

# **ARTIFICIAL INTELLIGENCE IN ARBITRATION: BALANCING EFFICIENCY, ETHICS AND DUE PROCESS**

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## ARTIFICIAL INTELLIGENCE IN LAW AND DISPUTE RESOLUTION

### Introduction

Artificial intelligence is being used in the legal industry in India and has changed the way legal services are provided, offering quick, accurate, and efficient provision of legal services. Many legal firms in India have begun using AI technology to perform activities like drafting legal papers, conducting case studies, validating contracts, handling clients, and advising on laws. This technology helps lawyers save their time by concentrating on other complex legal issues.

#### Automation of Routine Legal Tasks in Indian Law Firms

The use of AI-based tools has transformed the way Indian law firms conduct themselves by aiding in various routine tasks including:

- Legal Research and Case Analysis – Platforms like SCC Online, Manupatra, and Casemine which provide AI-based legal research facilities, facilitate the analysis of precedents and save hours of hard work in the process.
- Contract Review and Management – Platforms like SpotDraft and MikeLegal assist lawyers in conducting legal document analysis and risk detection through AI-driven contract review.
- Case Management – Platforms based on AI-driven case management have made it easy for lawyers to track their case progress, schedule hearings and comply with legal deadlines. For example, SUPACE 2021 by Supreme Court of India is an instance where AI has been utilized.

#### Legal Automation Software using AI Technologies Employed in India

Manupatra – Manupatra represents a revolutionary platform for legal research in India owing to its application of technologies like AI, ML, and NLP.

- MikeLegal - This is a contract management software powered by AI that helps companies manage their legal documentation in an efficient manner. It is an AI-powered legal tech company that provides tools such as Mike DocReview, which enables lawyers to check for errors and inconsistencies in their contracts. Recently, MikeLegal launched MikeLitigator, a litigation management software that automates case management and task distribution.

- CaseMine - This is an AI-powered platform used by Indian lawyers for conducting case law analysis based on precedents. It is a state-of-the-art legal research software that uses artificial intelligence to increase the scope and scale of legal research. It provides AI-powered search, visualisation of case laws, and citation analysis, with its key feature being AMICUS, an AI assistant based on GPT.

- Legistify - This is an AI-powered legal operations platform that facilitates compliance management, contract automation, and dispute resolution. It is an AI-powered legal operations platform that helps with compliance management, contract automation, and dispute resolution. It provides a one-stop solution for enterprises to manage matters, intellectual property rights, notifications, and contracts.

### 3. Benefits of AI Automation in Indian Law Firms

Benefits of AI in automating processes in Indian law firms include increased efficiency in completing simple legal work like analyzing documents, contracts, and cases. AI in law firm automation also reduces errors and saves on time. Lawyers will have ample time to engage in critical thinking, client meetings, and making decisions. Predictive analytics can be used in AI law firm automation to enhance decision making. AI automation in law firm management is important as it helps increase the pace of delivering legal services and improve legal outcomes. Here are some of the benefits.

- Time Efficient – AI shortens legal research time from hours to minutes, making it more productive.
- Financial Savings – The operating cost of law firms is lowered by reducing manual legal activities.
- Accuracy – AI systems enhance legal contract and case law error detection.
- Barriers to the Adoption of AI in Indian Law Practices
- Heavy Costs of Implementation – AI implementation involves considerable expense that smaller law firms may find difficult to manage.
- Privacy Risks – AI systems managing confidential legal data need to adhere to India's Data Protection of Personal Data Act, 2023.
- Inadequate Understanding of AI – There is inadequate knowledge about AI among law firms, necessitating specialized training.

