of algorithmic bias, has not responded by amending the foundation, but by building adjacent, and often conflicting, pillars. This has created a fragmented and confusing policy landscape. On one front is the DPDP Act's privacy-centric regime; on another, as revealed in governmental responses by the Union Minister for Electronics and Information Technology in the Rajya Sabha vide Starred Question 283 of 2024, and through its press releases, is the emerging National AI Governance Framework. This new pillar wisely pivots away from the DPDP's consent model towards a risk-based classification of AI-based models, much like the European Union's AI Act. It proposes imposing hard, ex-ante accountability measures, such as mandatory labelling of all AI-generated content.

Herein lies the central conflict. An organization could be perfectly compliant with the DPDP Act - meticulously securing consent and reporting breaches under Rule 7 of the Draft Rules - while simultaneously deploying a fundamentally flawed governance system fed with biased algorithms that perpetuate discrimination. The privacy law wouldn't see a fault, but the new AI framework would see a critical failure. This regulatory dissonance, with one law governing the data and a separate policy governing algorithms is not a sustainable model for governance. It creates uncertainty and allows systemic harms.

The way forward is not to build more pillars, but to reinforce the foundation itself. The solution lies in evolving the legal DNA of the DPDP Act by radically expanding the definition of its most potent concept, i.e., the data fiduciary. This role, defined by its various duties and limitations in Chapter II of the Act, must be purposively interpreted to mean more than a mere custodian of data. In the age of AI, a fiduciary's duty cannot end with protecting data from a breach; it must extend to protecting society at large from biases in algorithms. It must become a profound responsibility for ensuring algorithmic fairness.

This is more than a legal tweak; it is a necessary evolution. Reimagining the data fiduciary imbues the Data Protection Board of India with the authority to audit algorithms, not just consent logs. It makes companies liable for what their code does in the world, not just for how they collected the data that feeds it. By weaving the principles of accountability and equity directly into the fabric of its foundational data law, India can move beyond a fragmented regulatory posture. It can create a single, cohesive legal architecture that is equitable, resilient, just, and truly prepared for the future it hopes to build.

TACKLING THE PRACTICAL CHALLENGES OF AI BIAS

By: **Sakkcham Singh Parmaar**
3rd Year BA.LL.B (Hons.), Jindal Global Law School

> "We should always be suspicious when machine-learning systems are described as free from bias if it's been trained on human-generated data. Our biases are built into that training data.
>
> Kate Crawford

Artificial Intelligence (AI) systems exert an ever-increasing influence over decision-making in myriads of sectors, which include hiring, finance, health, and the criminal justice system. However, the use of such systems in the quest to provide efficiency and objectivity also poses risk of biases creeping in. This may often make systems prejudiced against some groups, posing significant legal, ethical, and social challenge to their adoption. Addressing these biases is essential, as doing so lays the foundation for fairness and accountability in AI development and use.

Cases of AI Bias

One of the most famous contemporary cases highlighting bias in AI is the case against Workday, a company whose AI-powered hiring software was sued in class-action litigation for alleged discrimination against older workers, racial minorities, and persons with disabilities. In 2023, Derek Mobley, a Black job applicant aged over 40 with a disability, sued the company when the AI screening tool would automatically deselect him based on his age, race, and disabilities. By mid-2025, a U.S. federal judge had allowed the case to proceed further. Over time, a singular claim has snowballed into a class-action suit with multiple claims against Workday's algorithmic platform. The above case demonstrates the risk of AI bias in not only undermining equal employment opportunity but also bringing the necessity of legal inspections and demands for transparency in AI systems for making important decisions.

AI bias has also been demonstrated in the healthcare sector, in a 2025 study led by Cedars-Sinai around the use of AI in clinical decision-making. For psychiatry treatments, major AI language models demonstrated racial disparities in treatment regimens offered to African-American patients. Despite there being no difference in the diagnostic accuracy, treatment plans were less effective or riskier for Black patients, demonstrating the presence of subtle bias within medical AI. Consequently, significant implications exist for patient safety and equity. These findings have led to demands for regular bias audits and oversight for AI in clinical care.

