

## ROLE OF ARTIFICIAL INTELLIGENCE IN ONLINE DISPUTE RESOLUTION

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**BEST CITATION** – SHREEJI SARAF, ROLE OF ARTIFICIAL INTELLIGENCE IN ONLINE DISPUTE RESOLUTION, *INDIAN JOURNAL OF LEGAL REVIEW (IJLR)*, 5 (6) OF 2025, PG. 857-862,, APIS – 3920 – 0001 & ISSN – 2583-2344

### I. Introduction

Over the past few years, there have been many significant advancements in the field of technology. Many big innovations have taken place. If seen in the legal field, Online Dispute Resolution is the biggest innovation. This system has helped in making it possible for people from anywhere to resolve disputes without being physically present in the court.

Traditional courts hold a huge overburden of cases, while the ODR system helps in reducing this burden and provides a faster and cost friendly way to resolve disputes. The utilization of technology in the legal field is supported by two acts namely: the Arbitration and Conciliation Act, 1996 and the Information Technology Act 2000. In recent times the use of Artificial Intelligence has been noted in the field of law for resolving disputes which makes the process more efficient.

### II. Online Dispute Resolution (ODR)

With the advancement of technology, we have witnessed several changes in different sectors. Technology has even had an impact on the way we resolve our disputes. A new method of dispute settlement had been introduced namely 'Online Dispute Resolution'. This mechanism uses technology and the internet to resolve disputes. In this, the parties to a dispute do not have to physically be present. Here the disputes are resolved online, without going to court. This mechanism employs various methods or mediums to resolve disputes like through video conferencing, email or chat to resolve disputes quickly.<sup>1232</sup>

It was eBay who first introduced the concept of online dispute resolution. The main objective behind this was that they wanted to build and earn customer trust by quickly addressing their problems and grievances and providing them with a platform where they could file complaints. If one looks into the commencement of ODR in India, one can notice that this process is much more cost and

effective and less time consuming even. ODR uses Information and Communication Technology (ICT) as a method to resolve conflicts.

In the Indian legal system, there are a number of cases that are left unheard of due to various reasons. Some of the reasons can be high cost or time related issues. These cases could take the recourse of the ODR method which will prove to be beneficial to the legal system as it will reduce the burden of pending cases.

In the 'Catalyzing Online Dispute Resolution in India' conference it was admitted that ODR can play an important role in quickly resolving small and medium sized conflicts. This conference was hosted by NITI Aayog in partnership with Agami and Omidyar Network India. Supreme Court in the case of *State of Maharashtra vs. Praful B. Desai*<sup>1233</sup>, concluded that video conferencing can be considered as an admissible means of recording witness testimony. This judgement passed by the

<sup>1232</sup> IJLSI, <https://ijlsi.com/wp-content/uploads/Online-Dispute-Resolution-ODR-in-India.pdf> (last visited on April 14, 2025)

<sup>1233</sup> Maharashtra vs Dr. Praful B. Desai (2003) 4SCC 601

Supreme Court further helped in the evolution and development of ODR in India.<sup>1234</sup>

### A. Types of ODR system

There are various ODR forms like online mediation, online negotiation, blind bidding, panel jury and more. The following forms are discussed in detail below:

- **Online Negotiation** – This process doesn't require the intervention of a third party. This method is mostly used when the parties to a dispute want to settle a dispute outside court. In this type of technique mostly the parties to a dispute exchange their views and proposals about the dispute. E-negotiation can be understood as a technique where technology is used as a tool to resolve disputes. This is completely a voluntary procedure. The E-negotiation system tends to involve a number of components like decision support, communication, etc.
- **Online Mediation**– This can be considered as an assisted negotiation. The only difference is that in this method third party is involved. The parties to the dispute submit their problems to a neutral third party. This neutral third party is known as the mediator. There are some similarities between online mediation and the traditional form of mediation. In the latter mediator provides with the parties the possible outcome of the solution, so is the same in online mediation. In online mediation, the mediator doesn't have the power to of decision making. Also, in this process, the parties are not required to meet each other for face-to-face communication which makes the process faster.
- **Blind Bidding**– This type of dispute resolution is very much prevalent in today's time. What happens in this type

of dispute resolution is that when the parties to a dispute submit their monetary offers and requests, the same is not disclosed to the other negotiating counterparty. The computer in this case compares the offers and rounds. If the offers match or fall within the range, it will be considered that the dispute is settled for the average offer. An example of this type of system that can be considered is cybersettle.com.<sup>1235</sup>

### III. Artificial intelligence and its application

Artificial intelligence (AI) can be referred to as the ability and capacity of machines to display human like intelligence for performing tasks. This requires some human like cognitive roles like decision making, problem solving and learning. The various AI methods involve machine learning, natural language processing, machine vision, knowledge-based systems and more.<sup>1236</sup>

