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Legislative & Regulatory Developments

Government of India considers enacting a dedicated AI law

India appears to be moving towards enacting a dedicated AI regulation. Until as recently as December 2025, the Government's stated policy position had been that India's existing legislative framework, principally the Information Technology Act, 2000 (**IT Act**) and the Digital Personal Data Protection Act, 2023 (**DPDPA**), was adequate to govern AI-related risks.

However, on 3rd July 2026, S. Krishnan, Secretary of the Ministry of Electronics and Information Technology (**MeitY**), announced that the Government intends to commence multi-stakeholder consultations with a view to drafting a dedicated AI regulation.[1] The announcement signals a reassessment of the earlier position, reflecting a growing recognition within the Government of India that evolving capabilities of AI systems give rise to distinct regulatory challenges, spanning accountability, algorithmic bias, transparency and safety, that may not be fully addressed by legislation of general application.

Further, the recently ended Monsoon Session of Parliament (20th July – 13th August 2026) underscored the regulatory uncertainty surrounding AI. Questions were raised in the Parliament concerning generative AI systems and chatbot-based services' status as "intermediaries" under Section 2(1)(w) of the IT Act[2].

The classification is consequential: if generative AI platforms are treated as intermediaries, they may benefit from the conditional immunity that safe harbour affords, provided they comply with the applicable due diligence obligations under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021. If, on the other hand, such platforms are found to generate or curate content rather than merely host or transmit it, they could fall outside the safe harbour framework altogether, exposing them to direct liability for the outputs they produce.

While no draft legislation or formal consultation paper concerning a comprehensive AI law has been released as on date, the trajectory of these developments indicates that a dedicated AI regulatory framework is actively under consideration.

RBI issues guidance on Model Risk Management

Reserve Bank of India (RBI): On 24th June 2026, RBI released its "*Draft Guidance on Regulatory Principles for Model Risk Management, 2026*" (***Guidance***)[3] for public consultation until July 2026, signaling a decisive step toward embedding AI governance within India's financial regulatory architecture. The Guidance broadens the definition of a "model" to capture any system, including AI and ML tools whose outputs materially influence business decisions, regardless of technical complexity.

Crucially, it introduces a risk-based tiering framework that assesses models across materiality, complexity, and regulatory significance. This is coupled with requirements for board-

1 Ajith Athrady, *India to Consider Separate Regulatory Framework for AI: IT Secretary S. Krishnan*, Deccan Herald (July 3, 2026, 2:22 PM), https://www.deccanherald.com/india/india-to-consider-separate-regulatory-framework-for-ai-it-secretary-s-krishnan-4061296.

2 Press Information Bureau, Ministry of Electronics & Information Technology, Government of India, *India AI Governance Guidelines Do Not Allow Unrestricted Deployment of High-Risk AI Systems*, Release ID 2206769 (Dec. 19, 2025, 8:19 PM), https://www.pib.gov.in/PressReleasePage.aspx?PRID=2206769.

3 Guidance on Regulatory Principles for Model Risk Management, 2026; see here: https://rbidocs.rbi.org.in/rdocs/Content/PDFs/DRAFTGUIDANCE24062026FF12A4FF7BC84E8887009D5C5365F8BF.PDF.

level oversight, independent pre-deployment validation, explainability, and human oversight throughout the model lifecycle. The direction is clear: AI governance in financial services is no longer a best-practice aspiration but an emerging regulatory expectation, and institutions would do well to begin mapping their existing models against this framework ahead of the final guidance.

IFSCA issues a Consultation Paper on GPU leasing

International Financial Services Centres Authority (IFSCA): On the infrastructure side, IFSCA issued a consultation paper[4] on 18th August 2026. The draft notification proposes to recognise operating leases (including hybrids of operating and financial leases) of GPUs and connected data-centre equipment as a financial product within GIFT IFSC. Building on its existing leasing frameworks for aircraft, ships, and oilfield equipment, the draft notification adopts a technology-neutral definition covering GPUs, AI accelerators, tensor and neural processing units, rack-scale AI systems, networking gear, and supporting infrastructure such as cooling and power-distribution equipment. IFSCA notes that India currently holds less than 5 per cent of global AI-optimised compute capacity and estimates that deploying 650,000-700,000 GPUs in Indian data centres over the next five years could represent a USD 23 billion investment opportunity. The draft notification signals IFSCA's ambition to position GIFT City as a regional hub for AI infrastructure finance, enabling specialized lessors to absorb technology-obsolescence risk while commercial users convert capital-intensive hardware purchases into periodic lease payments.

