Legal Personality in the the Digital Age

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Received: 12 October 2025 / Accepted: 6 November 2025 / Published: 26 November 2025
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Doi: 10.56345/ijrdv12n315

Abstract

This paper aims to analyze how the emergence of virtual environments and the use of artificial intelligence affect the evolution of legal concepts and the boundaries of their interpretation. Human interaction, which has further developed with the use of digital entities and the products of the creation of artificial intelligence, seems to be challenging the concept of legal personality in traditional civil law. The paper will present an analysis of the issues affecting the legal responsibilities related to the acquisition of legal personality, the social and economic risks, as well as the ethical implications that accompany it. It will continue with an analysis of the current Albanian legislation and the limitations it provides, taking into account the intellectual property rights related to it, due to the way they are created, deployed and exist in virtual environments, as well as respecting the principles of transparency and accountability. Finally, the paper will provide an overview of relevant European legislation and the evolving EU approach to this emerging legal issue.

Keywords: *Legal personality, civil law, artificial intelligence, legal responsibility*

1. Introduction

In the era of technological developments beyond physical boundaries, approaches to traditional concepts of law have also changed. The evolution of the concept of legal personality has come naturally as a result of the social and economic developments of the times. Legal personality was initially an exclusivity of natural persons. Later, with economic developments and the creation of structured economic entities, the need arose to regulate their activity and determine legal responsibilities. Legal persons can be considered, according to some points of view, as legal fictions, due to their legal existence, creation, exercise of activity and their extinction (Quintana Adriano, 2015, p.105).

The concept of legal personality has been deemed important to address due to the emergence of digital actors, capable of acting both in virtual and real environments through certain algorithms. Looking back in time, the recreation of the characteristics of individuals has always existed through art forms, such as sculpture or painting. But now, through technological developments, the interpretation of legal personality has taken a different approach (Habib, 2025, p.1).

This legal paradigm on legal personality is clearly being challenged by the rapid development of emerging technologies, such as artificial intelligence, as well as the use of platforms in the Metaverse[1]. Legal changes adapt to the social and economic changes of society, respectively, to guarantee the rights and freedoms of citizens in a proportionate

[1] *The Metaverse represents a digital environment that is continuous, pervasive, and interconnected, spanning both physical and virtual realities, so that users can interact with each other through digital objects in real time.*

manner. However, in recent years, the evolution from simple means of operation and interaction to technologies that enable independent decision-making and interaction in new ways has raised profound ethical and legal questions, to assess whether or not it is necessary to undertake new legal initiatives towards a new regulation of traditional legal concepts.

Metaverse virtual platforms now recognize avatars, which can be considered as representatives of individuals in these environments. Individuals interact and create their experiences through avatars in the same way as in physical environments. However, their use still presents important legal implications, due to the lack of proper legal regulation of virtual environments. This paper will analyze approaches to avatar activity and legal initiatives in this regard (Mengual, 2024, p.104).

Also, legal personality in the digital age is not limited only to the use of avatars, which serve as direct representations of individuals beyond the physical environment, but discussions also extend to artificial intelligence creations of systems or "entities", which can potentially legally take on the dimensions of legal subjects, due to the autonomy of action and decision-making that technological development allows them.

The further expansion of legal personality was not considered before technological developments, since the very extension of granting legal personality to legal persons has been the subject of much discussion. However, it can be argued that digital agents can participate in transactions, provide services, accumulate digital assets, and this blurs the boundaries between physical and digital reality. In European legal systems, as well as in the Albanian one, such a development can be seen as an opportunity but also as a challenge. Issues of legal certainty and the determination of responsibilities remain in the focus of discussions, taking into account also the process of approximation of Albanian legislation with that of the European Union, where debates on the governance of AI and digital regulation are becoming increasingly central.

The central question that this paper seeks to address is whether such digital systems can be recognized as subjects of law, capable of possessing legal personality, acquiring rights and assuming obligations. To provide a comprehensive answer, the analysis will engage the key doctrinal perspectives, examining both current and future technological developments to better understand the trajectory of digital evolution. Furthermore, it will explore the European legal discourse on the attribution of legal personality to non-human entities, as well as an analysis of the Albanian legal framework, focusing on the interpretative spaces it offers for integrating such emerging realities with existing legal structures.