AI has its applications in various fields and sectors. Some of them are: healthcare, finance, law, transportation, entertainment and more. The application of AI in law can be seen in the field of legal research and document review. AI can help in scanning and analyzing a huge number of documents and aid the lawyer or any other person in legal research, can even highlight the important or relevant information related to the legal research. AI can even provide a quick summary of the legal research conducted. AI can even play an important role in contract reviewing and management. In this context, AI can go through the contract and mention what are the missing points or clauses in the contract.<sup>1237</sup>

### A. Intersection of Artificial Intelligence in Online Dispute Resolution

Nowadays everything around, us has been evolving and transforming. There have been

<sup>1235</sup> EGYANKOSH, <https://egyankosh.ac.in/bitstream/123456789/7639/1/Unit-12.pdf> (last visited on April 15, 2025)

<sup>1236</sup> GOOGLE CLOUD, <https://cloud.google.com/learn/what-is-artificial-intelligence>, (last visited on April 15, 2025)

<sup>1237</sup> BIICL, <https://www.biicl.org/blog/69/use-of-artificial-intelligence-in-legal-practice>, (last visited on April 15, 2025)

<sup>1234</sup> BLOG IPLEADERS, <https://blog.ipleaders.in/online-dispute-resolution-an-analysis/> (last visited on April 14, 2025)

several changes that have been incorporated in the Indian legal system. Like the introduction of AI in the ODR system. This development is considered to be one of the significant changes. When AI is integrated into the ODR system, it helps make the system more efficient, helps in faster delivery of justice, is easily accessible for the people and on the same hand is cost effective even.

AI tools can aid in the ODR system by providing assistance in mediation and negotiation. Not only that it can even provide assistance in the field of document review, analyze data and more. AI can provide support in the early stages of dispute resolution. It even helps in reducing the errors that are committed by humans in the process of dispute resolution. Did you know how are data and documents analyzed by AI? It uses algorithms and cloud computing for this process. Algorithms can help in clubbing together similar types of disputes and allocate them into one category. We all know how much effort and labor of a human being is required in separating documents, labeling them and putting them into different folders as per their dispute type or category. AI can make this work easier which will prove to be more efficient.<sup>1238</sup>

#### IV. Existing legal framework of ODR

The various dispute resolution mechanisms available in the Indian legal system consist of arbitration, mediation, negotiation and conciliation. It is the Arbitration and Conciliation Act 1996, that governs the laws related to arbitration and conciliation. The act was firstly designed to aid in the dispute resolution that took place traditionally, but the acts contain some sections that provide support for ODR. Some of the sections are as follows:

- Sections 4 & 5 of the act contain provisions related to the waiver of the right to object and the extent of judicial intervention. From this one can infer that

it enables and allows the use of technology for the process of dispute settlement.

- Section 19 of the act specifies that parties have the right to decide on the procedure of the arbitration, this implies that parties can even select or enable digital platforms for dispute solving.

Information Technology Act, 2000 contains provisions or laws that provide in ODR. The act has allowed and recognized the use of electronic records and digital signatures. These prove to be extremely essential for online dispute resolution. The act has even enforced electronic contracts.

#### V. Challenges in Traditional Dispute Resolution

Above we have noted that there are 4 types of dispute resolution systems. These systems have aided in the delivery of justice but there are several challenges that come with it. They are stated below:<sup>1239</sup>

- **Lack of awareness:** One of the primary challenges is that most of the people in our society belong to rural areas. They do not possess the knowledge what is dispute resolution mechanisms. To put it in simple words, we can that they lack awareness about traditional dispute resolution. People lack legal education which is one of the biggest hindrances in the growth of dispute resolution.
- **Delay in time:** Among the 4 dispute resolution mechanisms, litigation is the most time consuming. There are several other factors that add up to the list of delays like often there are insufficient resources. Some of the dispute resolution forums might be overburdened with various cases which automatically leads to delays and causes backlog.
- **High costs:** ADR is thought to be one of the most cost efficient methods of dispute resolution but with all the legal

<sup>1238</sup>MAPPING ADR,<https://jgu.edu.in/mappingADR/artificial-intelligence-and-the-future-of-online-dispute-resolution-in-india/#:~:text=The%20benefits%20of%20using%20AI,otherwise%20associated%20with%20dispute%20resolution>, (last visited on April 16, 2025)

<sup>1239</sup> LAWFUL LEGAL, <https://lawfullegal.in/adr-mechanisms-in-india-challenges-and-future-prospects/>, (last visited on April 16, 2025)

and administration costs it becomes costly for the disadvantaged section of the society.

- **Lack of professional experts:** Another major challenge or drawback is that there are not enough experts in the field of ADR in the field of decision making. Judges in the court are highly trained and skilled, but most of the time they lack the knowledge and specific expertise to deal with matters relating to particular fields like cyber law, technology, intellectual property and more. It's essential to provide training to judges in these areas of law to bridge the gap that exists.<sup>1240</sup>

#### VI. **Practical implications of AI in ODR**

The introduction of AI in the field of ODR is helping to restructure how disputes are handled and how people get access to justice. With the integration of AI in the ODR system, it poses both significant challenges and promises. The several challenges are related to the process of decision making, transparency, fairness and how trust in judicial proceedings shall be built. The AI brings with it several advantages that helps provide assistance in the ODR system like as enhancing efficiency, and scalability. This is done by reducing the time of judicial processes or proceedings and it even help in lowering the operational costs. AI ODR has helped the people in remote areas by providing them access to justice.

