LEGAL CORNER

AI Legal Checklist for Businesses

(US and India)

If your business uses AI tools or sells products with AI features, these are the legal points to work through. Tick each item off as you go. Prepared by **Chetana Kaasam**, an attorney with 18+ years of experience, admitted in New York and Washington DC and licensed in India.

1. Know where you use AI

- ☐ List every AI tool your team uses, including free tools that individuals signed up for
- ☐ Note what goes into each tool: customer data, personal data, confidential client information, source code
- ☐ Identify which of your products or services include AI features
- ☐ Name one person who approves new AI tools before they are used

2. Put an AI use policy in place

- ☐ Set out which AI tools staff may use, and for what
- ☐ Say what must never go into an AI tool, such as personal data, client confidential information and trade secrets
- ☐ Require a person to check AI output before it goes to customers or is published
- ☐ Train staff on the policy and keep a record that they have read it

3. Check your contracts with AI vendors

- ☐ Can the vendor use your inputs or outputs to train its models, and can you opt out?
- ☐ Who owns the output, and can the vendor reuse it?
- ☐ Does the vendor offer any protection if the output infringes someone else's rights?
- ☐ Where is your data stored and processed, and what security does the vendor commit to?
- ☐ What limits apply to the vendor's liability, and can you get your data back when you leave?

4. Update your customer contracts if you sell AI features

- ☐ Say clearly that the product uses AI and what the AI does
- ☐ Cover who owns the output your customers create
- ☐ Explain how customer data is used, including with third-party AI providers
- ☐ Set realistic warranties and limit liability for AI errors
- ☐ Add acceptable use rules for the AI features

5. Protect ownership of AI-generated content

- [ ] In the US, copyright protects human authorship, so content generated by AI alone may not be protected
- [ ] Keep records of the human input in important work: drafts, edits, selection and arrangement
- [ ] India's position on AI-generated works is still developing, so don't assume protection there either
- [ ] Check each AI tool's terms on who owns the output
- [ ] Make sure employee and contractor agreements assign rights in AI-assisted work to the company

6. Handle personal data carefully

- [ ] Map which AI tools receive personal data, and whether each vendor uses it only on your instructions
- [ ] In India, check the notice and consent requirements of the Digital Personal Data Protection Act, 2023
- [ ] In the US, check the state privacy laws that apply to your customers, such as California's
- [ ] Check whether data leaves the country, and what your contracts and privacy policy say about that
- [ ] Update your privacy policy so it describes your use of AI accurately

7. Keep track of the AI laws that apply to you

- [ ] The US has no single federal AI law: rules come from states, sector regulators and existing consumer protection, discrimination and privacy laws
- [ ] If you use AI in hiring, check local rules; New York City, for example, requires bias audits of automated employment decision tools
- [ ] Don't overstate what your AI can do in marketing; US regulators such as the FTC have acted against misleading AI claims
- [ ] Review this checklist at least every six months, because the rules are changing quickly

Want us to check your AI setup?

We can review your AI tools and contracts against this checklist, draft an AI use policy, or update your customer terms, usually for a fixed fee agreed before work starts.

Email chetana@legalcornerllp.com or visit **legalcornerllp.com/contact-us**

Last updated November 2026. This checklist is general information and not legal advice. For advice on your own situation, speak to an attorney.