2. Methodology

This paper will follow a methodological framework that combines doctrinal legal analysis and socio-legal examination to analyze the concept in the development of legal personality, in the context of emerging technologies. Such a methodological approach will be based on contemporary legal discourse and legal literature, which emphasizes the need to analyze, interpret and further develop legal norms, to take into account the inevitable technological development.

In European legal systems and those in transition such as the case of Albania, in which the process of digitalization is developing, legal structures remain oriented towards the approaches of classical legal systems and traditional interpretation of legal concepts. The creation of autonomous artificial intelligence systems and virtual entities presents normative challenges and a broader understanding of legal personality.

In order to reflect the doctrinal and jurisprudential approach at the national and international level, the analysis of this paper is based on an in-depth examination of the sources of law, both primary and secondary, with a focus on the developments of recent decades.

In the context of Albanian legislation, the analysis is based on constitutional provisions, the provisions of the Civil Code of the Republic of Albania on the definition of legal personality, natural person, legal person and the limitations they impose to obtain rights and assume obligations. The analysis will also be directed towards provisions of a criminal nature to understand how responsibility is divided not only in the civil context but also in the criminal one, where the Criminal Code and Law No. 9754, dated 14.6.2007 "On the Criminal Liability of Legal Persons" will also be touched upon. Legal acts related to intellectual property rights will also be included in the analysis of this paper, due to the way artificial intelligence systems and agents are created and how they operate, as it represents a critical area where issues of authorship, ownership, and legal subjectivity intersect with technological advances.

The process of European integration requires the alignment of national legislation with that of the Union. In this context, considering Albania's ongoing commitment to harmonization with the *acquis communautaire* of the European Union, this paper makes reference to key EU regulatory instruments addressing digital matters in the EU, such as the

Artificial Intelligence Act (2024), the General Data Protection Regulation (GDPR) and the Digital Services Act (DSA). Additionally, attention is given to the political and legal discourses surrounding the approach of the EU institutions to the evolving concept of legal personality. This methodological framing reflects the complex and multifaceted nature of legal personality in the digital age, which transcends the traditional boundaries of private and public law.

3. Conceptual and doctrinal perspectives on legal personality in the digital age

Legal personality is one of the main concepts of law, included in legal theories from positivism to natural law. Debates among jurists have always existed due to its specific characteristics and limits. Issues of legal personality have encountered debates in legal discourse, starting with the creation of legal persons as subjects of law, then discussions on environmental personality and most recently the legal status of agents created through artificial intelligence and avatars in digital environments (Sanjaya et al., 2025, p.184).

Supporters of positive law defend the approach that legal personality can be granted to human beings or anything else by law, and that there is no concept of natural personality. Thus, legal personality can be granted and taken away again by law, which is why legal persons are also attributed personality by law. On the other hand, in natural law, legal personality is attributed to human beings themselves (Idrees, 2024, p.4).

The discourse on legal personality has also touched on another aspect, that of environmental personality. Ecuador, in 2008, became the first country in the world to make nature a subject of constitutional rights. Thus, nature was attributed to a legal personality. The legal solution to guarantee special protection to nature was achieved through the possibility of any subject to file a lawsuit in court on behalf of nature even if that lawsuit did not affect his direct interest. Nature is thus no longer considered as property but as a holder of rights (Oliver, 2024).

Referring to the above, the concept of legal personality has evolved and adapted to the needs of society, to guarantee fundamental rights, as well as to regulate economic and legal relations between subjects. However, the legal personality granted by law to legal persons (or nature in certain countries) differs from that attributed to natural persons. Natural persons in principle exercise their own rights and assume their own obligations, while legal persons act through representatives. We find it necessary to mention this difference for the purpose of this paper because in the legal debate on legal personality in the digital age, if an artificial intelligence entity or avatar were to acquire legal status, it would have to be determined how they would be represented. If individuals are to be their representatives, how will responsibility for actions or omissions contrary to the law be shared?