AI in ODR highlights some ethical concerns too like that of the algorithmic bias and there might not be sufficient clarity in decision making.

1. **Efficiency & speed**- ODR platforms with AI help in decreasing the backlog of cases by providing assistance in legal research, review of documents and more. There have been certain examples that showcase how the integration of AI in the ODR platforms has been advantageous.

- Several findings or case studies have exhibited that ODR platforms integrated with AI have showcased faster disposal of cases. In traditional courts, it takes time to solve cases but in this it probably used to take 45 days to 90 days for the resolution of cases.
  - It has been highlighted that in California the ODR platforms are AI driven or incorporated with the same. It has showcased that there has been an approximately 44% cutback in hearings per case and a 45% depletion in staff time.<sup>1241</sup>
  - IBM's OLGA (Online Legal Guidance and Automation) has an automated system that aids in the classification of cases and extraction of metadata. This helps in the systematic and structured procession of a large number of cases.<sup>1242</sup>
2. **Cost effectiveness**- When there is a cost reduction in the processes of ODR platforms, it serves as a benefit and an added advantage to people who have limited financial resources.
    - The British Columbia civil resolution tribunal has highlighted that AI in ODR has helped in the delegation of day-to-day tasks like document review, entry of cases and initial decision making.
    - A reduction of 30% was seen in the duration of processing cases in the country of Singapore. This was done with the help of AI driven ODR platforms for small claims. This resulted in the reduction of operational costs.
  3. **Accessibility and scalability**- With AI driven ODR platforms it helps bridge the

<sup>1240</sup> BLOG IPLEADERS, <https://blog.ipleaders.in/an-overview-of-challenges-in-adr-mechanism-in-india/>, (last visited on April 17, 2025)

<sup>1241</sup> CA GOV COURT, [https://courts.ca.gov/sites/default/files/courts/default/2024-12/odr\\_workstream\\_report.pdf](https://courts.ca.gov/sites/default/files/courts/default/2024-12/odr_workstream_report.pdf), (last visited on April 17, 2025)

<sup>1242</sup> IBM, <https://www.ibm.com/case-studies/blog/judicial-systems-are-turning-to-ai-to-help-manage-its-vast-quantities-of-data-and-expedite-case-resolution>, (last visited on April 17, 2025)

gap that has existed because of the digital divide between the urban and rural population. This platform focuses on ensuring that justice is accessible, especially in rural areas. These platforms have even helped in overcoming the geographic barrier that existed in the case of traditional courts. With AI driven ODR platforms the geographic barrier has been reduced as it provides remote access. The above initiative can only be made successful if proper digital infrastructure like the internet connection and more are made available. The government has taken the initiative like the USDA Rural Utilities Service to spread digital access.

#### VII. **Challenges to AI adoption in ODR**

- **Ethical concerns:** An algorithmic bias might exist because there might be some untrained and incomplete data which will hamper the neutrality that exists in automated dispute resolution. These affect the parties as the decision is biased. Other major ethical considerations that should be taken into account are transparency, confidentiality and explainability. It has been highlighted that many AI driven platforms tend to operate under a black box. By this one can understand that it becomes difficult to check how the AI has reached the conclusion. This makes it difficult as it doesn't provide clarity to the parties and parties are not able to challenge the decision. This tends to reduce the trust in the system. An initiative has been taken in this account like the EU Artificial Intelligence Act. This act tends to implement stricter rules and policies. It has even been suggested that human oversight should be implemented to ensure that the

decisions are fair, transparent and without bias.<sup>1243</sup>

- **Overreliance on technology:** AI has contributed to making legal proceedings more efficient and faster. Too much overreliance on technology can serve with various challenges and risks. AI does not have the right algorithm to understand human emotions. Taking note of human emotion in dispute is considered important. That is, it is essential to ensure that even in AI ODR human involvement should be there.

To keep up with the changes in the digital world countries like the USA have taken a step to ensure that there should be human oversight of the decisions made by AI. This would ensure transparency and fairness. The implementation of the EU AI Act can also be considered a step that has been taken in this regard. Traditional courts are even aiming to implement the usage of AI in work like document review, legal research and more.

#### VIII. **Conclusion**

The ultimate duo of AI and ODR demarcates a transformative progress that helps in making justice more accessible. This system has helped enable in speedy delivery of justice as compared to traditional courts, it provides remote access for the people. However, with the advantages also comes the disadvantages like there might be bias, and one doesn't have the clarity of how decisions are being made by the AI. For this, stricter and separate rules should be implemented. The technology should be even kept updated from time to time. If the technology is not updated it might lead to errors and then the decision might be biased.

<sup>1243</sup>HUMAN RIGHTS AND BIOMEDICINE,  
<https://www.coe.int/en/web/human-rights-and-biomedicine/common-ethical-challenges-in-ai>, (last visited on April 17, 2025)