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REVISITING CORPORATE LEGAL PERSONHOOD IN THE AGE OF ARTIFICIAL INTELLIGENCE

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Abstract
The rapid advancement of artificial intelligence (AI) is and has been shaking traditional legal frameworks, necessitating a fresh look at the concept of corporate legal personhood. As AI-driven entities start to play a bigger role in complex decision-making within corporations, we are faced with important questions regarding accountability, liability, and whether AI systems should be seen as 'legal persons.' The authors critically revisit the doctrine of corporate legal personhood in light of the increasing integration of artificial intelligence into corporate operations. The objective is to assess if the current legal understanding of corporate personhood is adequate to address the rise of AI-driven decision-making and whether it needs to be updated to recognize the operational independence of intelligent systems. The authors argued that the traditional view of corporate legal personhood does not adequately address the challenges posed by AI-driven- decision making. The paper therefore maintained that as corporations increasingly delegate key decision-making roles to algorithms, stakeholders must strive to grapple with who represents the corporation, ascertain liability as well as rights and interests distributed within the corporate framework. The authors therefore concluded with a call for a more refined and nuanced understanding of corporate legal personhood, which would involve creating a liability, governance and regulatory framework that goes beyond the current model.

Keywords: Corporation, corporate legal personhood, artificial intelligence, legal theory, algorithmic decision-making.

1. Introduction

The idea of corporate legal personhood has been a cornerstone of corporate law for quite some time. It gives corporations their own legal identity, allowing them to sue, be sued, own property, and enter contracts independently of their human members.[1] Traditionally, the reasons for corporate personhood like the ability to make contracts, own assets, and engage in legal actions was based on a world where corporate actions were closely tied to human decision-making. However, with the rise of Artificial Intelligence[2] in corporate settings, where algorithms are not just automating tasks but also making intricate investment choices, managing supply chains, interacting with customers, and even taking part in high-level strategic planning,[3] things have gotten a lot more complicated.[4]

Corporations like JPMorgan Chase, Amazon, and Tesla are already using machine learning models for real-time financial analysis, predictive maintenance, and autonomous operations.[5] This raises important questions about accountability when AI-driven decisions lead to negative outcomes. The traditional legal framework assumes that corporate decisions can be traced back to human agents typically directors who can be held responsible in a fiduciary duty relationship. But with modern AI systems that can learn, adapt, and make complex decisions without direct human oversight, this framework becomes muddled. Additionally, scholars like Mongillo[6] and Gall[7] point out that the growing independence and lack of transparency in AI process operate to challenge the current legal systems aimed at determining *mens rea*, or the guilty mind, in cases of misconduct. Furthermore, it is obvious that regulations and courts are also wrestling with these complexities. For example, the European Commission's proposed Artificial Intelligence

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[1] *Salomon v Salomon & Co Ltd* [1897] AC 22 (HL)

[2] [Hereafter, AI]

[3] S Zhang and J Aquino, 'Artificial intelligence and its impact to the operations of enterprises: Basis for strategic plan. (2023) 2(3) *The QUEST: Journal of Multidisciplinary Research and Development*, 2.

[4] E. Brynjolfsson and A McAfee, *The Second Machine Age: Work, Progress, and Prosperity in a Time of Brilliant Technologies* (New York: W W Norton & Company, 2014) 7.

[5] D. M. West and J R Allen, '*Turning Point: Policymaking in the Era of Artificial Intelligence' (2020) 36(3) Science and Technology Studies, 81.*

6 V. Mongillo, 'Corporate Criminal Liability for AI-Related Crimes: Possible Legal Techniques and Obstacles' in L. Picotti and B. Panattoni (eds.) 'Traditional Criminal Law and AI: Crisis or Palingenesis?' (2023) 94 (1) *International Review of Penal Law*, 79

[7] D. Gall, 'AI Decision-Making: Legal and Ethical Boundaries and the *Mens Rea* Dilemma' <https://www.americanbar.org/groups/gpsolo/resources/magazine/2024-november-december/ai-decision-making legal-ethical-boundaries-mens-rea-dilemma/>*accessed 10 June 2025.*

Act[8] introduces a risk-based approach for AI regulation, underscoring the urgent need for legal evolution.

In Nigeria, the current Companies and Allied Matters Act 2020[9] upholds the Salomon principle in section 42, but it does not address the growing influence of AI in corporate agency. This raises important questions about liability when corporate actions stem from algorithmic decisions. A notable example is the Singaporean case of Quoine *Pte. Ltd v B2C2 Ltd,*[10] where automated trading software executed cryptocurrency trades without human oversight. A technical glitch led to mispriced trades, resulting in substantial financial losses. The court had to deliberate on whether autonomous actions of the algorithm could create contractual obligations or liability, highlighting the legal ambiguities surrounding accountability when decisions are made by machines.

