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THE LEGAL IMPLICATIONS OF ARTIFICIAL INTELLIGENCE ON COMMERCIAL LAW

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Abstract
Present, in hand, research is in some manner diligently to analyze the way the commercial law is, as it is noticed, influenced by artificial intelligence (AI), which appears to underscore the effectiveness of deployed legislation relating to rapid technological growth. The paper at hand appears to underscore that AI has in fact caused a change of the very essence of commercial operations, as many of them are now generated automatically with the use of intelligent mechanisms. This development somehow creates absolutely new law issues related to identification of the commercial character of such operations, accountability of decisions made autonomously and non-manually, and conflict resolution mechanisms caused by them.. The paper is seemingly falls into two main sections. The first copes with AI-based activities contribution in acquiring commercial status highlighting that traditional legislation, like the Iraqi Commercial Code, seemingly lacks explicit provisions regulating these activities. This undoubtedly requires a reconsideration of the definitions of "merchant" and "commercial activity." The second section probes into the differences among traditional commercial activities and those based on AI, including the nature of decision-making, the determination of legal liability, and bankruptcy procedures, while also noting their similarities, such as the pursuit of profit and compliance with commercial law. The current research finally concludes that commercial legislation ought to be upgraded for keeping pace with such advancements via the enactment of specific AI-based laws, the clarification of legal liability, and the establishment of regulatory frameworks that balance technological innovation with the protection of parties' rights. It further stresses on the importance of cooperation among legislators and technical experts in drafting flexible and effective regulations.

Keywords: Artificial Intelligence, Smart Commercial Activities, Legal Liability, Smart Contracts, Electronic Intermediary

INTRODUCTION

1. Defining the Research Topic

The new and modern world is perceived to witness uinque development of technology, and (AI) is one of the cornerstones within economic and business environments. AI has seemingly has significant impact on each of business processes, permeating from innovative marketing approaches to decision facilitation and new creation of business protocalls. Apparently, AI within the industry level of business appears to constitute a paradigm shift within the way of transactions being regulated and processed such that it to a certain extent, increase productivity, reduce cost, and essentially offer quick and precise responses. Accordingly, such innovation of technology ingeniously poses important questions of incorporation of such software within currently applicable provisions of law and whether or not commercial law currently prevailing is capable of adapting such innovations. The issue is, somewhat, a core topic of legal study just because it essentialy requires developing adaptive mechanisms of legislation capable of regulating commercial processes with AI as one of the factors and to make certain kind of balance for the technological innovation and the protection of contracting parties' legal interests. . As the ever-quickening advance of the technologies of AI goes forward, this sector has undoubtedly become one of the main drivers of redrawing business processes and activities. AI is no longer a complementing tool; it is now actively used in decision-making processes, data handling, and strategic recommendations within most industries. This type of revolution has bred new ideas that raise questions about the regulatory and legal infrastructures governing commercial activities. It is now essential to grasp the nature of AI, its scope, and its effect on business activityboth domestic company activity and activity with clients and counterparts.

Artificial intelligence mainly attempts to emulate human intelligence based on software and technologies that are designed to react to situations. AI is usually categorized into three types: weak AI, strong AI, and superintelligence.

However, AI should not be confused with any computer program that operates through a fixed algorithm to perform specific functions. For a program to qualify as AI, it must possess the ability to learn, collect data, analyze it, and make decisions based on that analysis. One of the most influential definitions of AI was offered by John McCarthy, who described it as "the science and engineering of making intelligent machines, especially intelligent computer programs. It involves creating a computer or robot controlled by a computer, or a program that thinks intelligently in the same way intelligent humans think. Artificial intelligence is achieved by studying how the human brain thinks, how humans learn and make decisions, and how they work to solve problems, and then using the results of this study as a basis for developing intelligent programs and systems."
Accordingly, AI can be understood as an attempt to make a computer or programmed machine act like a human being whether in reasoning, behavior, or problem-solving, and to engage in various aspects of daily life. This is achieved by drawing on studies of human behavior, extracting insights, and encoding them into systems designed to replicate such behavior in machines.