#### 3.2.2. AI in Client Management and Billing Systems

The use of AI in the management of clients and billing in Indian law firms has been revolutionary as far as efficiency is concerned. Latch47, a billing software, uses artificial intelligence to facilitate automation of legal cases, documentation, timekeeping, billing, and communication to save a significant amount of time for lawyers. In a similar way, Smart Lawyer Office<sup>48</sup> uses AI technology in the automation of case management, documentation, timekeeping, billing, and communication, hence bringing about efficiency in the running of legal practice. There are also other software like Billables AI which have used AI in automating time tracking for better billing. Billables AI automatically tracks billable hours for lawyers as they do their job. Moreover, the BillerAssist<sup>49</sup> uses artificial intelligence technology to speed up bill review process five times faster; automatically flags errors made at the point of billing and suggests billing description from previous entries, hence minimizing pre-billing review time and maximizing profits.

#### AI-Powered Virtual Legal Assistants

VLAs are software applications based on AI that assist lawyers, their clients, and law firms in completing repetitive legal tasks and managing cases. They can be used to answer clients' questions, make appointments, manage documents, and provide initial legal guidance. For example, websites such as NyayGuru<sup>50</sup> leverage AI technology to offer legal advice based on the Indian legal system and help users resolve common legal problems. In the same manner, ROSS Intelligence<sup>51</sup> employs natural language processing techniques to conduct complex legal research, answering legal questions and providing case laws and statutes.

## Role of AI Virtual Legal Assistants in India

- Automated Legal Consultation: Legal queries can be answered by AI chatbots, thereby decreasing the load on human lawyers.
- Legal Document Preparation: Legal documents such as petitions, contracts, and affidavits can be prepared with help from AI.
- Case Progress Tracking: VLAs can help track the progress of cases, decisions made in the case, and the schedule for hearings.

## Examples of AI Legal Assistants in India

- Haptik Legal AI Bot: Helps Indian lawyers perform automated interactions with clients using AI.
- JusPredict: AI-based legal research and case outcome prediction software.
- VakilSearch AI: AI-based legal documentation service.

## Advantages of AI-Powered Virtual Legal Assistants

- Availability – The clients receive legal assistance round-the-clock/24/7.
- Workload Reduction – The attorneys can concentrate on important cases while the AI takes care of other monotonous work.
- Economical Assistance – The AI legal assistants provide economical legal assistance, making legal services more accessible.

## Challenges and Ethical Concerns

- AI's Lack of Awareness about the Intricacies of Law – AI cannot comprehend the nuances of law like human beings do.
- Security Concerns – Legal bots need to adhere to the laws regarding data privacy in India.
- AI's Bias – The legal assistants based on AI should avoid discrimination in their algorithm.

## AI's Transformative Potential in the Judicial Sector

For example, systems that help discover documents and conduct legal research may be more efficient; nevertheless, they may also exacerbate bias if they do not undergo routine auditing. Likewise, ODR systems increase access to justice but pose an issue regarding fairness when there is no significant human oversight. Further, AI-based predictive tools may be useful in prioritizing case management but, due to their dependence on historical data, tend to lead to injustice.<sup>1</sup> Furthermore, the use of sentencing recommendation software or fact summary software that supports the decision-making process should complement rather than replace judicial thinking because there is a danger of weakening the contribution of human conscience to the adjudication process. On the other hand, while data anonymization techniques are

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<sup>1</sup> Bhishm Khanna, Predictive Justice: Using AI for Justice (Centre for Public Policy Research 2021) 6.

essential for protecting personal information, they may sometimes impede scholarly legal research or appellate review processes. Finally, machine translators and transcribers must maintain accuracy since any errors may result in injustice. Today, natural language processing (NLP) models have started impacting other areas of law as well.<sup>2</sup> The recognition of such models as powerful tools that create texts similar to humans' has grown from 2023 to 2024. This recognition makes generative AI beneficial in activities like drafting legal documents, analyzing contracts, and providing preliminary legal advice.<sup>3</sup> As user involvement in system design and testing increases, generative AI is likely to become a practical instrument for enhancing the speed, efficiency, and accessibility of justice delivery. Although these tools are efficient and automate court procedures, this automation does not come at the cost of due process.