Significantly, as corporations increasingly rely on AI systems that can learn, adapt, and operate independently, legal experts now wonder if AI should be recognized as a form of electronic personhood or if the law needs to evolve corporate personhood to keep pace with this technological shift.

This changing landscape calls for a thorough re-evaluation of what corporate legal personhood means in the context of AI's growing role in business. The paper delved into the idea of corporate personhood and explored how artificial intelligence challenges its foundational principles. Ultimately, it aimed to assess whether our current legal frameworks can effectively tackle the complexities introduced by AI-driven corporate decision-making or if we need to create new legal models that can assign accountability in situations involving AI entities.

2. The Concept of Corporate Legal Personhood

The idea of corporate legal personhood is a key concept in corporate law, giving corporations rights and responsibilities similar to those of individuals. This principle recognizes corporation as a separate legal entity, distinct from its shareholders, directors, and employees, which means it

[8] European Union, 'Proposal for a Regulation of the European Parliament and of the Council Laying Down Harmonized Rules on Artificial Intelligence (Artificial Intelligence Act) and Amending Certain Union legislative Acts', <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52021PC0206> accessed 10 June 2025.
[9] Hereinafter referred to as CAMA
[10] [2020] SGCA(I) 2

can enjoy rights and bear duties under the law. The origin of corporate legal personhood can be traced back to early legal traditions, where corporations were seen as artificial entities with their own legal identities. This was firmly established in the landmark case of *Salomon v Salomon & Co. Ltd*,[11] where the House of Lords held that once a company is incorporated, it becomes a legal person, distinct from its members, and is capable of owning property, suing and being sued in its own name.

This principle has been widely recognized in corporate laws, including Nigeria's Companies and Allied Matters Act 2020,[12] which states in section 42 that once a company is incorporated, it becomes a body corporate with perpetual succession and a common seal, able to exercise all the powers of an incorporated company. This aligns with the Court of Appeal's decision in *New Res. Int'l Ltd v Oranusi,*[13] where the Court noted that once a company is incorporated under the relevant laws, it becomes a separate person from the individuals who are its members. It has capacity to enjoy legal rights and is subject to legal duties that are separate from those of its members. Such a company is recognized as having legal personality and is often referred to as an artificial person. As a result, it can sue and be sued in its own name, own property independently, and its assets, liabilities, rights and obligations are distinct from those of its members.

In Nigeria, the judiciary has consistently recognized the legal personhood of corporation. The Supreme Court in the case of *Maritime Management Associates Inc. v National Maritime Authority*[14] emphasized that a once a company is incorporated, it becomes a juristic person with the ability to sue and be sued in its corporate name. Likewise, in *Trenco (Nig.) Ltd v African Real Estate & Investment Co. Ltd,*[15] the court highlighted the importance of respecting a company's legal personality, stating it cannot be ignored without compelling reasons. Additionally, in *Habib Nig. Bank Ltd v Ochete,*[16] the court affirmed that from the moment of incorporation, a company takes on a separate and distinct personality from its owners, including the plaintiff and his wife as well as any other individuals involved.

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[11] [1897] AC 22
[12] Hereinafter referred to as 'CAMA'
[13] (2011) 2 NWLR (pt 1230) 102, 124- 125; see P L Davies, *Gower and Davies' Principles of Modern Company law* (7thedn, London: Sweet & Maxwell, 2003) p.27; See also *Vassilev v Paas Ind. (Nig) Ltd* (2000) 12 NWLR (pt 681) 347, 358; *Ogbode v Quality Finance Ltd* (2003) 6 NWLR (pt 815) 147, 168.
[14] (2012) LPELR-15540(SC)
[15] (1978) LPELR-3275(SC)
[16] (2001) FWLR (pt 54) 384.

There are three major theories that shed light on the rationale behind corporate legal personhood: the aggregate theory, the fiction and concession theory, and the realist theory.[17] The aggregate theory posits that when individuals come together as a group, they can be treated as a single legal entity. This view perceived individual members as and are parts of a larger whole, with their actions and responsibilities attributed to the group.[18] On the other hand, the concession theory takes a different approach, proposing that the legal system intentionally grants legal personality to 'non-human entities.' This theory recognized the fact that the law uses fictions or legal constructs to confer personality upon entities that would not possess it naturally. So, corporations and similar entities receive legal rights and responsibilities as a sort of legal gift.[19] Lastly, the realist theory contends that non-human entities should be recognized as legal persons by right. This perspective argued that these entities have 'inherent traits and interests' that deserve legal recognition and protection, highlighting the importance of recognizing their rights within the legal system. [20]