Judicial Developments

India's First Interim Order on AI and Copyright - ANI v. OpenAI[5]

On 24th July 2026, the Delhi High Court declined to grant Asian News International (ANI) interim relief in its copyright infringement lawsuit against OpenAI. This is the first Indian judicial decision on the intersection of AI and copyright law.

Earlier in 2024, ANI had sought an interim injunction restraining OpenAI from using its literary works, comprising news articles and reports, to train OpenAI's large language models (LLMs), including ChatGPT. ANI contended that the ingestion, storage and processing of its copyrighted content for the purpose of training LLMs amounted to reproduction without authorization, in contravention of the Copyright Act, 1957 (**Copyright Act**).

At this preliminary stage, the court opined that OpenAI's storage of ANI's literary works for the purpose of training its LLMs was covered by the fair-dealing exception under Section 52 of the Copyright Act. The court reasoned that the use of the works was transformative in nature, in that the training process did not involve the reproduction or communication of the original works to the public in their original form. Rather, it involved the extraction of statistical patterns and relationships from large volumes of text to enable the model to generate new, independently structured responses.

The court further noted that ANI had not demonstrated, at the interim stage, that ChatGPT's output substantially reproduced its reports. In particular, the court noted that ANI had not placed sufficient material on record to establish that the output generated by ChatGPT constituted a "colourable imitation" or was "substantially similar" to ANI's original works, which is the standard required to establish copyright infringement under the Copyright Act.

Deepfake Regulatory Conundrum

On 11th August 2026, the Supreme Court of India heard a matter related to digital harms. A Bench comprising Chief Justice Surya Kant, Justice Joymalya Bagchi and Justice V. Mohana directed the Ministry of Electronics and Information Technology (**MeitY**), the Ministry of Home Affairs and the Ministry of Law and Justice to examine a representation seeking a mechanism against grave digital harms. The proposed mechanism would be constitutionally compliant, time-bound and approachable during emerging situations. It would address non-consensual deepfakes, doxxing and threats of violence, while also tackling the unauthorized disclosure of children's personal details.[6]

The Supreme Court's direction comes against the backdrop of a growing body of deepfake-related litigation across Indian courts.

Nitin Jairam Gadkari v. Meta Platforms Inc & Ors[7]: On 5th August 2026, the Bombay HC ordered the immediate removal of Union Minister for Road Transport and Highways – Mr. Nitin Gadkari's AI-generated deepfake videos. The Bombay HC described all identified content as "absolutely vile and abusive," and

4 Consultation paper on Enabling Operating Lease including any Hybrid of Operating and Financial lease of 'GPU and Connected Data Centre Equipment' as a Financial Product; see here: https://ifsca.gov.in/CommonDirect/GetFileView?id=b64bc220b28b988fb41d0459990ed1db&fileName=Public_Consultation_paper_enabling_Operating_lease__including_hybrid_of_operating_and_financial_lease_of__GPU_and_connected_data_centre_equipment__as_a_financial_product__20260818_1245.pdf&TitleName=Report%20and%20Publication.

5 *ANI Media Pvt Ltd. v. Open AI OPCO LLC* - In the High Court of Delhi, I.A. 45300/2024 in CS(COMM) 1028/2024, I.A. 45301/2024 & I.A. 26192/2025.

6 *Narendra Kumar Goswami v. Union of India*, W.P.(C) No. 823/2026.

7 *Nitin Jairam Gadkari v. Meta Platforms Inc & Ors* - In the High Court of Judicature at Bombay, Ordinary Original Civil Jurisdiction - Interim Application (L) no. 25165 of 2026 in Suit (L) no. 25151 of 2026.

directed platforms like Google LLC and Meta to furnish the basic subscriber information of all account holders who had uploaded the material.

The court also questioned whether platforms had adequate mechanisms to detect and remove such content without requiring affected individuals to approach the courts. Mr. Gadkari is seeking INR 11 crore (approximately USD 1.16 million) in damages, and the matter has been listed for further hearing in due course**.**

Jahnvi Kapoor v. Ashok Kumar/John Doe & Ors[8]: On 12th August 2026, actor Janhvi Kapoor approached the Delhi High Court seeking protection of her personality and publicity rights. She sought protection against the circulation of AI-generated pornographic deepfakes, impersonation on social media and the unauthorized commercial exploitation of her name and likeness.