### **Ethical Guidelines for AI in the Justice System**

Going further, it becomes necessary to explore the principles that underlie the introduction of AI in the judicial process. For example, the European Ethical Charter regarding the implementation of AI in judicial systems was approved in 2018, providing five principles of ethical use that are expected to help responsibly introduce AI technologies into the judicial system. Despite being voluntary guidelines, they have become soft law that affects the development of national legislation and even internal policies of courts in European countries<sup>4</sup> with the increasing prevalence of AI technologies in the process of judging,<sup>5</sup> it is important to pay special attention to ethical governance. While AI technologies offer great advantages in terms of procedure, their application should also remain consistent with the constitution. Therefore, with the growing involvement of algorithmic systems, it becomes necessary to develop methods of controlling their actions.

Whereas existing AI technologies cannot be used to replace judicial conscience and legal reasoning, they can act as co-pilots through facilitating processes, enhancing organizational effectiveness, and providing additional opportunities for legal redress where there is ethical governance.<sup>6</sup>

AI technologies can be employed in adjudication in various ways, such as assisting the judge, facilitating the process by administering it and/or presenting evidence, and even autonomously when they try to fully take over the functions of a human judge. In each case, there are various

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<sup>2</sup> Jonathan Kewley and others, 'Fast Law: Why Speed is the Priority for Lawyers Using AI' (LexisNexis, 2024) accessed 21 March 2026.

<sup>3</sup> David Uriel Socol de la Osa and Nydia Remolina, 'Artificial Intelligence at the Bench: The Legal and Ethical Implications of Educating—Or Misleading—the Judiciary Through Generative AI', (2024) 6 Data & Policy e59. doi:10.1017/dap.2024.53.

<sup>4</sup> Z Seldağ Güneş Peschke and Lutz Peschke, 'Artificial Intelligence and Its Impact on the New EU Legislative Challenges', (2022) 2 Yıldırım Beyazıt Hukuk Dergisi 1278. doi:10.33432/ybuhukuk.1104344.

<sup>5</sup> CEPEJ, European Ethical Charter on the Use of Artificial Intelligence in Judicial Systems and Their Environment (Council of Europe 2018) accessed 21 March 2026.

<sup>6</sup> Donati, Filippo. "Artificial Intelligence in Judiciary: Efficiency and Ethics" in Artificial Intelligence, Judicial Decision-Making and Fundamental Rights, edited by Mireia Artigot i Golobardes et al., (2nd edn, Scuola Superiore della Magistratura 2024).

legal and ethical considerations involved, which get increasingly complex and difficult as the AI technology moves towards becoming autonomous functions.<sup>7</sup>

### **Assistive AI in Judicial Decision-Making**

While they hold much promise, there is significant variability when it comes to the predictive performance of AI assistants. Even though deep learning and language models could manage 85%-90% accuracy in predicting charges and recommending articles in the legal field, they have not performed well in more complex scenarios, where the accuracy rate was at 70%-80%.<sup>8</sup>

In other words, the use of artificial intelligence within the legal system is characterized by serious human rights consequences, particularly when there is no choice available to individuals. Although the idea of employing AI technology for matters such as sentencing, bail, and probation hearings conducted by judges appears to be an effective means of administering justice, it could pose critical threats to the principles of fair trial, procedural fairness, right to remedy, openness, and non-discrimination, without ensuring the obligation of courts to give reasons for judgments.<sup>9</sup>

The AI systems used in the form of assisting risk assessment tool can be as accurate as the training data that is fed into them. Unlike machines or computers, human decision-makers can detect errors in the decision-making, learn from them, ensure that similar errors are not made again in future decisions, and be accountable for any discriminatory practices. A pertinent example can be taken from *State of Kansas v. John Keith Walls* (2017), where the court held that in order to establish whether the defendant was entitled to a certain set of conditions of his probation, he should have been provided with a complete copy of the LSI-R (Level of Service Inventory-Revised) assessment. The denial of such a provision would have denied the defendant an opportunity to challenge the accuracy of information that was vital to his conviction and sentencing, thus depriving him of his right to procedural due process.