There are issues of AI bias in criminal justice, too. COMPAS, a proprietary algorithm has been used to estimate the recidivism risk of defendants in many U.S. courts. However, credible reports following a ProPublica investigation in 2016 held the algorithm to be racially biased. It was discovered that Black defendants were almost twice as likely to

be misclassified as high risk compared to White defendants, thereby aggravating the already existing disparities in sentencing and parole.

AI bias can also appear in subtle ways. For instance, facial recognition systems may stereotype cultural features, or professional evaluation tools might penalize certain hairstyles associated with minority groups. Such examples suggest that AI bias does not only stem from flawed datasets but also from the way AI models are designed and governed.

Legal or Regulatory Discrimination against AI Bias

Concerning such a backdrop, governments internationally are increasingly paying attention to AI bias under comprehensive legal regimes of their own. For one, the forthcoming AI Basic Act in South Korea mandates fairness and non-discrimination for AI and contains penal sanctions for non-compliance. Further, article 10 of the EU AI Act addresses bias by mandating that high-risk AI systems use training, validation, and testing datasets that are relevant, representative, and subject to governance practices designed to actively detect, prevent, and mitigate potential biases. Laws such as the Age Discrimination in Employment Act (ADEA), Americans with Disabilities Act (ADA), and the Civil Rights Act, all designed to counter discrimination in the U.S., maybe applied to biased AI practices constituting abridgements of constitutional, civil liberties. These legal frameworks point to a gradual acknowledgement of deeply entrenched systemic issue of AI bias – which requires delineating enforceable normative standards that ensure full transparency, accountability, and fairness.

Conclusion

AI bias presents difficult challenges because addressing it requires both technical and legal expertise. One key priority for AI regulation is to strengthen collaboration among developers, policymakers, and legal experts. As AI takes on greater roles in society, legal frameworks and technical safeguards must evolve together to ensure that innovation advances without compromising justice and equality.

FAIR USE MEETS THE BLACK BOX: THE ANTHROPIC SETTLEMENT AND THE INVISIBLE WORKINGS OF AI BARTZ V. ANTHROPIC

By: **Akshit Mathur**
4th Year, B.A.LL.B.(Hons.), Jindal Global Law School

Background

Bartz v. Anthropic marks one of the most significant copyright disputes of the AI era. The plaintiffs, i.e., authors Charles Graeber (The Good Nurse), Kirk Wallace Johnson (The Feather Thief), and Andrea Bartz (We Were Never Here) alleged that Anthropic, the developer of the chatbot Claude, infringed their rights by using pirated copies of their books to train its Large Language Models (LLMs).

According to court filings, Anthropic obtained over seven million digitised books through online repositories such as Books, LibGen, and Pirate Library Mirror (PiLiMi), and even destructively scanned purchased print copies to build a vast internal library for model training of their chatbot.

The principal legal issue in this case concerned whether Anthropic's use of pirated copies of books to train its models constituted copyright infringement. However, the deeper question from an AI governance perspective lies in how "transformative use" can be understood and verified within the opaque, black-box nature of LLMs.

In June 2025, Judge William Alsup of the U.S. District Court for the Northern District of California ruled that training on legally acquired books, in fact, constituted fair use under Section 107 of the U.S. Copyright Act. The process, he held, was "quintessentially transformative," a core test under Section 107 of the U.S. Copyright Act, since the books were converted into non-expressive statistical representations that enabled new functionalities such as human-like text generation. The court also permitted the conversion of lawfully purchased print books into digital copies for internal research, reading them under the exception of fair use.

However, the court refused to extend fair use protection to pirated materials, holding that their unlawful acquisition and retention displaced legitimate markets and could not be justified under fair use, even if the underlying model training process were otherwise transformative. Following class certification for affected rights holders, Anthropic agreed to a $1.5 billion settlement, compensating authors at approximately $3,000 per work. The settlement was preliminarily approved in September 2025, avoiding what could have been a multibillion-dollar trial in December.

Fair Use and the Transformative Question

At first glance, the ruling reinforces a clear principle: fair use protects innovation only when data is 'lawfully obtained'. Yet the case also invites deeper reflection on how courts interpret "transformation" in

the age of artificial intelligence. Many scholars have argued that using copyrighted works to train LLMs can qualify as transformative when the process extracts statistical representations rather than reproducing expressive content. The analogy to Authors Guild v. Google (Google Books case), where mass digitisation for search functionality was deemed fair use often resurfaces in this context. Like Google's searchable index, AI training repurposes text for a fundamentally different goal: enabling machines to generate new linguistic outputs, not to replace the originals.

