

## **A NEW LEGAL SUBJECT IN THE DIGITAL AGE: ARTIFICIAL INTELLIGENCE**

Inoyatov Nodirbek Khayitboy ogli

Lecturer of Cyber Law Department Tashkent State University of Law

nodir\_inoyatov@tsul.uz

### **Abstract:**

As artificial intelligence (AI) systems evolve beyond mere computational tools, they increasingly function as autonomous decision-makers in sectors such as finance, healthcare, and transportation. This paper explores whether AI should be granted legal subjectivity, analyzing theoretical, legal, and ethical implications. Drawing on international regulations, legal frameworks, and expert opinions, the research examines various liability models, the role of AI in digital economies, and potential regulatory frameworks. The study employs the IMRAD (Introduction, Methods, Results, and Discussion) format to provide a structured approach to AI legal personhood. The conclusions suggest that while AI lacks moral agency, structured liability and oversight mechanisms can integrate it into existing legal frameworks without granting full legal personhood.

**Keywords:** Artificial Intelligence Law, AI Legal Personhood, AI Governance, AI Ethics, AI Regulation, Liability Models for AI, AI Accountability.

### **Introduction**

The rapid advancement of artificial intelligence (AI) has led to significant transformations across multiple industries, from healthcare and finance to autonomous vehicles and public governance. As AI continues to evolve, legal scholars and policymakers are faced with a fundamental question: should AI be recognized as a legal subject, and if so, under what conditions? Traditionally, legal personhood has been granted to natural persons and corporate entities, both of which can hold rights, bear responsibilities, and be subject to legal accountability (Kurki, 2019). However, AI's increasing autonomy challenges these conventional categories, raising complex questions about its potential legal status.

AI systems, particularly those based on machine learning and neural networks, can perform decision-making tasks previously exclusive to human agents. Advanced AI applications such as autonomous vehicles, predictive analytics, and even AI-generated creative works exemplify the extent to which machines are becoming integral to daily life. Some scholars argue that AI should be recognized as a distinct legal entity due to its ability to function independently and make autonomous decisions (Solum, 1992). This perspective suggests that granting AI legal personhood could provide clarity regarding liability and accountability, ensuring that AI-driven actions have a defined legal framework. Furthermore, this recognition might enhance AI's integration into the digital economy by allowing it to own assets, enter contracts, and participate in economic activities.

Conversely, other legal scholars and ethicists caution against such recognition, emphasizing that AI lacks consciousness, moral reasoning, and intentionality—qualities traditionally associated with legal and moral responsibility (Hildebrandt, 2020). According to this view, AI should be treated as a tool under existing liability models, with responsibility placed on developers, operators, and corporations that deploy AI systems. A strict liability or vicarious liability model would ensure that human actors remain accountable for AI-driven outcomes, mitigating potential legal ambiguities.

Beyond the legal debate, AI's rise also presents ethical dilemmas. Autonomous decision-making raises concerns about bias, fairness, transparency, and accountability. If AI is granted legal recognition, it must be accompanied by safeguards that prevent harmful outcomes. Policymakers and legal experts must consider regulatory mechanisms that balance technological progress with ethical responsibilities.

This research aims to explore AI's legal subjectivity by examining comparative legal frameworks, ethical considerations, and regulatory proposals. By analyzing existing legislative models and scholarly arguments, this study will offer insights into how AI can be integrated into the legal landscape while maintaining accountability and protecting societal interests. The discussion will also assess the feasibility of AI personhood by drawing on international regulatory approaches, providing a comprehensive evaluation of the legal and ethical implications of granting AI independent legal status.

## Methods

This study employs a qualitative research approach, utilizing doctrinal legal analysis and comparative law methodologies to assess AI's potential legal personhood. The doctrinal legal analysis focuses on interpreting statutory texts, judicial decisions, and legal principles related to AI regulation, offering a theoretical foundation for understanding the legal complexities surrounding AI's status. Comparative law methodologies are employed to examine how different jurisdictions address AI liability and personhood, providing insights into best practices and potential harmonization efforts at the international level.

Primary sources used in this study include international treaties, such as the European Union's AI Act, national legal frameworks governing AI regulation, and official legislative reports that assess AI's legal implications. These sources offer a direct perspective on governmental approaches and legislative trends in AI governance. Additionally, secondary sources include peer-reviewed scholarly articles, legal commentaries, and expert opinions that analyze the philosophical, ethical, and legal dimensions of AI personhood.

Data collection involved a systematic review of legal cases, European Parliament resolutions, and reports from regulatory agencies addressing AI's legal status (Marshall, 2023). This process ensured a comprehensive assessment of both theoretical and practical perspectives. The study also draws from case studies involving AI-related legal disputes to illustrate how current legal systems manage AI-driven challenges and their implications for future policy-making.

The analysis is structured within the IMRAD framework (Introduction, Methods, Results, and Discussion), ensuring a systematic exploration of AI legal personhood. This structured approach enables a clear delineation between theoretical discussions, empirical findings, and policy recommendations, allowing for a nuanced evaluation of AI's place within the legal system. Furthermore, the study incorporates ethical and technological perspectives to create a holistic understanding of AI's role in modern legal frameworks.