Justice Anup Jairam Bhambhani indicated that the court would pass *ex parte ad-interim* directions for the removal of content falling into three broad categories: (i) content that is clearly pornographic or obscene; (ii) content that directly monetises her personality rights; and (iii) content that uses her name or likeness to promote third-party merchandise or services. However, the court declined to issue a blanket injunction against fan pages and social media profiles, noting the need to preserve space for satire, critical commentary and legitimate fan engagement.

These personality rights cases, together with the Supreme Court's recent direction to three central Ministries, highlight how urgently the Indian legal system is confronting deepfake technology. The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Amendment Rules, 2026 constitute the first operational framework specifically targeting AI-generated synthetic media. They introduce the concept of "*synthetically generated information*" and impose a three-hour takedown window on intermediaries. However, the growing volume of deepfake-related litigation suggests that platform-level obligations alone may not be enough.

State and Central Policies

Karnataka Government's Notable Private Partnerships

Reports[9] indicate that Karnataka is exploring a partnership with Anthropic as part of its push for responsible AI use in the state. Anthropic met with Karnataka's newly appointed Karnataka's Chief Minister, DK Shivakumar, to discuss the creation of two joint working groups (**JWGs**). The JWGs are likely to comprise members from the Centre for E-governance and the Home Department to identify areas of AI usage in the two departments. Subsequently, Karnataka's IT Minister, Priyank Kharge, also indicated Anthropic's potential partnership in enhancing India's AI skilling ecosystem with Claude certifications.

Karnataka is also exploring pilot projects with ElevenLabs to deploy voice AI across skilling, investment promotion, healthcare, culture and citizen services; the discussions have included an interview-practice tool and safeguards such as synthetic-audio detection, provenance, traceability and watermarking to address deepfakes and misinformation.[10]

Together, these initiatives signal Karnataka's intention to position itself as an innovation-friendly, talent-rich AI hub in which start-ups and enterprises can develop advanced models with state-supported skilling and responsible-AI frameworks.

Gujarat's Ambitious Viksit Data Centre Policy

The Gujarat government launched the Viksit Gujarat Data Centre Policy 2026-29[11] on 9th July 2026. The Policy targets INR 6 lakh crore in investment and 7.5 GW of AI-ready, green data centre capacity—positioning Dholera as potentially the world's largest dedicated data centre cluster. Industry commentators have described[12] the framework as preserving "sovereignty by design," noting that by prioritizing hyperscale infrastructure built and operated within Indian jurisdiction, Gujarat is addressing data, AI and economic sovereignty in a single policy.

Additionally, the incentive package contained in the policy is among the most aggressive in India: (i) a 20-year power tariff subsidy of INR 1 per unit, (ii) 100% stamp duty exemption, (iii) SGST reimbursement, (iv) interest subsidies capped at INR 25 crore per year, and (v) total financial assistance capped at 75%

8 *Jahnvi Kapoor v. Ashok Kumar/John Doe & Ors*, In the High Court of Delhi, CS (Comm) 868/2026.

9 Express News Service, *Karnataka Partners with Anthropic to Boost AI in Governance, Mulls Claude Certifications***,** Indian Express (updated July 25, 2026, 7:56 PM), https://indianexpress.com/article/cities/bangalore/karnataka-anthropic-ai-working-groups-governance-citizen-services-claude-10803321/.

10 ET Bureau, 'Karnataka Eyes Voice AI Pilots with ElevenLabs Across Public Services' *ET Enterprise AI* (28 August 2026) https://enterpriseai.economictimes.indiatimes.com/news/industry/karnataka-eyes-voice-ai-pilots-with-elevenlabs-across-public-services/133591347 accessed 31 August 2026.

11 Commissionerate of Information, Government of Gujarat, *Viksit Gujarat Data Center Policy 2026–29* (last visited Aug. 30, 2026), https://gujaratinformation.gujarat.gov.in/PressReleaseDetailsL/?id=46535&DepId=57&DistrictId=35&LanguageId=1.