Indeed, it is true that legal scholars are still deep in discussion about what corporate personhood really means, especially regarding accountability, transparency, and whether corporations can be seen as moral agents. Some argued that while corporate personhood is crucial for the economy to function smoothly, it should not protect wrongdoers from personal liability or grant corporations moral equivalency with humans.[21] Others, like Dine and Koutsias, delved into the boundaries of corporate personality and how legal tools such as veil piercing and derivative actions can help prevent misuse.[22]

Additionally, today's discussions have highlighted the importance of rethinking corporate legal personhood, especially with the rapid advancements in technology, particularly the emergency of artificial intelligence (AI). As AI-driven corporations increasingly depend on autonomous systems for making decision, it raises important questions about who is accountable and liable. Thus, corporate legal personhood continues to be a key principle in corporate law, allowing

[17] S Momin, 'Ascertaining the Legal Personality of Artificial Intelligence, (2025) 8(2*) International Journal of Law Management and Humanities*, 5533.
[18] Ibid.
[19] Momin, supra, at note 17
[20] Ibid.
[21] S. M. Bainbridge, Corporate Law (4th ed., Foundation Press 2020) 125
[22] J. Dine and M. Koutsias, Company Law (10th ed., Bloomsbury Publishing 2020) 78.

businesses to operate under a recognized legal identity distinct from the natural persons behind them. However, we need to reassess its relevance today to ensure that legal concept aligns with the changing landscape of governance, technological accountability, and the growing expectations for ethical and social responsibility.

3. Applications of Artificial Intelligence in Corporate Operations

Artificial intelligence is all about mimicking human intelligence in machines that can think and learn like humans do. This includes skills like decision-making, understanding language, visual perception, and learning itself.[23] In the corporate landscape, AI is making its mark across a wide range of functions such as operation management, decision - making and strategic planning, marketing, customer relationship management, and supply chain management.

a. Operations Management

When it comes to operations management, which involves planning, organizing, supervising, and controlling process to efficiently produce goods and services, AI is and has become a game-changer for businesses in Nigeria. This applies to a wide range of industries, from manufacturing and agriculture to telecommunications and financial services. Artificial Intelligence is increasingly transforming operations management in Nigeria, enhancing efficiency, reducing costs, and fostering innovation across various sectors. One of the most significant ways AI is impacting operations management in Nigeria is through process of optimization and automation.[24] Many traditional operational processes struggle with inefficiencies caused by manual tasks, human errors, and a lack of real-time data insights. AI-powered Robotic Process Automation[25] can automate repetitive and rule-based tasks such as data entry, invoice processing, and inventory updates.[26] This allows human workers to focus on more strategic and complex activities. In the financial sector, for instance, banks like Access Bank and UBA are leveraging

[23] AI Julius, 'What is Artificial Intelligence? Definition, Types, and Examples' <https://julius.ai/glossary/artificial-intelligence> accessed 14 June 2025

[24] SME Guide, 'Boosting Operational Excellence with AI-Based Business Process Automation in Nigeria' (2024) <https://smeguide.net/boosting-operational-excellence-with-ai-based-business-process-automation-in-nigeria/> accessed 14 June 2025

[25] [Hereafter, The RPA]

[26] Ibid.

AI to enhance risk management and improve customer service. In addition, Access Bank employs AI algorithms to analyse customer data, accurately predicting default risks and improving loan assessments, thereby minimizing losses.[27] UBA's AI-powered Chatbot, Leo, facilitates seamless banking transactions and enhances engagement via platforms like Facebook Messenger and WhatsApp.[28]

In the manufacturing sector, AI-powered robots are stepping up to the plate, taking on assembly line tasks with a level of precision and speed that far surpasses manual labour.[29]This not only boosts production efficiency but also enhances quality control. Plus, with predictive maintenance driven by AI, manufacturing companies can foresee equipment failures before they happen, allowing them to schedule maintenance ahead of time. This proactive approach helps minimize downtime and cut down on repair costs.[30] When it comes to construction, AI solutions are shaking things up in project management and design automation. Tools like Cloud-Based Building Information Modelling[31] and Digital Twins are being utilised in making tasks easier for architects and engineers to collaborate effectively, reducing errors and promotes sustainability in projects.[32] Overall, artificial intelligence is reshaping operations management by improving efficiency, accuracy, and strategic decision-making across various industries. From automating repetitive tasks to enabling predictive analytics, AI tools are helping to minimize human error and optimize how resources are allocated.

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[27] Cash Platform, 'Access Bank Plc*:* Transforming Banking Through AI Innovations'<https://www.cash-platform.com/access-bank-plc-transforming-banking-through-ai-innovations/> accessed 15 June 2025.

[28] UBA Group, 'Meet Leo: Your 24/7 Virtual Banker'<https://www.ubagroup.com/meet-leo/> accessed 15 June 2025.