Empirical evidence supports this distinction. Studies show that LLMs exhibit minimal "memorisation" of specific passages, suggesting they learn general linguistic structures rather than storing or regurgitating protected works thereby protecting the intellectual property rights of the original authors. In this sense, LLMs may appear to transform expressive material into functional, non-expressive data.

The Black Box Problem

An important point of contention arising from Bartz v. Anthropic then, is that, while the court accepted the notion of 'transformative' use, it did so without clear visibility into how the transformation occurred. While the court found that converting purchased print books into digital copies was transformative under fair use, broader questions remain about whether training AI models on this content also qualifies as transformative, a point increasingly examined by scholars given the black-box nature of these models. This lack of transparency, often referred to as the "black box problem," is increasingly recognised as a defining governance challenge for AI.

The term "black box" captures the difficulty of understanding how complex models like Claude process data or generate outputs. Even developers often cannot fully trace how individual data sources influence model behaviour. In contrast to earlier fair use cases such as Google Books case, where courts could inspect and measure the scope of use (for instance, through snippet views), today's LLMs are largely inscrutable.

This opacity complicates the fair use analysis in several ways. First, it obscures the purpose and character of the use, since courts cannot easily determine whether training genuinely transforms content into abstract linguistic patterns for generating new text, or merely repackages substantial portions of the original works. While near verbatim reproduction would clearly fall outside the scope of fair use, the challenge lies in detecting when and how such reproduction occurs. Neither courts nor authors can easily examine the model's internal processes or dataset usage to determine why or how a particular output resembles the original, whether it is a coincidence, a product of memorisation, or a direct copy, because these operations remain largely opaque even to the developers themselves. Second, it clouds assessment of amount and substantiality, since no one can know precisely how much of a copyrighted work is incorporated into the model's internal representations. Third, it undermines evaluation of market effects, as unpredictable model behaviour can unintentionally substitute for the original works.

The black box nature of AI makes it difficult to verify whether transformative use is genuine or merely a cover for exploitation, since neither courts nor

authors can fully inspect how models process copyrighted works or generate outputs.

Conclusion

The 2025 ruling in Bartz v. Anthropic and the subsequent $1.5 billion settlement hint at the evolving issues that are only going to increase in the coming times under the ambit of copyright law and AI ethics. While Judge Alsup affirmed that the lawful use of copyrighted books can be transformative, the case also exposes a key vulnerability because the fair use doctrine struggles when the inner workings of AI models remain opaque. The settlement resolves the immediate dispute, but it leaves unanswered the bigger question, how can courts and regulators be confident that AI truly transforms content rather than simply repackaging it, when even developers cannot fully trace the model's operations.

This very tension highlights the need for stronger governance around generative AI. Transparency in data sourcing and model processes is essential. Maintaining auditable records of training datasets, documenting models, and testing outputs for memorisation versus genuine abstraction can help verify transformative claims. At the same time, frameworks like collective licensing or compensation funds can ensure that authors are fairly rewarded without stifling innovation.

Bartz v. Anthropic shows that fair use alone is not enough in the age of AI. If we want innovation and creators' rights to coexist, we need rules and practices that make the black box less mysterious, so "transformative use" becomes not just a legal label, but something we can foresee and measure.

EMERGING COMPETITION LAW CHALLENGES IN AI DRIVEN MARKETS: INSIGHTS FROM THE CCI'S 2025 MARKET STUDY

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The Competition Commission of India (CCI) released a comprehensive publication titled Market Study on Artificial Intelligence and Competition recently. CCI's work highlights the effects which AI has on anti-trust dynamics across different sectors in India. It also recommends measures for ensuring that AI-driven markets remain competitive. The publication has in essence mapped the AI ecosystem and provided an analysis of how AI is used across industries such as retail, BFSI (Banking, Financial Services & Insurance), healthcare etc. in India. In addition to the above, CCI has also recommended an action plan to ensure competitive AI-driven markets, keeping in mind evolving issues with the proliferation of AI.