12 Priyansh Verma, *'Sovereignty by Design': Industry Applauds Gujarat's New Data Centre Policy and Subsidies*, Moneycontrol (July 10, 2026, 6:38 PM IST), https://www.moneycontrol.com/news/india/sovereignty-by-design-industry-applauds-gujarat-s-new-data-centre-policy-and-subsidies-13971136.html.

of eligible fixed capital investment—all exclusively for projects with a minimum 150 MW IT load. A mandatory 51% renewable energy requirement for core operations and designation of data centers as an "essential service" (guaranteeing uninterrupted power and water) further differentiate Gujarat from incumbents like Maharashtra, Tamil Nadu and Telangana.

Jharkhand Unveils Draft AI Policy 2026: INR 1,150 Crore Bet on Governance-Led AI

In early July, Jharkhand unveiled its Draft AI Policy 2026.[13] The policy establishes a five-year framework (2026–31) earmarking INR 1,150 crore in investment to transform the state into a "*public-governance-led AI state*". The policy is built around four priority pillars—AI for governance, agriculture, healthcare, and mineral-resource administration—and proposes a State AI Mission chaired at the Chief Minister level, with Jharkhand Agency for Promotion of Information Technology (JAP-IT) as the nodal implementation agency. Its flagship platforms include the Chief Minister's Data Intelligence Platform (CM-DIP) for real-time predictive monitoring of government programmes, a shared Jharkhand AI Cloud for compute infrastructure, and multilingual citizen service delivery systems. Core principles of public value, inclusion, responsibility, interoperability, and alignment with NITI Aayog's Responsible AI framework underpin all proposed deployments.

On the investment side, the policy offers: (i) capital subsidies of 30-50% on eligible fixed capital, (ii) up to 100% stamp duty exemption, (iii) power tariff subsidies of INR 2-3 per unit for compute-intensive infrastructure, and (iv) payroll-linked employment incentives, complemented by non-fiscal support such as plug-and-play AI Zones at the Ranchi IT Park and preferential access to state datasets. A "Government-as-Market" procurement model with structured hackathons and a pilot-to-scale framework is designed to lower entry barriers for AI vendors. The draft was presented at a National Stakeholders' Consultation in New Delhi between 8th and 9th July 2026.

Tamil Nadu's AI Roadmap 2026–27: From Classrooms to AI City

Tamil Nadu has released its technology roadmap[14] for 2026-27, anchored by a strengthened Tamil Nadu Artificial Intelligence Mission (**TNAIM)** and an INR 398 crore departmental allocation, signaling the state's intent to evolve from India's IT services powerhouse into an AI-first economy. TNAIM, originally established in 2024, is being expanded beyond AI to encompass quantum technology, AVGC-XR (animation, visual effects, gaming, comics and extended reality), and deep tech, with priority applications in health, agriculture, education, citizen services, urban administration and social welfare.

The state has proposed dedicated Centres of Excellence for innovation and research, including a Tamil Nadu AI Centre of Excellence. On governance, Tamil Nadu is introducing SPEED, an AI-enabled planning approval system for construction permissions, an AI-backed quality assurance board to monitor government file flows, and an expansion of its Namma Arasu WhatsApp chatbot from 76 to 275 public services. Notably, the state is also embedding citizen safeguards: AI systems must be assessed through the TAM-DEF framework[15] and deployed under the DEEP-MAX Scorecard framework. Additionally, citizens will have the right to know when AI is used in government decisions, seek written explanations, and request human review.

The centerpiece announcement is 'Arivagam'—a proposed 1,000-acre AI City near Chennai planned to house an AI university, an international skill development centre, a semiconductor hardware testing laboratory, and multiple innovation incubators for AI and deep-tech firms.[16]

International Developments

Novel Multilateral Arrangements in Global AI Governance

The simultaneous emergence of multiple competing and overlapping AI governance frameworks in July 2026 marks a watershed moment in how the world will regulate AI. Below is a snapshot of the key developments in international AI governance:

WAICO: On 16th July 2026, twenty-nine countries—including China, Russia, Brazil, Indonesia, South Africa, Pakistan, Cuba, Venezuela, Serbia, and Myanmar—signed an agreement in Shanghai establishing the World Artificial Intelligence Cooperation Organization (WAICO)[17], the world's first intergovernmental international organisation dedicated to

13 Department of Information Technology & e-Governance, Government of Jharkhand, *Draft Jharkhand Artificial Intelligence Policy, 2026* (July 5, 2026), https://jharkhand.gov.in/PDepartment/ViewDoc?id=D016DO002SD00205072026052600249.