[29] Visionbot Editorial Team, 'AI in Manufacturing: Transforming the Assembly Line with Robotics'<https://visionbot.com/ai-in-manufacturing-transforming-the-assembly-line-with-robotics/> accessed 14 June 2025

[30] Opentext, 'Embracing Predictive Maintenance to Drive Greater Assets Utilization', <https://www.opentext.com/en/media/point-of-view/embracing-predictive-maintenance-to-drive-greater-asset-utilization-pov-en.pdf> accessed 15 June 2025

[31] [Hereafter, CBIM]

[32] V. Cuadra, 'BIM, AI, and Digital Twins: Key Lessons from Toronto's BIM Summit 2025'<https://summitbim.com/bim-ai-and-digital-twins-key-lessons-from-torontos-bim-summit-2025/> accessed 14 June 2025

b. Decision-Making and Strategic Planning

Decision-making and strategic planning in Nigerian organizations are being significantly enhanced by AI. AI's ability to process and analyse vast amounts of data from various sources, including market reports, economic indicators, and internal operational data, allows for the identification of patterns, trends, and correlations that might be missed by human analysis.[33] Predictive analytics, powered by AI, can forecast future market trends, economic conditions, and potential risks, empowering Nigerian businesses to make smarter strategic decisions and manage risk more effectively.[34] For example, in the financial services sector**,** AI is increasingly utilized to evaluate credit risk with impressive accuracy, detect fraudulent transactions in real time, and offer personalized financial advice to customers.[35]AI-driven analytics equip businesses with actionable insights, enabling executives to make well-informed strategic decisions. Machine learning models analyse historical data, market trends, and consumer behaviour to predict demand and fine-tune business strategies.[36] These advancements are transforming how financial institutions handle risk, connect with clients, and stay ahead of the competition.

Indeed, AI has become an integral part of corporate governance, thanks to its extensive benefits in improving decision-making, efficiency, and oversight. According to McKinsey's 2024 Global Survey, companies are increasingly integrating AI across various business functions, with more than half of respondents reporting its adoption in two or more areas such as strategy, procurement, and personnel management.[37]A notable example is Deep Knowledge Ventures, a venture capital firm based in Hong Kong, which appointed an AI system named *Vital* as a board

[33]PwC Nigeria, '*AI in Nigeria – Opportunities, Challenges and Strategic Pathways'*<https://www.pwc.com/ng/en/assets/pdf/ai-in-nigeria-.pdf> accessed 15 June 2025

[34] P. A. Okeleke and others, 'Predictive Analytics for Market Trends Using AI: A Study in Consumer Behavior' *(*2024) 7 (1) *International Journal of Engineering Research Updates,* 36. <https://www.researchgate.net/publication/383410055_Predictive_analytics_for_market_trends_using_AI_A_study_in_consumer_behavior> accessed 15 June 2025

[35] Kozak Group, 'AI in Finance: Enhancing Risk Management and Fraud Detection' <https://kozak-group.com/ai-in-finance-enhancing-risk-management-and-fraud-detection/> accessed> 16 June 2025.

[36] U Chu, 'AI in Financial Services: Top Use Cases You Need to Know' <https://smartdev.com/ai-use-cases-in-financial-services/> accessed 15 June 2025

[37] McKinsey & Company, 'The State of AI in Early 2024: Gen AI Adoption Spikes and Starts to Generate Value' <https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai-2024> accessed 15 June 2025.

member with voting rights on investment decisions.[38] This innovative move has inspired firms like Tietoevry and Sales force to consider AI in strategic advisory roles.[39]

In Nigeria, AI is making waves in the corporate world; influencing everything from algorithmic trading to merger and acquisition, as well as investor profiling and risk assessment.[40] To promote responsible usage, the Securities and Exchange Commission (SEC) introduced the Rule on Robo-Advisory Services in 2021. This rule requires capital market operators who use AI-driven advisory tools to have solid governance structures and oversight mechanisms in place. This is crucial for reducing algorithmic bias and ensuring accountability.[41]

c. Customer Relationship Management

The Nigerian banking sector has embraced AI to boost customer service and streamline operation. Major Banks such as Zenith Bank, Fidelity Bank, First Bank and United Bank for Africa (UBA) have deployed AI chatbots ZIVA, Ivy, Ada and Leo, respectively to handle customer inquiries, assist with transactions, and offer round-the-clock support. These AI chatbots and virtual assistants are a game changer, providing instant and tailored customer support at any hour, handling everyday inquiries, and sorting out basic issues, which ultimately leads to happier customers.[42] They use natural language processing to really get what customers are asking, which cuts down on the need for human help and let bank employees focus on more complicated tasks. For instance, UBA's Leo chatbot is designed to chat with customers in a conversational way, making it easy to do things like transfer funds, pay bills, and manage accounts through platforms like WhatsApp and Facebook Messenger.[43] Likewise, Zenith Bank's ZIVA delivers

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[38] Mindy Support, 'AI on the Board of Directors? A Hong Kong Company Made it Happen' <https://mindy-support.com/news-post/ai-on-the-board-of-directors-a-hong-kong-company-made-it-happen/>accessed 16 June 20205

[39] F. Mertens, 'When Machines Call the Shots: Legal Considerations for the AI-Powered Board of Directors' <https://sites.duke.edu/thefinregblog/2023/04/03/when-machines-call-the-shots-legal-considerations-for-the-ai-powered-board-of-directors/> accessed 16 June 2025.

