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DURWANKUR AI LAB PVT. LTD. | WHITE PAPER

# DPDP Act 2023 Compliance for AI in Legal Institutions: A Practitioner's Guide

*Navigating India's new data protection framework when deploying AI tools that process client and case data*

**INTENDED AUDIENCE:** Law firm managing partners, CLOs, Legal AI vendors, Compliance officers, IT heads in legal organisations

*"Every Indian legal professional using AI tools today is a Data Fiduciary under the DPDP Act. Full enforcement begins May 2027. You have 18 months to get ready."*

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## Executive Summary

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The Digital Personal Data Protection Act, 2023 (DPDP Act) — with its implementing Rules notified on 13 November 2025 — fundamentally changes the legal framework for processing personal data in India. For legal professionals, who routinely handle among the most sensitive personal data in existence (party identities, financial records, criminal histories, family information, medical evidence), compliance is not optional. Full enforcement begins 13 May 2027.

For organisations using AI tools to process legal documents, the compliance obligations are particularly acute: AI tools that process client data, case files, and legal documents are Data Processors under the DPDP Act, and the law firms and legal departments using them are Data Fiduciaries who are legally responsible for ensuring those tools comply. This paper maps the specific DPDP Act obligations for legal AI users and provides a practical compliance roadmap.

**DPDP Act penalties: Up to ₹250 crore per violation | Full enforcement: 13 May 2027 | Organisations have 18 months from November 2025 to comply**

## 1. The DPDP Act: What Legal Professionals Need to Know

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### 1.1 Who It Applies To

The DPDP Act applies to any entity that processes digital personal data: (a) within India's territory, or (b) outside India's territory if the processing involves offering goods or services to individuals in India. A 'Data Fiduciary' is any person or organisation that determines the purpose and means of processing personal data. A 'Data Processor' processes data on behalf of a Data Fiduciary.

For legal professionals: Every law firm, corporate legal department, and solo advocate using digital tools to process client data is a Data Fiduciary. Every AI vendor whose tool processes that client data on behalf of the legal professional is a Data Processor. The legal professional is responsible for ensuring the vendor complies.

### 1.2 Core Obligations

Obligation	What It Means for Legal AI Users	Deadline
Purpose limitation	AI tools may only process client data for the purpose the client consented to — not for training AI models without separate consent	Phase III (May 2027)
Data minimisation	Only data necessary for the legal task may be processed — AI tools cannot collect or retain excess client information	Phase III (May 2027)
Consent architecture	Express, informed, revocable consent must be obtained before processing client personal data in AI systems	Phase III (May 2027)
Data processor contracts	Mandatory written contracts with all AI vendors specifying DPDP Act compliance obligations	Phase III (May 2027)

Breach notification	All data breaches must be reported to the Data Protection Board within 72 hours, regardless of severity	Phase I (effective now)
Data Principal rights	Clients have the right to access, correct, and erase their data held by AI systems	Phase III (May 2027)

## 2. The Critical Question: Where Is Your Client Data Going?

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The most urgent DPDP Act compliance question for legal AI users is the simplest: when you upload a client's case file to an AI tool, where does that data go? For general-purpose AI tools hosted on overseas servers — including GPT-4, Claude, Gemini, and their legal-domain counterparts — the answer is unambiguous: the data leaves India and is processed on servers in the United States, European Union, or Singapore.

This creates a direct DPDP Act compliance risk. The Act requires that cross-border data transfers are only made to countries specified by the Central Government as permitting equivalent data protection standards. No such notified country list has yet been published; pending notification, any cross-border transfer of Indian personal data for AI processing is at minimum a legal grey area and potentially non-compliant.

***Every case file you upload to an overseas AI tool contains the personal data of your client, opposing parties, and witnesses. Under DPDP Act, you are responsible for what happens to it.***

## 3. Compliance Checklist for Legal AI Deployment

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### 3.1 Before Deploying Any AI Tool

- Conduct a Data Protection Impact Assessment (DPIA) for the AI tool covering: data types processed, third-party access, cross-border transfer risk, and security architecture
- Verify the AI vendor's infrastructure location — only deploy AI tools whose servers are hosted in India for processing client legal data
- Execute a Data Processing Agreement (DPA) with the AI vendor specifying: processing purposes, data security measures, breach notification obligations, and data deletion procedures
- Update your client engagement letters to include DPDP-compliant consent language for AI-assisted document processing

### 3.2 Ongoing Compliance

- Appoint a Data Protection Officer (DPO) if you are a Significant Data Fiduciary or process data at scale
- Conduct quarterly audits of all AI tools accessing client data, including access logs and data retention compliance
- Establish a breach response protocol: identify, contain, assess, notify (Data Protection Board within 72 hours), and remediate
- Train all fee-earners and support staff on DPDP Act obligations and permitted uses of AI tools

## 4. How India-Hosted Legal AI Solves the Compliance Problem

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India-hosted legal AI tools — built specifically for Indian legal practice and hosted on Indian servers — eliminate the cross-border transfer risk that creates the largest DPDP Act compliance exposure. AdvokAI and JudexVault, developed by Durwankur AI Lab, process all data exclusively on Indian infrastructure. Data does not leave Indian servers. No personal data is used to train models without explicit consent. This design is not a feature — it is a compliance requirement built into the architecture.

Additionally, India-hosted tools are purpose-built for Indian legal practice, delivering better performance on Indian legal tasks than general-purpose overseas tools while eliminating the compliance risk those tools create.

## 5. Key Recommendations

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- Audit all current AI tool usage immediately: identify which client data is being processed by overseas systems and assess the DPDP Act exposure
- Transition to India-hosted AI tools for all legal document processing before May 2027
- Update client engagement documentation to include DPDP-compliant AI consent language
- Appoint a DPDP compliance lead (internal or external) specifically for your AI tool portfolio
- Prioritise India-hosted, legally-specialised AI tools over general-purpose overseas alternatives — they are both more compliant and more capable for Indian legal tasks

## About Durwankur AI Lab & AdvokAI

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Durwankur AI Lab Pvt. Ltd. is India's only technology company built exclusively around Indian Legal AI. We develop three products: AdvokAI (AI drafting assistant for advocates), JudexVault (institutional legal AI for government and courts), and DurwankurLLM (India's own legal large language model trained on 5,000+ Indian statutes, 75 years of Supreme Court judgements, and 10,000+ real cases from practitioners).

We are a Government-first company with active B2G deployments. Our team combines practicing advocates, AI/ML engineers, cybersecurity specialists, and legal researchers — all focused on making Indian legal practice smarter, faster, and more just.

**AdvokAI and JudexVault are built for DPDP Act compliance: India-hosted, purpose-built, zero third-party AI data sharing. Book a compliance consultation:  
[www.advokai.ai/compliance](http://www.advokai.ai/compliance) | [dinesh@durwankur.ai](mailto:dinesh@durwankur.ai)**

Dinesh P. Bhamre — CEO & CFO | [dinesh@durwankur.ai](mailto:dinesh@durwankur.ai) | +91 70213 55513  
[www.durwankur.ai](http://www.durwankur.ai) | [www.advokai.ai](http://www.advokai.ai) | Mumbai & Gondia, Maharashtra, India