VERDICTUM.IN

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

WRIT PETITION NO. 5093 OF 2026

Quanta Logistics Pvt. Ltd.)
company incorporated under the)
companies Act, 1996 having)
registerd office at No. 6, Esplande,)
II nd Floor, MA Chidambaram Building,)
Chennai, Tamil Nadu 600 108).....Petitioner

Versus

Commissioner of Customs (Import-I))
a statutory authority authority under the)
provisions of the Customs Act, 1962)
having office)
at Adjudication Cell, New Custom House,)
Ballard Estate, Mumbai, Maharashtra-400 707)
)
Union of India)
through the Secretary,)
Ministry of Finance, Department of Revenue,)
North Block, New Delhi-110001).....Respondents

.....

Mr. Venkatesh Dhond, Senior Advocate a/w Adv. Bimal Rajasekhar and Adv. Sunand Subramaniam, for the Petitioner.

Mr. Jitendra B. Mishra a/w Ms. Sangeeta Yadav, for the Respondent Nos.1 and 2.

.....

CORAM : M. S. KARNIK &
SANDESH D. PATIL, JJ.

DATE : 30th OCTOBER 2026

MANISHA BALKRISHNA TALEKAR
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JUDGMENT [PER SANDESH D. PATIL, J.] :-

1. By the present Writ Petition, the Petitioner is challenging the Order-in-Original dated 11th August, 2026 which is at Exhibit-A to the Petition.

2. The case of the Petitioner is that the Order in question was passed by taking recourse to Artificial Intelligence (AI) without independent application of mind by the Respondent No.1. Learned Counsel for the Petitioner as an example cites two non-existent judgments of the Hon'ble Supreme Court which are relied by the Respondent No.1 while passing the said Order. It is the case of the Petitioner that to the best of its knowledge these judgments do not exists in any Law Report or database and it appears to be a hallucination of AI. The Petitioner by letter dated 1st September, 2026 requested the Respondent No.1 for copies of the said Judgments, however, the same were not provided.

2. Learned Counsel for the Petitioner relied upon the judgment of the Hon'ble Supreme Court in ***Vijay Ghanshyam Gadiya Vs. Union of India & Anr.***[1]. He invited our specific attention to following paragraphs:

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5. Such a discovery compels us to refer to the decision of this Court in ***Pooja Ramesh Singh v. Jammu & Kashmir Bank Ltd.*** *It happens to be a precedent dealing with the use of Al in judgments. Excerpts therefrom read:*

> *7. It is necessary for courts to adopt a zero-tolerance mode for producing, citing or using artificial intelligence-generated precedents without verification. It is a misconduct on the part of an advocate to cite such judgments without verification. Equally, it is a serious lapse if a judge relies on such a fake or hallucinated artificial intelligence-generated material as precedents in support of the determination. We have no hesitation in declaring that such a decision is no decision in the eyes of the law, irrespective of whether such material had a direct or indirect bearing on the decision-making. Such decisions are to be set aside even if an iota of fake or hallucinated material enters the decision-making process, as it would violate the sanctity of adjudication. It is absolutely necessary to maintain integrity in decision page making, and we reiterate and declare zero tolerance for the Bar as well as the Bench to cite, refer to, or rely on such material. It is also clarified that our judgment shall have no bearing on the rightful use of artificial intelligence, but on the presentation or reliance on fake or hallucinated material as if it were a court precedent.*

6. At this juncture, we may also add a comment on the use of Artificial Intelligence in adjudicatory processes. While this issue incidentally falls upon us to be considered, use of Al in the process of adjudication is not foreign. Quite the contrary, this Court has recently released draft Regulations for Use of Artificial Intelligence in Courts, 2026, calling for comments and suggestions. Notwithstanding that the regulations are yet to be finalised, use of AI as an assistive tool to speed up the decision-making process cannot be denied. However, a note of caution must be sounded: assistance can never be substituted for adjudication. AI may well serve as training wheels but entrusting it with the pilot's seat would be both imprudent and dangerous.

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> *7. The use of AI in this case, resulting in reliance placed by the second respondent on material which is dubious, proves fatal to the sustainability of the order imposing penalty on the appellant. Such circumstances compel us to interfere and remand the case. Learned Additional Solicitor General has not joined issue*

3. Learned Counsel for the Respondents fairly submits that the impugned Order can be quashed and set aside and the matter can be remanded back to the Respondent No.1 for passing of a fresh Order.

4. By consent of both the parties, the Order dated 11th August, 2026 is quashed and set aside.

5. The Petitioner is directed to appear before the Respondent No.1 on 5th November, 2026 at 11:00 a.m. after which the Respondent No.1 shall fix the next date of hearing. The proceedings be concluded within a period of eight weeks from 5th November, 2026.

6. In view of above, Writ Petition No.5093 of 2026 stands disposed of.

(SANDESH D. PATIL, J.) (M. S. KARNIK, J.)

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