In light of another case of *Kansas v. Easterling*, the Court found that the failure to disclose a complete LSI-R report to the defendant violated his right to procedural due process during the sentencing phase.

### **Working process of Artificial Intelligence(AI) in Alternative Disputes Resolution (ADR):**

Artificial Intelligence (AI) may operate in 2 forms:

1. In the first case, AI would be the tool for the neutral. AI may assist in document examination, exploration, and even the drafting of the standard text. Also, Artificial Intelligence (AI) could be used to provide estimations of the issues, damage evaluations, identification of untruths, and possible consequences. Accordingly, in such a way, neutral decision-makers might refer to the

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<sup>7</sup> UNESCO, Draft Guidelines for the Use of AI Systems in Courts and Tribunals (CI/DIT/2025/GL/01, May 2025) accessed 21 March 2026.

<sup>8</sup> Zhang Chuyue and Meng Yuchen, "Connecting the Gap: Technological Study and Its Implementation in Legal Decision Making" (2025) *Artificial Intelligence and Law*. doi:10.1007/s10506-025-09473-7.

<sup>9</sup> Convention for the Protection of Human Rights and Fundamental Freedoms (4 November 1950) [1955] UNTS 213/222, arts 6, 13, 14 and 45

Artificial Intelligence (AI) on an assisting basis to make Alternative Dispute Resolution (ADR) process easier and faster.

2. The second scenario involves asking both sides to present their final offer, and the algorithm will examine its database and determine which one of those proposals is closer to the model result created by it. At the same time, this mechanism will force the parties to present reasonable offers so that the Artificial Intelligence (AI) chose their proposal rather than the opposite party's. Such an approach highlights the strength of algorithms and avoids subjective questions that may confuse it.

### **Strengths and Weaknesses of Artificial Intelligence in Alternative Dispute Resolution:**

Strengths and weaknesses of artificial intelligence in alternate dispute resolution include:

#### **Enhancement of the Process:**

The simplest application of an AI would be at the outset of the process itself. The AI can respond to inquiries and address concerns regarding the alternate dispute resolution process itself. An automated device will be able to repeat the same information numerous times without becoming irate, unlike human mediators.

#### **Time-Saving:**

Alternative dispute resolution aims to save time compared to traditional litigation processes. However, attorneys can often find themselves inundated with endless documentation and investigation that needs to be completed within a very short timeframe.

Artificial Intelligence can facilitate research and analysis of data and hence, reduce the workload of individuals.

#### **Cost-Effective:**

Though the initial investment required for the setup is very large, but post-Artificial Intelligence (AI) being functional, it will certainly be the less expensive alternative as opposed to the conventional dispute settlement method.

#### **Disclosing Sensitive Information:**

Some may be more comfortable providing sensitive details to a robot instead of a human being. A robot will never be able to judge someone which might make some people more agreeable to this option.

#### **Attestation:**

Alternative Dispute Resolution (ADR) is a quicker process when compared to litigation, thereby making the use of AI more beneficial in reducing the attestation burden. AI can prove helpful in evaluating and selecting relevant documents or preparing document summaries.

**Drafting:**

Judges have to devote substantial time to draft standardized portions of arbitration awards, including the parties, procedural background, arbitration clause, governing law, party arguments, and arbitration costs.

**No Scope for Bias:**

The verdicts delivered by an Artificial Intelligence (AI) will not be influenced by human faults like prejudice, injustice, extremism, or simply having a bad day. It also avoids all other human tendencies, including depending upon the first information received or getting suggestions from the surroundings or previous cases handled by the arbitrator.

**No Conflict of Interest:**

In case of robots being used instead of human judges, there wouldn't be any reason to question the judges for impartiality and conflict of interest.

**No scope for errors:**

There are possibilities that human arbitrators may commit mistakes during the process of interpretation, translation, attestation, selecting the source, decision-making, etc. Inclusion of artificial intelligence at various steps of arbitration or in different tasks may contribute to eliminating the deficiencies of the arbitration process.