14 Arul, *TN Pushes AI, Digital Governance and High-Speed Connectivity*, Deccan Chronicle (Aug. 26, 2026, 12:11 AM IST), https://www.deccanchronicle.com/southern-states/tamil-nadu/tn-pushes-ai-digital-governance-and-high-speed-connectivity-1982311.

15 Sindhuja Balaji, *Tamil Nadu's AI Policy: Six-Step TAM-DEF Guidance Framework and DEEP-MAX Scorecard*, INDIAai (Sept. 29, 2020), https://indiaai.gov.in/article/tamilnadu-s-ai-policy-six-step-tamdef-guidance-framework-and-deepmax-scorecard.

16 'Tamil Nadu to Set Up India's First AI, Innovation City "Arivagam"' *ET Enterprise AI* (6 August 2026) https://enterpriseai.economictimes.indiatimes.com/news/industry/tamil-nadu-to-set-up-indias-first-ai-innovation-city-arivagam/132984888 accessed 31 August 2026.

17 *Ibid.*

AI. Headquartered in Shanghai, WAICO is framed around bridging the "AI divide" by supporting Global South countries in accelerating AI development while ensuring it is "beneficial, safe and fair". Notably absent are the United States, the European Union and its member states, the UK, Japan, South Korea and India, despite holding the BRICS presidency this year.

APEC (Consensus Among Rivals): On 24th July 2026, Asia-Pacific Economic Cooperation (**APEC**) member economies (which include both the US and China) issued a Statement on Promoting AI Development in the Asia-Pacific Region at the High-Level Forum on AI in Chengdu, China.[18] The statement encourages cooperation across four areas: secure development and deployment of AI; responsible adoption of AI applications; fostering an enabling environment for AI innovation; and broad-based cooperation to maximise participation and benefits. This builds on the APEC AI Initiative (2026–2030) adopted at the 2025 Leaders' Declaration.[19]

SBOM Guidance: A 14-Nation Cybersecurity Standard: On 29th July 2026, cybersecurity authorities from 14 countries—the US, Australia, Canada, Czech Republic, France, Germany, India, Italy, Japan, South Korea, the Netherlands, New Zealand, Poland, and Slovakia—jointly signed[20] the 2026 Minimum Elements for a Software Bill of Materials (**SBOM**). The guidance updates the baseline data fields, practices, and processes that an SBOM should include, reflecting current tools and the growing importance of transparency in AI and software supply chains. While not mandatory, it signals a convergence among democratic tech economies on supply-chain transparency requirements that will likely shape procurement and compliance standards.

ACITI: A Trilateral Tech Alliance: Australia, Canada, and India formalized the Australia-Canada-India Technology and Innovation (ACITI) Partnership through a Memorandum of Understanding signed on 10th July 2026.[21] The partnership covers AI adoption and workforce skills, semiconductors, cybersecurity, and digital infrastructure, creating a framework for joint research projects, technology trials, and commercial partnerships across the three countries. The agreement follows a March 2026 commitment by Prime Ministers Albanese, Carney, and Modi.

Why This Matters

These four developments occurring within a single fortnight crystallize the fracturing of global AI governance into distinct blocs:

- **Regulatory divergence is now structural.** Businesses operating across borders will need to track which governance framework applies in each market.
- **India's strategic positioning is deliberate.** By abstaining from WAICO while signing the SBOM guidance and the ACITI partnership, India is hedging—retaining access to Western technology supply chains while preserving its Global South credentials.
- **Supply-chain transparency is becoming a hard floor.** The -14nation SBOM guidance, though non-binding, will likely inform procurement requirements across government and regulated industries in signatory nations. Vendors who cannot produce compliant SBOMs risk being excluded from public-sector contracts.

The Digital Omnibus – Updates to the EU AI Act

The European Commission proposed the Digital Omnibus package[22] on 19th November 2025 as part of a broader simplification drive aimed at reducing compliance overlap, streamlining obligations, and easing the regulatory burden across the European Union's digital –legislation, including the AI Act, the General Data Protection Regulation, the ePrivacy Directive, and the Data Act.