Significance of the Research:

Weak artificial intelligence refers to systems with limited intelligence that mimic human-like behavior within a specific domain. An example is Apple's Siri application, which performs predefined tasks, a characteristic common in most modern technologies today. Strong artificial intelligence, by contrast, is based on the premise that a computer can be programmed to function as a human mind, possessing awareness, consciousness, objective reasoning, emotions, and behavior. Superintelligence is a concept used to describe the stage at which the cognitive capacity of machines surpasses that of humans in performing tasks. The study of the legal implications of artificial intelligence (AI) on commercial law has become particularly significant in the present era of rapid technological development, which is now clearly reflected across various commercial sectors. The interaction between this advanced technology and existing legal frameworks presents a genuine challenge that calls for a re-examination of traditional legal structures.[1]
While AI holds out the unlimited possibility of making business more innovative and effective, it is equally accountable for creating a stream of complex legal issues requiring implementable and efficient solutions within real-world businesses. Perhaps the best argument of such research is possibly trying to catch up with the technological evolution by studying the impact of AI on commercial law of today. Accordingly, it inevitably allows some sort of modernizing and evolution of the laws to ideally make them customary cope up with such a technological revolution. Within the sphere where AI relentlessly turns out to emerge as a significant tool of daily business practice, this work is, by no stretch of imagination, effort trying to completely comprehend the intersection of such technology with the laws of rules governing such transactions.

3. Research Problem

Without any sort of certainty AI can up to certain degrees, perhaps be a central modern technology that in some manner or other affects diverse points of law, like commercial law. Either within forecasting and analyzing processes or within business activity automations due to the great reliance on the employment of it within commercial dealings. So, very many of the legal issues related to its influence on the common laws of commercial relationships were posed by this innovation. Main research problems can seemingly be formulated into: To what degree does AI affect common commercial laws, and how seemingly adequate are such laws in coping with the rapid technological advancements in this field?

4. Research Methodology

It seems that the study occupies several methodological meethods. It applies the analytical method by scrutinizing Iraqi legislative sources pertaining to the subject of the research. Other than that, it applies the comparative method and makes a comparison of the findings under Iraqi legislation with other legislation findings, particularly Egyptian law and legislative proposals which have uniquely regulated AI, e.g., the Artificial Intelligence Act issued by the European Union.

5. Research Plan

In order to answer the research question formulated within this work, the research is divided into two main chapters. The first of them considers the achievement of commercial status of activities based on AI. The second takes into account the implications of making differences between traditional commercial activities and commercial activities based on AI technologies

Chapter One

Acquisition of Commercial Status for AI-Based Activities

[1] See: Mousa, A. and Bilal, A.H., 2019. Artificial Intelligence: A Revolution in Modern Technologies. Cairo: Arab Group for Training and Publishing, p.29.
John McCarthy is regarded as the "father of artificial intelligence," credited with coining and introducing the term artificial intelligence into scholarly and technological discourse.
Stanford University, n.d. John McCarthy – Personal Page. Available at: https://www.formal.stanford.edu [Accessed 7 January 2025]. Quoted in: Al-Obaidi, A.H.Y., The Concept of Artificial Intelligence. Available at: https://sjc.iq/view.69927 [Accessed 7 January 2025].

Business has been completely transformed by the evolution of technology, and AI is likely one of the greatest stimulants to change the nature of business processes. Business transactions are no longer based on the traditional practice; instead, new businesses have rather emerged that are based completely or partially on AI technologies, whether it is e-commerce or financial computations, providing smart services, or even in making advanced business decisions. This development raises skeptical questions regarding the extent to which such activities can achieve commercial status in line with traditional legal criteria, and whether they meet requirements laid down by lawmakers for something to be considered commercial. The issue becomes so serious in light of the involvement of intelligent systems in making business transactions with less direct human engagement. Are activities based on AI commercial in character or because they are related to other commercial activities? And how much do the activities correspond to the legal provisions that decide on commercial status?

Deciding these issues entails exploration of the legal foundations that bestow commercial status on economic activity and consideration of the extent to which these can be extended to encompass AI-mediated transactions—especially given that there is no straightforward regulation of such pioneering activities in most jurisdictions. Therefore, this section is divided into two. The first discusses legislative reactions to the acquisition of commercial status, and the second deals with doctrinal approaches to the issue.