**Replacement of advocates:**

This is an alarming prospect for lawyers that the technology initially developed to assist them may one day render them jobless! Only small personnel would be needed for making the AI system workable and the requirement of advocates and judges would be reduced significantly.

**Conclusion:**

Alternative Dispute Resolution with Artificial Intelligence provides a promising future for dispute resolution.

**Problems arising from the application of AI in ADR:**

The problems of applying Artificial Intelligence (AI) in Alternative Dispute Resolution (ADR) include the requirement of human discretion and lack of ability on the part of Artificial Intelligence (AI) models to take into account the context and emotions during dispute resolution. In addition to that, another major problem with regard to AI is that bias and

demarcation can be immortalized by AI models. This may be the case when Artificial Intelligence (AI) is not properly designed or protected.

**Without making any moral judgment:**

The first chain exists within the reality of general clauses within legal systems that are based on morals in terms of living together harmoniously, the concept of good faith, the idea of abuse of rights, or even the concept of estoppels within common law.

It appears that there is no machine that can be used to make moral judgments concerning the parties involved in the process, and this is applicable in some cases when determining whether the decision made was a fair one. In my opinion, using the case of refereeing a football game as an example, I am sure that an AI can always determine whether there is an offside play or whether it was actually a goal; however, it becomes difficult for me to assume that a machine could determine whether a player committed a foul or whether it was a foul play.

Since the decision hinges on the understanding of whether the intentions of the footballer are good or bad in faith. The moral reasoning falls apart at the borderline separating the legal formalism of judgment (the ideal decision is one where deduction and sense are the sole considerations of making a decision) from literalism (the decision rests upon contextual issues that are not only legal but beyond law too) due to moral norms being integral components of law.

### **Introducing Chat GPT:**

The Chat GPT which suddenly became very popular in this instance is a massive leap forward in Artificial Intelligence (AI) known as “generative AI” (the “G” in Chat GPT means generative) that can create something entirely new rather than merely conducting searches or carrying out commands. Chat GPT is built on the massive amounts of human-produced content found online – books, articles, blogs, social media, videotaped material, and more – which have been repurposed into Chat GPT without any or little categorizing or curating for sensitivity, social appropriateness, or other considerations.

Basics of AI-based Mediation: In the most fundamental terms, the basics of Artificial Intelligence (AI)-based mediation aren't dissimilar from conventional mediation. The parties provide data to a human mediator who utilizes his/her experience, wisdom, and skills (or “programming”) to assist the parties in finding a fair solution to their dispute. AI-based disagreement resolution applications, which incorporate natural language processing (NLP) and computer literacy algorithms, work similarly.

The parties concerned in the dispute provide information about the dispute, which includes their claims, evidence, and relevant laws or regulations. This information is provided to the AI platform in different forms, just as text, voice, or video tape would be. The AI platform will also be able to avoid issues regarding any language ambiguity. The Artificial Intelligence (AI) platform uses natural language processing (NLP) and machine literacy algorithms to process the information provided by the parties to determine the significant strengths and weaknesses in their claims.

The AI platform may also be able to compare the dispute to previous cases, as well as identify relevant laws and regulations. After processing the information, the Artificial Intelligence (AI) platform comes up with a solution that is fair, based on the inputs of the parties, and consistent with the laws and regulations.

Another way would be to use it to generate a list of possible outcomes or options that could be considered in order to resolve the conflict. This would be particularly useful where the

conflicting parties were unable to think up their own solutions to their dispute. Instead, or in conjunction with the above,

the Artificial Intelligence (AI) software could help mediate between the conflicting parties by offering a third party perspective who could listen to the different sides and provoke answers which promote constructive discussion.

An intelligent third party who was able to understand the intricacies of the problem and make judgments based on any underlying factors that motivated either or both parties would be useful to mediate the recommended judgments. After a consensus had been reached, the effects and information generated from this case could be used to continuously improve upon the AI system's processes.