## Results

Legal personhood refers to an entity's capacity to hold rights and obligations. Historically, this status has been extended to corporations and, in some cases, environmental entities like rivers (Kurki & Pietrzykowski, 2017). The debate over

AI personhood hinges on whether AI can fulfill the fundamental criteria of legal agency, including contractual capacity and liability (Floridi et al., 2023). Traditional legal systems have been slow to adapt to non-human legal subjects, but technological advancements necessitate revisiting the concept of personhood in legal discourse.

Scholars argue that legal personhood must be based on an entity's capacity to participate in legal relationships. While some theorists propose AI's inclusion within legal frameworks akin to corporate personhood, others highlight that AI lacks self-awareness, moral responsibility, and intent, thereby failing to meet key criteria traditionally associated with legal subjects (Bryson, 2010). AI's ability to process information and execute tasks autonomously challenges existing models of legal responsibility, necessitating a reevaluation of liability and governance structures (Gunkel, 2017).

The European Parliament (2017) proposed the creation of "electronic personhood" to regulate highly autonomous AI systems. This proposal suggested attributing AI certain rights and responsibilities akin to corporate entities, ensuring that damages caused by AI actions could be addressed under an independent legal framework. However, legal scholars criticized this approach, citing AI's lack of moral responsibility and arguing that it should remain under existing liability models rather than acquiring independent legal status (Pagallo, 2018).

In the U.S., corporations are granted legal personhood under the law, allowing them to hold assets, enter contracts, and sue or be sued. However, no legal framework currently extends this status to AI. The legal system largely relies on vicarious liability, where AI actions are attributed to its developers or operators. U.S. courts have consistently maintained that AI should not be considered a separate legal entity, instead emphasizing that human stakeholders must bear the consequences of AI-driven decisions.

Saudi Arabia's decision to grant citizenship to the humanoid robot Sophia in 2017 ignited global debates on AI's legal recognition. While this move was largely symbolic, it raised important questions about the implications of granting AI quasi-legal status. Critics argued that such recognition could blur the lines between human and non-human legal subjects, creating regulatory uncertainties (Hamulak et al., 2020). Other jurisdictions in Asia have adopted a more cautious approach,

focusing on AI governance through regulatory oversight rather than legal personhood.

### **Legal models for AI liability include:**

- **Strict Liability:** Holding AI developers and operators accountable for AI-driven harms, similar to product liability laws (Hallevy, 2013).
- **Vicarious Liability:** Treating AI as an agent of a human or corporate entity, ensuring that ultimate responsibility rests with human actors (White, 2004).
- **Independent Legal Personhood:** Proposing AI as a self-regulating entity requiring insurance-based compensation, similar to corporate legal structures (Novelli et al., 2023).

Given AI's potential for autonomous decision-making, future regulatory frameworks must address accountability gaps while ensuring innovation is not stifled. Policymakers must strike a balance between fostering technological progress and maintaining robust legal mechanisms that protect societal interests.

### **Discussion**

A key argument against granting AI legal personhood is its lack of consciousness and moral agency. Legal personhood has traditionally been associated with beings capable of understanding and making moral judgments. As Bryson (2010) points out, moral responsibility is an essential prerequisite for legal recognition, which AI currently lacks. However, the growing role of AI in decision-making processes challenges existing frameworks. AI-driven systems now make consequential decisions in sectors such as finance, healthcare, and criminal justice, necessitating a reconsideration of traditional liability and accountability models (Gunkel, 2017). Some scholars advocate for a functionalist approach, where AI is not judged based on its intrinsic moral capabilities but rather on its ability to perform tasks traditionally reserved for legal persons. Proponents of this view argue that AI should be granted a form of limited legal recognition, similar to corporate personhood, enabling AI systems to own assets, enter contracts, and bear liability under structured oversight mechanisms (Floridi et al., 2023). However, ethical concerns arise regarding AI's unpredictability and potential for harm. Without clear accountability mechanisms, legal personhood for AI could lead to gaps in

responsibility, raising the question of whether developers, users, or AI itself should be held liable.

Given the challenges posed by AI's evolving role, policymakers must implement robust legal frameworks to ensure accountability while fostering innovation. Several regulatory approaches have been proposed to address AI governance:

**1. Hybrid Liability Models:** One approach is combining corporate liability structures with AI-specific regulations. Hildebrandt (2020) suggests that AI should be treated similarly to corporations, where responsibility is assigned to stakeholders involved in AI deployment and operation. This model ensures that AI-generated decisions are subject to oversight, preventing unchecked autonomy.

**2. AI Oversight Bodies:** Establishing independent regulatory agencies dedicated to AI governance could enhance legal clarity. Marshall (2023) argues that specialized AI oversight bodies should monitor compliance with ethical guidelines, audit AI systems for bias, and enforce accountability measures. Such institutions could function similarly to financial regulatory authorities, ensuring that AI applications operate within ethical and legal constraints.

**3. International Harmonization:** Given AI's global impact, international coordination is necessary to prevent regulatory fragmentation. Burri (2017) emphasizes the need for cross-border collaboration, proposing the creation of a standardized legal framework for AI governance. An international regulatory body could facilitate cooperation between governments, ensuring consistent AI liability rules across jurisdictions.