The AI-specific strand was fast-tracked through the legislative process and entered into force on 27th July 2026 as Regulation (EU) 2026/1744, days before the original 2nd August 2026 enforcement deadline for high-risk AI system obligations. Critically, the Regulation delivers targeted simplification while preserving safeguards for safety and fundamental rights. Crucially, it extends the compliance deadlines for high-risk AI systems from 2nd August 2026 to 2nd December 2027, with some deadlines being extended to 2nd August 2028. It also eases requirements for

18 Asia-Pacific Economic Cooperation, *Statement on Promoting AI Development in the Asia-Pacific Region*, APEC High-Level Forum on AI (July 24, 2026), https://www.apec.org/meeting-papers/sectoral-ministerial-meetings/highlevelpolicydialogue/apec-high-level-forum-on-ai.

19 Asia-Pacific Economic Cooperation, *APEC Artificial Intelligence (AI) Initiative (2026–2030)*, APEC Doc. No. 2025/AELM/DEC/1 (Oct. 31, 2025), https://www.apec.org/meeting-papers/leaders-declarations/2025/2025-apec-leaders--gyeongju-declaration/apec-artificial-intelligence-%28ai%29-initiative-%282026-2030%29.

20 Cybersecurity & Infrastructure Security Agency, *CISA and Partners Unveil Updated Software Bill of Materials Resource That Improves Transparency, Security and Risk-Informed Decision Making* (July 29, 2026), https://www.cisa.gov/news-events/news/cisa-and-partners-unveil-updated-software-bill-materials-resource-improves-transparency-security-and.

21 Australian Government Department of Industry, Science and Resources, *Australia, Canada and India to Strengthen Ties on AI and Emerging Tech* (July 10, 2026), https://www.industry.gov.au/news/australia-canada-and-india-strengthen-ties-ai-and-emerging-tech.

22 Digital Policy Alert, *Quality of Service Requirements for "High-Risk AI Systems" in Digital Omnibus on AI Regulation (Regulation 2026/174)* (last visited Aug. 30, 2026), https://digitalpolicyalert.org/change/17212-quality-of-service-requirements-for-high-risk-ai-systems-in-digital-omnibus-on-ai-regulation-20250359.

smaller businesses, providing them with a simplified technical documentation template that notified bodies must accept.

Specifically, it clarifies the AI Office's competences for supervising AI systems built on general-purpose AI models and extends its enforcement powers to AI systems embedded in very large online platforms and search engines. It also expands access to AI regulatory sandboxes, including a new European Union-level sandbox, and broadens exemptions previously available to small and medium-sized enterprises to cover small mid-cap enterprises.

Given the AI Act's extraterritorial reach, Indian businesses placing AI systems on the EU market or whose AI outputs are used within the Union should note the revised timelines and update their compliance roadmaps accordingly.

Lawyers' Lookout: AI Frontiers

Agentic AI in Commerce: When Your Counterparty Is a Machine

Autonomous AI agents are increasingly being embedded into commercial workflows from supply-chain optimization to customer-facing negotiations. Legal teams should track how agentic AI reshapes contractual relationships and regulatory expectations.[23]

For instance, Klarna[24], the international digital payments provider, deployed an OpenAI-powered autonomous customer-service agent capable of resolving payment issues, refunds, returns, cancellations, disputes and invoice errors, while also providing personalized financial information.

In its first month, the agent handled 2.3 million conversations, approximately two-thirds of Klarna's customer-service chats, performing work equivalent to 700 full-time agents.[25]

Growth of Green Data Centres: Powering Intelligence, Sustainably

As AI workloads surge, so does the demand for energy-intensive data infrastructure. The rise of green data centers powered by renewable energy and designed for sustainability presents both ESG opportunities and novel compliance considerations for technology and energy lawyers alike.[26] Novel compliance considerations may include requirements for planning permission, environmental impact assessments and permits relating to standby generation, water and wastewater, drainage and grid connections. Operators may also face obligations concerning air emissions, cooling systems, biodiversity, and flood risk, depending on the facility's design and generating capacity.[27]

AI Skilling as the Next Industry Priority

Governments are turning their attention to AI literacy and workforce readiness. Expect new policy frameworks aimed at upskilling professionals, including legal practitioners, to navigate AI-driven environments. Accordingly, firms that invest early in AI competency will be better positioned to advise clients and manage internal adoption.[28]

Businesses could benefit from adopting an "upskilling first" approach by establishing a role-specific AI competency framework and embedding training, assessment and accountability requirements in employment and vendor arrangements. A structured, contractually supported approach can improve enterprise efficiency.