[40] See PricewaterhouseCoopers Nigeria, *AI and the Future of Corporate Nigeria* (Report, April 2023) 12-15

[41] SEC Nigeria, Rule on Robo-Advisory Services, <file:///C:/Users/Nosike/Downloads/Rules-on-Robo-Advisory-Services_Executed-30-August-2021.pdf>accessed 16 June 2025

[42] L Okeke, AI-Powered Chatbots and Customer Experience in Nigeria's Banking Sector: Opportunities and Challenges', <https://acjol.org/index.php/NJSS/article/download/7024/6799> accessed 16 June 2025

[43] UBA Leo Chat Banking: Revolutionizing Digital Banking with AI' <https://www.ubasierraleone.com/2025/03/19/uba-leo-chat-banking-revolutionizing-digital-banking-with-ai/> accessed 16 June 2025.

real-time customer service and transaction options right from users' mobile devices.[44]These AI tools are truly revolutionizing banking in Nigeria by automating routine tasks and allowing human staff to take on more complex responsibilities.

d. Supply Chain and Logistics

Artificial intelligence is transforming supply chain management. With AI-driven demand forecasting tools, businesses can analyse historical sales data, spot market trends, and even gauge social media buzz to get a clearer picture of what consumers want. This is especially beneficial for Nigerian companies in the fast-moving consumer goods (FMCG) and agriculture sectors, as it helps them fine-tune their inventory levels, cutting down on both stock-outs and excess stock. Additionally, AI enhances logistics by optimizing transportation routes based on real-time traffic, road conditions, and delivery schedules. This not only reduces costs but also speeds up deliveries, which is essential in Nigeria's complex logistical landscape.[45]As Puri points out, AI-based route optimization can adjust on the fly to things like traffic jams, weather changes, or other unexpected events.[46]

Furthermore, AI boosts supply chain operations by refining demand forecasting, inventory management, and route planning. [47] Big names like Amazon and Walmart are already on board, using AI-powered logistics systems to enhance their supply chains in real time. They are tapping into technologies like route optimization, autonomous warehouse systems, and predictive analytics to boost efficiency and cut operational costs.[48]

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[44] Onyeka C. Aduma and Nnamdi G. Ikpeze, 'Appraisal of the Legal and Ethical Implications of Artificial Intelligence Adoption in Corporate Decision-Making in Nigeria' (2024) 11(4) *Nnamdi Azikiwe University Journal of Commercial and Property Law*, 17

[45] N. Anyamele, 'Leveraging AI and Automation to Transform Supply Chain Operations in Nigeria' <https://guardian.ng/technology/tech/leveraging-ai-and-automation-to-transform-supply-chain-operations-in-nigeria/> accessed 16 June 2025.

[46] K. Puri, 'Harnessing AI for Smarter Route Optimization and Planing', <https://fareye.com/resources/blogs/ai-route-optimization> accessed 16 June 2025

[47] A Koshulko, '5 Ways AI Can Benefit Demand Forecasting and Inventory Planning' <https://www.forbes.com/councils/forbestechcouncil/2023/02/06/5-ways-ai-can-benefit-demand-forecasting-and-inventory-planning/> accessed 16 June 2025

[48] A. Taylor, 'How Walmart and Amazon Are Redefining Retail Efficiency with AI-Powered Logistics', <https://www.cleverence.com/articles/business-blogs/how-walmart-and-amazon-are-redefining-retail-efficiency-with-ai-powered-logistics/> accessed 16 June 2025.