## **AI AND ARBITRATION LAWS – INDIAN PERSPECTIVE**

### **Introduction**

The application of AI-based conciliators may result in issues relating to loneliness and data protection ventures. For example, what happens when an AI-based conciliator gets personal information from the individuals participating in the agreement? In this case, measures have to be put in place to make sure that such data is properly protected. The creators of AI-based intermediaries must observe the relevant data protection statutes and regulations to provide details on the collection and handling of specific data.

One of the legal considerations associated with AI-based conciliators is the admissibility of evidence generated by the program. For example, what happens if an AI-based conciliator creates a document or report for use within the agreement process, and the question arises whether it would be acceptable in court.

The implementation of AI-based mediators can also present issues relating to the professional ethics of advocates and other legal professionals utilizing the system. For instance, an advocate is expected to ensure the proper functioning of the system and the accuracy of the advice provided. Similarly, another important legal penalty that can result from the use of AI-based mediators is the issue of liability and/or responsibility in case of errors.

For example, if the AI-based mediator provides improper advice to one of the parties during mediation, who bears the liability for the error? Is it the creator of the AI-based mediator, the party who uses the system, or the party who relies on the advice? These matters have not been resolved yet and may vary based on the jurisdiction. However, one outcome could be to require

the creators of the AI-based mediators to provide indemnity insurance against any possible liabilities. Artificial intelligence can be applied to ADR in the future.

Artificial Intelligence possesses huge opportunities of making its impact on the Alternative Dispute Resolution process. Through streamlining administrative tasks, offering impartial suggestions, and increasing access to the justice system, Artificial Intelligence will be able to

change dispute resolution procedures dramatically. Artificial Intelligence represents a new addition to the process of arbitration. The introduction of document review and automated discovery software will allow artificial intelligence to classify and analyze thousands of files within short periods, which allows the identification of relevant documents without the need for additional costs associated with document review and discovery procedures. One of the key applications of artificial intelligence technology in the field of law relates to legal research and document analysis. Using algorithms created by AI, lawyers will be able to conduct analysis of thousands of documents very quickly.

### **APPLICATIONS OF AI IN ARBITRATION**

Several administrative aspects of arbitration, such as scheduling hearings, document management, tracking deadlines, and notifying relevant parties, are increasingly automated through the application of AI-based technologies. Such technologies reduce the time required for the process and minimize human errors. AI-based case management services have been used in the case of *Michail v. E-commerce Platform*,<sup>26</sup> to facilitate cross-border and cross-time zone coordination between the parties involved. These expenses have considerably been reduced by the automation of scheduling and notification procedures. During the discovery phase in the arbitration procedure, vast volumes of documents are classified and reviewed using AI software. Unlike human document reviews, the AI software makes use of machine learning techniques to locate important documents and highlight any possible dangers. Using predictive coding in the document review process in the electronic discovery process was endorsed in the *Da Silva Moore v. Publicis Groupe* case<sup>27</sup>. While this is mostly a litigation case, it is vital to note that this set a crucial precedent for the use of AI tools in document review, which is currently applied to international precedent reviews in international arbitration.

The role of artificial intelligence in arbitration includes helping the disputants assess their claims and come up with settlement strategies that have been successful in previous cases to determine the result of the current dispute. AI is able to predict the probability of winning certain arguments through analysing previous arbitrations, applicable laws, and arbitrators. Prediction techniques are used to provide statistical calculations to show the probabilities to win the claims and assist parties and arbitrators in their decision-making. The algorithms of artificial intelligence analyse historic judgements, performance, and experience to select an arbitrator. Thus, parties can select the arbitrator through analysis. AI technologies were used in the 2018 ICSID arbitration case between the disputants X vs. Y to determine the best candidates for arbitration panels impartially. Increasingly, parties resort to Arbitrator Intelligence for their judgments. AI manages documentation so that arbitrators can focus on the law. For an international arbitration case, AI searches for case laws and assists in the establishment of a basis for the ruling. Being legally binding documents, this approach enhances arbitration efficiency. AI-driven hearing transcription systems enhance transcription quality and debate and testimonies transcription process. AI provides immediate translation of the document, hence making sure that there is an international arbitration because it ensures that people with different language capabilities understand the procedure of arbitration. When there is arbitration online concerning *State of ABC vs. XYZ Corporation*, there are 28 tools of AI translation and transcription. Transcription in AI is automatic to ensure that exact

transcriptions are created, especially in the areas where people speak using different languages. From the case study, AI plays a major role in arbitration.