**4. Transparency and Explainability:** One of the primary concerns regarding AI decision-making is its opacity. Bovens (2007) argues that AI systems must be designed with transparency in mind, allowing regulators and users to understand how AI reaches specific conclusions. Mandating explainability in AI-driven decisions would increase trust and accountability, ensuring that AI does not operate as a "black box."

Examining real-world examples of AI-related legal challenges provides valuable insights into the complexities of AI liability and governance.

1. **Autonomous Vehicles:** The rise of self-driving cars has led to legal debates regarding liability in accidents involving AI-driven vehicles. Tesla's Autopilot system, for instance, has been involved in several accidents, raising questions about whether liability should rest with the manufacturer, the vehicle owner, or the AI system itself (Kurki, 2019). Courts and policymakers continue to grapple with defining responsibility in such cases.

2. **AI-Generated Content:** The legal status of intellectual property created by AI remains a contentious issue. Schwitzgebel and Garza (2015) explore the challenges posed by AI-generated art, music, and literature. Traditional copyright laws assume a human author, leaving AI-generated works in a legal gray area. Resolving this issue requires either redefining authorship or introducing new legal categories for AI-created content.

3. **AI in Finance:** Algorithmic trading powered by AI has transformed financial markets, but it also introduces risks related to market manipulation and flash crashes. Gemignani discusses the need for regulatory frameworks to prevent AI-driven financial systems from engaging in harmful practices. Ensuring financial stability requires stringent oversight and intervention mechanisms.

4. **Healthcare AI:** AI applications in medicine offer promising advancements, but they also raise ethical and legal concerns. AI-driven diagnostic tools and treatment recommendations must be held to high accuracy and accountability standards. Dombrowski emphasizes the importance of establishing liability frameworks that ensure AI-based medical decisions do not compromise patient safety.

The legal recognition of AI as an independent entity will depend on multiple factors, including technological advancements, regulatory developments, and societal acceptance. Several key considerations for the future include:

- **Enhancing AI Transparency:** As AI systems become more complex, ensuring interpretability is crucial. List and Pettit (2011) argue that AI should be designed with mechanisms that allow human oversight, preventing unintended consequences and ensuring accountability.

• **Creating AI-Specific Legal Entities:** Sartor (2009) proposes the development of a distinct legal category for AI, separate from human and corporate legal entities. This approach could provide a structured framework for AI liability without granting full personhood.

• **Balancing Innovation with Accountability:** Striking a balance between fostering AI development and ensuring legal oversight remains a primary challenge. Ohlin stresses the importance of implementing safeguards that prevent misuse while encouraging responsible AI innovation.

As AI technology continues to evolve, the legal system must adapt to address emerging challenges while safeguarding societal interests. By integrating ethical considerations, regulatory oversight, and legal accountability, policymakers can create a framework that ensures AI contributes positively to society without compromising fundamental legal principles.

## Conclusion

The question of AI legal subjectivity remains a dynamic area of legal scholarship that requires ongoing debate and research. As AI continues to develop and integrate into various aspects of society, lawmakers and policymakers must carefully consider the implications of granting AI some form of legal recognition. While full legal personhood may not be necessary or even appropriate, structured liability regimes and AI-specific regulations offer pragmatic and effective solutions to ensure accountability and oversight.

A central concern in the debate over AI legal subjectivity is how to balance innovation with legal and ethical considerations. AI technologies have the potential to drive economic growth, enhance efficiency in multiple sectors, and improve decision-making processes. However, the risks associated with autonomous decision-making, bias in AI models, and the lack of human oversight necessitate robust legal frameworks. Without clear regulations, AI could exacerbate existing social inequalities and legal uncertainties. Policymakers must establish safeguards that ensure AI operates within ethical and legal constraints while allowing for technological advancements.

One viable approach is implementing structured liability regimes tailored to AI applications. These regimes could assign responsibility based on the level of

control exercised by developers, operators, and users. For example, strict liability could apply to high-risk AI systems, while vicarious liability could ensure that human stakeholders remain accountable for AI-driven decisions. Creating distinct legal categories for AI, such as "electronic persons" or "AI legal agents," could also provide clarity regarding AI's role within the legal system without equating it to human legal subjects.

Additionally, AI-specific regulations should focus on transparency, accountability, and risk management. Requiring AI systems to be explainable and auditable would help mitigate the risks associated with "black box" decision-making. Policymakers should work towards international harmonization of AI laws to ensure consistency in AI governance across jurisdictions. Global cooperation will be essential in addressing cross-border AI challenges and preventing regulatory fragmentation.

As legal and technological landscapes continue to evolve, ongoing interdisciplinary collaboration between technologists, legal scholars, ethicists, and policymakers is crucial. AI legal subjectivity is not a static issue; it will require adaptive legal mechanisms that evolve in response to technological advancements. By proactively addressing AI's legal and ethical challenges, policymakers can harness AI's benefits while mitigating its risks, ensuring that AI serves the interests of society without undermining fundamental legal principles.

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