4. Legal Challenges posed by AI on Corporate Legal Personhood

Contemporary modern society continue to see more advanced Artificial Intelligence becoming part of corporate operations, it brings some serious challenges to the traditional idea of corporate legal personhood. This concept usually gives legal rights and responsibilities to corporations, treating them as separate entities from the people who own or manage them.[49] However, the way AI systems operate independently, often without human oversight, really puts pressure on the core principles that support corporate legal personhood. This is especially true when it comes to figuring out liability, understanding entities with agency and control and defining what rights and responsibilities exist.[50] Here are some of the challenges that AI presents to corporate legal personhood:

a. Attribution of Liability

Figuring out who is legally responsible for harm caused by corporate actions becomes significantly more complicated when those actions involve autonomous AI. Traditionally, the legal concept of corporate personhood relies on clear ideas of causation and fault, which usually means proving that someone had the intent to cause harm (mens rea) and took a deliberate action (*actus reus*). But when it comes to AI systems, especially those that learn and adapt, applying these principles is no walk in the park. These systems can show unexpected behaviours and capabilities that come from complex interactions between algorithms and data, rather than from present major challenges, especially when those powered by machine learning, exhibit emergent behaviours and unanticipated capabilities arising from complex interactions between algorithms and data, rather than from straight forward human programming. This issue becomes even more pronounced with deep learning models, which can be so complex that even their creators struggle to trace or explain how a particular decision or outcome was reached.[51] As a result, it is

[49] P. A. French, 'The Corporation as a Moral person' (1979) 16(3) *American Philosophical Quarterly*, *16*(3), 207-215

[50] J. J. Bryson., M. E. Diamantis and T. D. Grant, 'Of, for, and by the People: The Legal Lacuna of Synthetic Persons' (2017) 25 (3) *Artificial Intelligence and Law*, 273.

[51] S. Wachter, B. D. Mittelstadt and L. Floridi, 'Transparent, Explainable, and Accountable AI for Robotics' (2017) 2 (6) Science and Robotics, 6770; See also Y. Bathaee, 'The Artificial Intelligence Black Box and the Failure of Intent and Causation,' (2018) 31(2) *Harvard Journal of Law & Technology*, 890.

incredibly challenging to pinpoint the exact cause of a harmful action back to a human programmer, a corporate policy, or a flaw in the AI's design.

Navigating the assignment of *mens* rea (intent) and *actus reus* (action) in the context of AI-related harm is no small feat. This is largely because *mens rea,* or criminal intent, is deeply rooted in human awareness and the ability to make voluntary choices. The current AI systems we have may not possess consciousness or the capacity for wilful action; their operations are usually driven by algorithms and data inputs rather than any kind of intentionality. This makes it increasingly complex to pin down liability, especially when an AI system used by a company goes rogue and acts outside the intended parameters. In these scenarios, it is tough to figure out whether the responsibility lies with the corporation for using a system that can behave unpredictably, with the developers for not foreseeing these unexpected behaviours, or with the AI itself. Thus, the concept of corporate legal personhood, that treats corporations as legal entities that act through human agents and are accountable based on traceable human intent, falls short when it comes to the complexities introduced by independent AI systems. Their decisions often do not point back to any specific human agent within the corporate framework, complicating matters even further.

b. Agency and Control

The increasing independence of AI in the corporate world is shaking up the traditional ideas of agency and control that form the basis of corporate legal personhood and how we attribute corporate actions. As AI systems grow more sophisticated and start making decisions with less human input, the old human-centred model of corporate accountability is facing some serious challenges. This change leads to a slow but steady decline in human oversight, as control over certain corporate functions begins to shift, at least partially, from human agents to algorithmic systems. This is ostensibly manifest in areas such as algorithmic trading, where AI can execute trades in mere fractions of a second, relying on complex market analyses that often outpace the real-time understanding or supervision of human traders and corporate leaders.[52] These

[52] See W Addy and others, 'Algorithmic Trading and AI: A Review of Strategies and Market Impact' (2024) 11(1) *World Journal of Advanced Engineering Technology and Sciences*, 258.

advancements raise important questions about the ongoing relevance of the traditional corporate model, which assumes that organizational actions are driven by human intent and control.

Moreover, the traditional principal-agent model in corporate law assumes the agent is directed and controlled by the principal. However, the rise of autonomous AI systems challenges this model. These systems do not rely on constant human guidance; instead, they operate based on evolving programming and learned behaviours. This sets them apart from human agents, as they lack consciousness and intentionality. Given that these AI systems can take actions and generate results within the corporate world, we need to seriously consider their legal status. This raises an important question: can we view an algorithm as an agent of the corporation? And if we can, what does that mean for the traditional principal-agent relationship, which is based on a human principal directing a human agent? The introduction of autonomous algorithms complicates this relationship, blurring the lines of control and making it harder to determine corporate liability.

c. Rights and Responsibilities

As AI continues to gain more independence within corporate environments, it is time to take a fresh look at the basic ideas surrounding corporate legal personhood, especially when it comes to rights and responsibilities. With AI systems becoming increasingly capable of making their own decisions and producing creative work, there is an ongoing debate among scholars about whether these systems should be granted legal rights, such as intellectual property rights for what they create.[53] This potential change marks a significant departure from the traditional legal framework, which has always assumed that only humans can be authors or inventors. If we were to grant legal personhood or rights to AI, it could not only reshape our understanding of legal subjectivity but also shake up the current systems of ownership, innovation, and economic incentives.[54]