LLMs as Originators under the IT Act - IndiaMART v. OpenAI

In *IndiaMart InterMesh Ltd v. OpenAI Inc.[29] and Others*, IndiaMart sought interim relief alleging that ChatGPT selectively excluded links to IndiaMart's seller listings while providing platform links for competing marketplaces. This, IndiaMart contended, reduced traffic, causing economic loss and diluting its trademarks. IndiaMart argued that OpenAI's reliance on IndiaMart's inclusion in the US Trade Representative's 2024 Notorious Markets List to exclude certain platforms was discriminatory because the list had no binding legal force and links to other listed marketplaces remained accessible. It further contended that ChatGPT functioned as an "intermediary" or search engine under the IT Act and was therefore subject to statutory due-diligence obligations. It

23 EICTA Content Team, *Agentic AI in Supply Chain Management: Use Cases, Benefits and Real-World Examples 2026*, EICTA, IIT Kanpur (May 6, 2026), https://www.eicta.iitk.ac.in/knowledge-hub/supply-chain/agentic-ai-in-supply-chain-management.

24 Klarna, international website, available at: https://www.klarna.com/international/?grs=%2F&grr=https%3A%2F%2Fwww.google.com%2F (accessed 31 August 2026).

25 Klarna, 'Klarna AI Assistant Handles Two-Thirds of Customer Service Chats in Its First Month' (27 February 2024), https://www.klarna.com/international/press/klarna-ai-assistant-handles-two-thirds-of-customer-service-chats-in-its-first-month/ (accessed 31 August 2026).

26 World Green Building Council, *World's Leading Building and Climate Organisations Launch Coalition to Green Data Centres* (Apr. 22, 2026), https://worldgbc.org/article/green-data-centres-coalition/.

27 Squire Patton Boggs, 'AI Data Centres in the UK: Environmental Permitting and Consenting Risks', https://www.squirepattonboggs.com/insights/publications/ai-data-centres-in-the-uk-environmental-permitting-and-consenting-risks/ (accessed 31 August 2026).

28 Nisreen Ameen, *Supporting Case Studies: What Works for AI Upskilling in the UK*, Department for Work & Pensions & Skills England (June 10, 2026), updated July 27, 2026, https://www.gov.uk/government/publications/skills-for-ai-what-works-for-ai-upskilling-in-the-uk/supporting-case-studies-what-works-for-ai-upskilling-in-the-uk.

29 *IndiaMart InterMesh Ltd v. OpenAI Inc.*, 2026 SCC OnLine Cal 5738.

further argued that its selective omission allegedly violated IndiaMart's intellectual-property rights and constitutional rights under Articles 14, 19 and 21 of the Indian Constitution.

OpenAI responded that IndiaMart had no contractual, statutory or constitutional "right to visibility" on ChatGPT and that a private business could not compel another platform to promote it. OpenAI also argued that ChatGPT was an "originator" generating synthesised content rather than a passive intermediary. It also denied any actionable trade-mark infringement, disparagement, injurious falsehood or copyright infringement.

The Calcutta High Court dismissed the interim application, holding that IndiaMart had not demonstrated an enforceable legal right requiring OpenAI to display its links in its preferred manner. It further held that the alleged loss was merely economic and that the courts could not dictate how a private platform should operate its business. The Court found no *prima facie* intellectual property wrong because there was no false publication necessary for disparagement, no actionable use of IndiaMart's marks, and no properly pleaded or particularized copyright infringement.

On the IT Act issue, although the final classification would require technical and expert evidence at trial, the Court considered ChatGPT *prima facie* an "originator". It noted that, unlike a conventional search engine, it applies independent processes to create direct, synthesised and novel outputs, making it an active participant rather than a passive conduit. Even if ChatGPT were treated as an intermediary, non-compliance with the applicable rules would merely affect its safe-harbour protection and would not establish liability without infringement of an independent substantive right. The Court concluded that IndiaMart had shown neither a *prima facie* case nor a favorable balance of convenience or irreparable injury. This was particularly so because the requested relief would resemble continuously supervised specific performance. Accordingly, the Court dismissed the application while directing an expedited hearing of the suit.

Please feel free to address any further questions or request for advice to:

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