As per the market study, a primary survey was conducted to know the emerging competition issues arising by due to use of AI. The following issues were identified based on the survey:

1. Algorithmic Collusion: With AI, algorithms can learn to collude on their own. This happens when firms use pricing algorithms to monitor their competitors' prices and adjust their own in real time. As a consequence, they begin predicting and responding to each other's moves.

   Over time, this can create tacit collusion, without any agreement or communication to do so. It can facilitate collusion through these self-learning algorithms based on deep reinforcement learning. Algorithms can experiment and adapt their strategies based on past outcomes.

   They can raise prices without human cooperation or instruction to maximise their profits, just like human cartels – though more efficiently. Due to the limited or lack of human intervention in algorithmic processes, the system fixes the prices on its own with no agreement between the competitors. These algorithms function steadily, in turn, eliminating the risk of detection by regulators.

2. Algorithmic Unilateral Conduct (Abuse of Dominance): AI-based systems maybe be used by dominant enterprises to strengthen their market influence through algorithmic conduct.

   An enterprise can use self-preferencing wherein a particular platform gives preferential treatment to its own products/services. This can lead to

limiting consumer choice and competition within the market. Also, the same can restrict market access to smaller competitors making them less visible and thus reinforce their dominance across multiple markets.

Firms may also take recourse to predatory pricing so as to eliminate competitors. AI driven predatory pricing can track rivals' prices and consumer demand in real time, facilitating selective targeting of customers and raising prices when the competitors exit the market.

AI also enables targeted pricing due to availability of extensive consumer datasets carrying information such as location history, browsing history, device type etc. Such informational attributes can make pricing more efficient, but some consumers unknowingly would have paid higher prices for the same product. Transparency becomes a problem because consumers rarely know that they are charged differently.

3. Entry Barriers for New Entrants: AI is dominated by a few large players, because of which small-scale firms face difficulties in entering the market. In this regard, one barrier is the non-linear access to data. It is the large-scale datasets that run AI-based systems at the back end. However, smaller startups rely on open data, often lacking the diversity and quality to train compatible AI models. In the survey done by CCI, 68% of the startups had limited access to data as their biggest barrier.

   The second barrier is the high infrastructure cost. AI development requires many technical resources such as GPUs, TPUs, cloud services etc. Most Indian startups depend on foreign providers such as Amazon Web Services and Google Cloud. This creates a cost barrier and a risk of dependency, because access to these services remains under control of few large entities.

   Thirdly, there is lack of talent who specialises in AI as it is not easily available. The job requires skills in data science, machine learning and algorithm design. Other barriers include funding constraints, Intellectual Property-related issues and Vendor Lock Ins.

   These barriers collectively entrench the dominance of incumbents, which makes it difficult for new entrants in the market to thrive.

4. Opacity of AI Systems: AI-backed decision-making tools operate in "black boxes"; therefore, it is often tough for developers to explain how decisions are made. Since startups are highly dependent on big tech firms, they have less insight into how the algorithms work, pricing decisions, and the actual terms of using proprietary models. This complicates compliance, reduces trusts, and reduces market dynamism.

CCI's Recommendations

CCI suggests regulatory and behavioural measures to combat the aforesaid issues. A key recommendation forwarded is introducing self-audit of AI-based

Systems for anti-trust compliance.

AI models are often opaque, even its developers cannot predict its behaviour in the market. So, enforcement of traditional regulations may not be a viable solution. Accordingly, CCI proposes that enterprises using AI should perform self-audits. These constitute internal checks to identify and correct any potential anti-competitive risks before they take place.

Self-audit consists of reviewing of AI-based systems to ensure there is no collusive behaviour, intentionally or otherwise. It also keeps in check how the pricing and recommendation algorithms affect the consumers and competitors. It ensures that the data used to train the AI is not biased so as to distort competition. It is important test that AI-based outcomes are transparent and compliant with the spirit of fair competition. This encourages responsible autonomy, wherein firms take ownership of how their AI-based system behaves in the marketplace.

It also advocates for the usage of other solutions which include working with the MeitY and the Data Protection Board of India established under the DPDPA, 2023 to develop collaborative frameworks for AI oversight. It also recognises the need for training CCI staff vis-a-vis digital markets and AI & conducting sector-specific workshops to help companies better understand the algorithmic risks of AI. CCI's recommendations rest on the pillars of transparency & accountability in order to oversee AI-driven innovation and growth of fair competition.

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