In the European space, the discussion on legal personality remains open. Some of the important European acts closely related to technological developments are the Artificial Intelligence Act (2024), the General Data Protection Regulation (GDPR) and the Digital Services Act (DSA). However, the concept of personality is related to a series of qualities that legal subjects must have and despite the high level of technological development over the last decades, it is human beings who make it possible to create, design, program, use and change systems, enabling them to have certain capacities or characteristics. Machines, systems or avatars are not yet able to have full autonomy, to decide for themselves and to pursue self-determined goals. The European Parliament has proposed the so-called “electronic personality”, referring to highly advanced machines that would be treated similarly to legal persons to be held accountable for their own actions. However, debate continues due to objections that legal personality is not necessary as long as the systems can be owned and operated directly by natural or legal persons (European Parliament, Policy Department for Citizens' Rights and Constitutional Affairs, 2020, pp.37-42).

In 2017, the European Parliament issued a Resolution with recommendations to the Commission on “Civil law rules on robotics”, which proposes a new legal framework for the development and use of artificial intelligence robotics. Aiming to expand the concept of legal personality further by granting a specific legal status to the most advanced robots so that they can be held liable for the damages they cause when taking autonomous actions or interacting independently (European Parliament, 2019, p.3).

However, these developments in the European arena are viewed with skepticism. The concept of electronic personality itself is in an early stage of development and there are dilemmas over the ethical considerations that accompany it and the consequences that its implementation could bring (Nowik, 2021).

4. The Albanian regulatory framework

In Albanian civil law, the concepts of legal capacity and capacity to act are expressly recognized. Legal capacity constitutes an inseparable attribute of the person and, in substance, coincides with the notion of legal personality (Nuni,

2012, p.107). Legal personality is attributed both to natural and legal persons. Article 2 of the Civil Code of the Republic of Albania provides that: "*Legal capacity begins with the birth of a living person and ends with his death. A child born alive enjoys legal capacity from the time of conception*". This provision clearly establishes the attribution of legal personality to natural persons, and determines the moment of its acquisition.

Furthermore, Article 26 the Code stipulates that: "Private legal persons are companies, associations, foundations and other entities with a private character, which acquire legal personality in the manner determined by law". It is noteworthy, however, that while the Civil Code recognizes the existence of legal personality, it does not provide a precise definition of this concept. In this regard, legal doctrine clarifies that the legal personality of a legal person represents a normative construct that enables that entity to act as a subject of law, capable of holding rights and obligations (Nuni, 2012, p.138).

The Civil Code recognizes natural persons and legal entities as subjects of law. Although the Code has undergone several amendments over the years, its foundational concepts regarding legal personality have remained largely unchanged. Despite the rapid advancement of technology and the emergence of artificial intelligence or avatars operating within digital environments, the provisions of the Civil Code cannot be interpreted extensively to extend legal personality to such digital creations, regardless of whether they act autonomously or not.

Even within the sphere of criminal law, Albanian legislation recognizes natural and legal persons as subjects of criminal liability. From its inception, criminal law has traditionally recognized the criminal liability of natural persons, reflecting the classical notion that only human beings can bear criminal responsibility. By contrast the recognition of criminal liability for legal persons is a relatively recent development in Albanian law, emerging over the last two decades.

Article 45 of the Criminal Code provides that: "Legal persons, with the exception of state institutions, are criminally liable for criminal offenses committed in their name or for their benefit by their bodies and representatives". This principle is further detailed in Law No. 9754, dated 14.6.2007 "On the Criminal Liability of Legal Persons", which establishes the rules for liability, criminal proceedings and types of punitive measures taken against legal persons for committing a criminal offense. Article 3 of this law specifies the circumstances under which legal persons may be held criminally accountable.

