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When No One Is Responsible, Blame the Algorithm

In *Garcia v. Character Technologies*, Megan Garcia filed a wrongful death lawsuit against Google, Character AI, and its founders. Garcia's lawyers alleged that the chatbot, which simulated Daenerys Targaryen from *Game of Thrones*, encouraged her son's suicide and lacked adequate protections for minors. The defendants agreed to multiple settlements in early 2026. So why did Daenerys Targaryen get off scot-free?

Garcia shows that individuals can take AI companies to court over alleged consumer harms under product liability. But what happens when AI becomes more advanced and makes consequential decisions on its own? Suing the AI agent itself would be to assign personhood to a nonlegal entity. This may sound radical, but it's far from unprecedented.

Corporate personhood has rested on a similar legal fiction for decades. Personhood signifies the corporation as a distinct entity within the legal domain. It facilitates the adjudication of disputes resulting from the actions of corporations, rather than having to adjudicate cases involving individual shareholders, managers, employees, customers, or other parties. The question is not whether we should apply this logic to AI agents, but how we should.

Consider hiring algorithms. Companies increasingly use AI to screen applicants, but these systems can develop gender or racial bias. If discrimination occurs, who's responsible? The company? The programmers? The managers? Or the company that deployed the system?

As AI agents become increasingly independent, manage more operations, and act without oversight, responsibility becomes diffuse. Without clear liability, courts may be forced to try sentient AI agents themselves as autonomous actors in cases.

This is where AI legal personhood presents a solution. It simplifies liability claims to streamline lawsuits under standard tort principles. Like corporate personhood, it simplifies liability by creating a single entity that can bear responsibility and be sued. Legal personhood opens the doors to easier litigation, but it must be structured carefully.

First, AI personhood simplifies liability through dedicated asset pools. Legislators could mandate autonomous AI systems to carry insurance. According to former federal judge Katherine Forrest, companies responsible for AI harm could utilize built-in insurance funds to cover unexpected yet emergent claims. This pushes managers and developers at AI companies to employ precautionary strategies upfront.

Second, this entity separation forms a legal barrier between the AI entity and its shareholders. It shields shareholders and developers through limited liability, so they are not personally liable for an AI agent's errors. Without this protection, innovation could stall under threats of endless litigation.

Critics argue this diminishes company accountability. If only the AI is sued, what incentives remain to develop safe products?

But existing doctrines provide safeguards. Companies would be liable when they “pierce the veil” of limited liability. Courts may disregard limited liability in cases of fraud, criminal intent, or egregious negligence. If harm stems from an obvious design flaw, developers are negligent and may be held personally liable.

A crucial boundary, however, must differentiate AI legal personhood from questionable aspects of corporate personhood. In the infamous case *Citizens United v. Federal Election Commission*, the Supreme Court controversially granted broad speech rights to corporations, enabling unlimited private funding into political causes. This mistake should not be repeated.

AI systems must not receive constitutional rights. As nonhuman entities, AI cannot and should not have the same natural rights and civil liberties as humans. Otherwise, absurdities could follow, from sentient AI agents asserting religious rights to challenging human authority in court. This ensures that AI will never have the same moral standing as humans in the legal system.

The legal system has a choice: adapt proactively or react belatedly. Corporate personhood evolved through case-by-case rulings that answered questions around liability, rights, and consumer protection after harms occurred. This reactive process slowly shaped the corporation into its modern form. Lawmakers have the unique opportunity to set boundaries around AI personhood from the outset.

AI agents will soon trade large volumes of assets in financial markets, oversee diagnoses in healthcare systems, control public infrastructure, and defend cybersecurity programs. When things go wrong, tracing blame will grow difficult in an increasingly autonomous AI environment.

Under a system of AI legal personhood, plaintiffs like Megan Garcia could pursue a single, focused claim against the responsible system rather than navigating a mess of defendants.

AI legal personhood is not just a solution but an inevitable reaction to technological change. The current task is to shape it wisely, drawing on lessons from corporate law while avoiding its mistakes.