AI was applied to determine whether the arbitration clauses in dispute cases concerning contract violations were enforceable in *European Gas v. Company X*.<sup>29</sup> The case was solved faster through the use of AI technologies that analyzed the clauses with regard to their clarity, validity in terms of jurisdiction, and conformity with arbitration proceedings. AI technologies can automate the process of arbitral award enforcement, particularly those incorporating blockchain technology. Automated actions can be taken following an AI decision by using AI-powered smart contracts that make automatic payments or other actions according to predefined parameters.

Questioning the independence of AI in the process of resolving disputes points out some flaws in the system. Flaws and unconventional interpretations might play an important role in setting standards for application in a specific situation. It is stated by the RAND Corporation that the “derivation of rules to describe such imprecise terms would be among the more technically difficult tasks in developing a comprehensive rule-based model.” Identifying whether the behavior and its outcome.<sup>10</sup> The mediator as a human being in a mediation process is responsible for handling socio-emotional issues that arise due to their cultural nature.<sup>11</sup> The neutral parties depend on their past experience, knowledge, and normative judgement in evaluating the truthfulness of the disputants. Automating the human aspect of ADR through artificial intelligence can pose some difficulties due to the existence of facts in most disputes. Some lie detector systems powered by AI can be considered successful in analyzing human credibility; however, none is reliable so far. Several systems are said to produce discriminatory and incorrect information.

Machine learning AI systems recognize the same pattern according to the interpretation and regulation of new data. This, however, poses difficulties in dispute resolution because there is no format of legislation or regulations suitable for machine learning.

## **Expertise**

Taking a nuanced approach to the topic of expertise would prove crucial, especially where arbitrator professionals or neutral parties that are responsible for settling the dispute in the e-commerce setting are concerned. Trained neutral parties represent the best opportunity for achieving alignment between the parties’ “respective positions,” through combining practical and “legal expertise.”<sup>12</sup> in their capacity. Likewise, in connection with the application of AI, the focus is on the use of trained AI systems, which are knowledgeable in relation to the claims involved in a certain area. As it pertains to the latter, what we are talking about here would be the level of understanding of AI regarding the disputed data within the context of a certain

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<sup>10</sup> Mark A. Peterson & Waterman, D.A., *Models of Legal Decision Making* (RAND Corporation, 1981).

<sup>11</sup> Schmitz, Amy J. et. al., *Researching Online Dispute Resolution to Expand Access to Justice*, SSRN (2022).

<sup>12</sup> Ha, Hong-Youl et. al., *Temporal Effects of Information from Social Networks on Online Behavior: The Role of Cognitive and Affective Trust*, 26 IR 213-235 (2016)

field. Some examples include the deployment of AI, specifically Watson technology provided by IBM, in the field of medicine.

### **AI Hallucination**

When talking about hallucinations in generative AI, it is necessary to speak about cases when the output generated by AI contradicts reality or the source and creates factually incorrect output. As expected, it is quite normal for generative AI programs, including Chat GPT, because such programs are meant to generate text, not check whether it is true. The goal of such AI is to generate language and not information, which is why hallucinations can happen sometimes.

The following points are critical for CODR to become successfully integrated into resolving massive disputes. In this case, these issues should be regarded as chances to secure the platform's safety and effectiveness instead of being viewed as problems that stand in the way of its successful integration.

### **Availability of Neutrals**

The introduction of CODR will create a great demand for neutrals who have experience with technology as well as the complexities of CODR itself. In order for CODR to become the method of choice in dispute resolution, professionals must be trained.



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