Currently, Albanian criminal legislation does not provide for the recognition of other potential entities, such as digital agents or avatars, as subjects capable of bearing criminal responsibility. The lack of such provisions reflects the traditional understanding of personhood and the attribution of criminal responsibility. Although in the digital age the existence of digital creations has taken on enormous proportions, it poses considerable challenges in addressing whether actions performed by non-human entities can face legal consequences.

The emergence of digital actors also raises concerns regarding intellectual property data, in cases of creations of digital agents by individuals and the operation of their activity, as well as the generation of works created by artificial intelligence. In Albania, two main legal acts are in force regarding intellectual property rights, Law no. 9947, dated 07.07.2008 "On Industrial Property", as amended, and Law no. 35/2016 "On Copyright and Other Related Rights", as amended, which has been aligned with a number of European Union acts. These acts are based on the classic legal distinction between natural and legal persons as rights holders. Article 3 of Law no. 35/2016 "On copyright and other related rights" provides that copyright belongs, by nature, to the natural person who created the work, while the holder of other related rights may be any natural or legal person.

5. Discussion

The arguments advanced by some scholars in favor of attributing legal personality to digital actors are often met with skepticism by proponents of the traditional concept of legal personality. This concept is deeply rooted in legal theory and practice, and its extension to non-human entities raises complex questions. Legal personality intersects with multiple branches of law, and its redefinition in the context of emerging technologies presents not only legal, but also practical and ethical challenges. When examined through the lens of criminal law, whose main functions are protective, preventive and punitive, the attribution of legal personality to digital actors becomes particularly problematic. The absence of physical existence, autonomous decision-making, and accountability mechanisms raises fundamental issues regarding responsibility and enforcement (Chesterman, 2020).

Discussions in the doctrine also relate to tracing the responsibility of digital actors, since such a thing may be impossible to reach a specific person (Raskulla, 2023, p.7). Responsibility is among the main components and reasons for which the discourse on the legal personality of digital actors has arisen.

Approaches in the European Union have also evolved with the proposals of resolutions of the European

Parliament, among others the European Parliament Resolution on intellectual property rights in relation to the development of AI technologies (2020/2015(INI)) (Pokrovskaya, 2025, p.183). Intellectual property rights are still controversial even in the European sphere. Also controversial is the notion of "economic personality".

The debate on legal personality for digital actors remains amidst numerous legal and ethical dilemmas. While theoretical models exist and European discussions are ongoing, the extension of full legal personality to artificial intelligence or avatars must be seen in light of the practical consequences it may entail. In the Albanian context, existing legal frameworks, including civil, criminal and intellectual property law, offer limited scope for broad interpretation, suggesting that gradual regulatory measures may be the most feasible way forward.

6. Conclusion

Legal personality is a concept that has evolved over time and has undergone changes from its traditional meaning, as a result of social and economic changes in societies. Clearly, with technological developments, human relationships are taking on a new form and human interaction has acquired new characteristics, which necessarily require legal regulation. Granting legal personality to digital actors, although it still remains a debate with many supporters and opponents, would bring uncertainty to the dividing line between physical and virtual reality. On the one hand, researchers support the idea that their responsibility should be determined by regulatory acts, and on the other hand, there is an inability to depart from the basic characteristics that have traditionally justified legal personality.

In the context of Albanian legislation, the Civil Code and the Criminal Code of the Republic of Albania clearly and explicitly recognize only natural persons and legal persons as subjects of law. No legal provision, even through a broad interpretation of the law, allows or implies that an extension of legal personality can be allowed to be attributed to artificial intelligence creations or avatars, regardless of their degree of autonomy. This legal framework reinforces the principle that technological creations are tools, not subjects.

Recognizing legal personality and granting rights or obligations to any artificial intelligence creation, system or avatar in virtual environments, would risk undermining the coherence of the legal order in Albania. A more pragmatic and legally sound alternative is to strengthen mechanisms of attribution, responsibility and regulatory oversight for human or legal actors who design, deploy or control these technologies. Albania should focus on modernizing the current legal framework to address accountability gaps created by emerging technologies, such as intellectual property rights, liability for damages, transparency, and accountability.

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