In addition to these conceptual challenges, the practical difficulty of attributing legal fault to autonomous AI systems raises urgent questions about accountability. As AI starts to function more independently, there is a growing agreement that companies using these technologies

[53] Willaim and Mary Law School, 'The Artificial Inventor Project and the Case for AI Inventorship' <https://law.wm.edu/academics/intellectuallife/researchcenters/clct/exhibit-ai/additional-resources/exhibit-ai---exhibit-15-additional-resources.pdf>.accessed 16 June 2025

[54] See, R. Calo, 'Robotics and the Lessons of Cyberlaw' (2015) 103(3) *California Law Review*, 513.

should take on more responsibility for any harm that comes from their use. This has sparked discussion about introducing stricter liability laws, like strict liability, which means that companies can be held accountable even if there was no fault or intent involved.[55] On the other hand, some experts are pushing for the creation of specific legal obligations that focus on the corporate use of AI, emphasizing safety, transparency, and the need for clear explanations in algorithmic decision-making.[56] These ongoing discussions highlight the necessity of rethinking our legal concepts of personhood and responsibility in a world increasingly influenced by artificial intelligence.

d. Revisiting Corporate Legal Personhood in the Age of Artificial Intelligence

As artificial intelligence becomes increasingly embedded in corporate decision-making, the question of whether AI systems should be recognised as legal subjects has gained renewed urgency. The central issue here is whether an entity that is able to make autonomous decisions and acts in the real world should be afforded legal personhood, or whether we ought to rethink the allocation of responsibility and liability in corporate systems.

This thinking arises because modern corporate law already treats corporations despite lacking consciousness as legal persons. Some argue that personhood should be extended to sophisticated AI's as well. Solaiman pointed out that legal systems have, in the past, attributed legal personhood to corporations, idols, ships, and foundations, even, in the absence of human agency. [57] The argument is that, in the interest of simplicity, a legal system that provides for limited or functional personhood should be in place in order to insure, register, treat as an accountable unit or otherwise, and assist in establishing an underpinning of liability for an AI system. However, even though some people support this idea, the paper believes that the idea of extending personhood to AI does not provide a moral loophole to enact undue accountability shifts. Abbott and Sarch advise that bestowing legal personhood on AI will create 'moral loopholes' that will

[55] AI for Developing Countries Forum, 'AI *legal liability: Strict liability vs. fault-based approaches for developing countries'*<https://aifod.org/ai-legal-liability-strict-liability-vs-fault-based-approaches-for-developing-countries/> accessed 16 June 2025.

[56] J Whittlestone and others, '*The Ethical and Societal Implications of Algorithms, Data, and Artificial Intelligence: A Roadmap for Research*' <https://www.nuffieldfoundation.org/sites/default/files/files/Ethical-and-Societal-Implications-of-Data-and-AI-report-Nuffield-Foundat.pdf> accessed 16 June 2025

[57] S M Solaiman, Legal Personality of Robots, Corporations, Idols and Chimpanzees: A Quest for Legitimacy' (2017) 25(2) Artificial Intelligence and Law, 155

allow corporations to use non-sentient systems to shift blame in ways that will undermine expected social accountability.[58] They argue that recognising AI as legal persons will erode human responsibility by fostering artificial shields of human responsibility around decision-makers and the harms caused by corporate technologies. This is similar to the concern that is being echoed in many quarters that in an era of widespread corporate reliance on automated systems to perform functions that were traditionally performed by people, legal systems ought to reinforce, and not dilute, moral responsibility.

The complexities of AI continue to outpace recognition of its legal status, but many have suggested intermediate approaches that preserve human accountability while recognising the essential role AI systems may play. One instance is the Electronic Agent Doctrine in the United Nations Convention on the Use of Electronic Communications in International Contracts, 2005. The Convention acknowledges the validity of contracts formed via automated systems even without human involvement at the moment of the contract. Crucially, the convention does not attribute personhood to AI. It treats them as instruments reflecting the will of human or corporate entities. This approach acknowledges the operational autonomy of AI without ascribing to it legal personhood.[59]

The second approach views AI system as quasi-agents operating under human supervision. In this context, corporate agents, directors, and operators continue to bear responsibility for the AI's use, training and supervision. Under sections 305 and 308 of Nigeria's Companies and Allied Matters Act,[60] directors have the duty of care to act in the best interest of the corporation and to exercise reasonable care, skill, and diligence. These duties include oversight of technology. Directors may incur liability for governance breaches if an AI system causes harm as a result of poor design, inadequate training, or insufficient supervision. This line of thinking seems to aligns with evolving fiduciary expectations in global corporate governance, where technological risk is now seen as part of directors' oversight duties.

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[58] R. Abbott and A. F. Sarch, 'The Expressive Argument Against AI Personhood', (2019) 119 (7) *Columbia Law Review*, 1461.

[59] In jurisdictions like the United States, this principle is reinforced by statutes such as the Uniform Electronic Transactions Act (UETA) and the Electronic Signatures in Global and National Commerce Act (E-SIGN Act), both of which acknowledge the legal effect of actions taken by electronic agents

[60] [Hereafter, The CAMA 2020]

A third emerging model emphasizes hybrid or shared liability frameworks. Rather than apportioning responsibility to AI, the model attempts to share liability with all the actors such as the developers, corporate users, vendors, data providers, and operators.[61] In his description of the "responsibility gap," Matthias depicts the dilemma in which AI takes decisions that are not fully explainable and are not fully predictable. In such cases, the traditional liability structures struggle to assign responsibility.[62] The shared liability model is translational and mitigates the responsibility gap by recognizing that some injuries are the consequence of a complex configuration of both human and non-human actors. This approach draws on principles of product liability, as well as theories of risk distribution, and foreseeability, and as such, ensures that some responsibility is assigned, even where the actions of the AI are unpredictable.

In the Nigerian context, these issues are particularly pressing. The 2023 Draft National Artificial Intelligence Policy issued by the National Information Technology Development Agency (NITDA) recognises the potential of AI technologies and their economic impact. However, the Policy has no real guidelines concerning corporate liability, AI governance, or the allocation of risks. From a Nigerian legal perspective, AI is still treated as a tool, lacking any independent status or formal recognition within corporate frameworks. However, AI systems are being employed by Nigerian corporations in banking, employment screening, logistics, data processing, and service provision. The lack of direct attribution in these cases is likely to create gaps in systems where harms are the result of decisions made by AI systems in the absence of direct human control.

Given these realities, there is a compelling case for Nigeria to rethink and redefine corporate legal personhood and integrate doctrines that better fit our technological reality. This rethinking and redefining, however, need not to justify legal personhood of AI, as that remains impertinent due to AI's inability to consciousness, moral agency, and ethical responsibility. Instead, the focus must shift to reconfigure accountability frameworks that allocate responsibility fairly, and protect the public while enabling innovation. As a matter of fact, hybrid models, and reinforced duties for directors and developers offer stronger, more ethically coherent systems of

[61] See, S. Raskulla, '*Hybrid Theory of Corporate Legal Personhood and its Application to Artificial Intelligence'*, (2023) 3 *SN Social Sciences, 78;* K Yeung and M Lodge's *Algorithmic Regulation* (Oxford: Oxford University Press, 2019) 10

[62] A. Matthias, 'The Responsibility Gap,' (2004) 6(3) *Ethics and Information Technology*, 175.

responsibility. These models recognise AI's operational autonomy while preserving human accountability and ensuring victims have clear avenues for legal redress.

5. Conclusion and Recommendations

The paper has demonstrated the relational impact of Al on corporate regime, especially legal personhood. The growing use of artificial intelligence in corporate operations makes it clear that traditional ideas about corporate legal personhood can no longer remain unchanged. As AI systems begin to perform tasks that involve independent action, judgment, and complex decision-making, it becomes harder to rely solely on the assumption that every corporate act can be traced back to a human mind. The real challenge is how to ensure accountability when an AI system contributes to harm, makes an unexpected decision, or acts in a way that existing laws were never designed to handle.

Revisiting corporate legal personhood in this context does not mean discarding the doctrine; it means adjusting it to match the realities of modern technology. Lawmakers, courts, and scholars need to examine how responsibility can be maintained even when human involvement in decision-making is indirect. A practical step is to amend the Companies and Allied Matters Act to include a specific provision stating that fiduciary duties of directors do include a duty to be technological literate and a duty to supervise AI systems. This would give the board of directors a legal duty to ensure that AI systems are responsibly used and that there is adequate monitoring and regular risk assessment.

Nigeria would also benefit from adopting a hybrid liability framework. This system would address the persistent issues of fault attribution and the absence of remedies for victims due to an AI decision. This also would curb Nigeria's neglect of a liability system that leans towards placing control and responsibility over design, development, and deployment of an AI system.

Regulators like the Corporate Affairs Commission, the National Information Technology Development Agency, and the Central Bank of Nigeria should work together to establish clear, cross-sectoral standards for the responsible use of AI, especially in industries such as finance, insurance, employment, and data processing. Additionally, the Nigeria Data Protection Act 2023

should be expanded to include detailed rules on automated decision-making and profiling. These rules should empower individuals to challenge AI-generated decisions, request explanations, and seek redress when those decisions affect their rights.

By combining legislative updates, clearer accountability frameworks and stronger data protection rules, Nigeria can modernise its approach to corporate legal personhood and ensure that both innovation and public interest are protected as AI continues to evolve.

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