SECTION ONE

Legislative Approaches to Acquiring Commercial Status

It is highly challenging to substantiate the commercial nature of activities that are engaged in under artificial intelligence systems because their activities do not resemble regular commercial activity. For these reasons, one has to recognize how such activities can possibly be qualified within the confines of regular legal parameters such as speculation, circulation, profession, cause, and commercial enterprise and note how they can possibly feature within either commercial law or the regime of civil law. Traditional commercial operations are usually defined as those listed in Articles 5 and 6 of the Iraqi Commercial Code No. 30 of 1984, which are to certain aspects rest on some factors, like speculation, circulation, profession, enterprise, and cause. They, to certain extent, make up the basis for enforcing commercial law provisions, governing commercial transactions, protecting certain parties, and ensuring stability in the marketplace. But with AI, all such earlier definitions have to be reviewed. AI can possess potentiality to fundamentally make some changings for the way commercial business is conducted, founded on automation and self-judgment by smart systems, such that it will not be easy to categorize. Smart business operations are businesses hinging heavily upon AI for handling operations or services. Such operations may to certain extent include usages of AI in e-commerce, banking and finance services, data analysis, supply chain management, and online marketing. i.e. advanced online shops may undoubtedly and to certain range makes use of AI to analyze consumer's behavior and provide suggestions, while a bank uses AI algorithms to analyze risk and investments. These activities unveil the traits of circulation and speculation that go in line with the traditional definition of commercial activity.

But the designation of smart activities is to be read with reservation against current legislation and its implementation in this context. International schemes have contrasting positions regarding how they define such activities. The Ethics Guidelines for Trustworthy AI of the European Union's High-Level Expert Group on Artificial Intelligence, published in 2019, primarily focus on ethical issues in the context of AI but do not directly refer to how AI-influenced activities are to be specifically designated categorically under law. Similarly, the British Standards Institution (BSI) AI Guidance of 2021 provides a guideline for ethical regulation of artificial intelligence but does not provide for a legal category of smart business activities.[2]

At the national level, laws such as the Iraqi Commercial Code No. 30 of 1984 and the Egyptian Commercial Code No. 17 of 1999 do not include specific updates addressing smart commercial activities based on artificial intelligence. Their focus remains limited to traditional commercial practices, without reference to the changes brought about by modern technologies. By contrast, the proposed European Union Artificial Intelligence Act (2021) and California's AI Law (CA AB-13, 2020) provide certain guidelines on the regulation of AI, yet neither offers a precise definition of "smart" commercial activities. In terms of data protection, frameworks such as the EU General Data Protection Regulation (GDPR, 2018), Mexico's Federal Law on the Protection of Personal Data, and Japan's Act on the Protection of Personal Information (APPI, 2003) primarily concentrate on safeguarding personal data collected and used in digital contexts. However, they do not supply a clear legal definition of commercial activities that rely on artificial intelligence. Courts likewise face challenges in classifying smart

[2] • Al-Na'eemi, R., 2020. Artificial Intelligence and Data Analysis in Commercial Law. Damascus: Dar Al-Hussam, p.51.
• Abdullah, N., 2020. The Impact of Artificial Intelligence on the Regulation of International Trade. Master's thesis, College of Law, United Arab Emirates University, p.28.
• Al-Hassan, S., 2021. Artificial Intelligence and the Challenges of E-Commerce. Amman: Dar Al-Ibdaʿ, p.37.
• Abdulrahman, S., 2021. The Impact of Artificial Intelligence on Commercial Legislation. Master's thesis, Faculty of Law, Al-Azhar University, Egypt, p.61.

commercial activities. At present, there are no landmark judicial decisions specifically addressing the classification of AI-driven business activities, leaving the issue open to legal interpretation.

SECTION TWO

Doctrinal Opinions on Acquiring Commercial Status

Commercial legal scholarship offers differing perspectives on the classification of smart business activities. For example, the American jurist Jonathan Kaufman argues that AI-driven activities should be classified as commercial, since artificial intelligence inherently involves elements of speculation, circulation, and profit-making. In contrast, the French jurist Jean-Bernard Cordier maintains that smart activities may fall within the scope of civil law, on the basis that they lack the traditional characteristics of speculation and circulation found in conventional commercial activities. In light of these opinions, it appears reasonable to classify AI-based activities as commercial. This classification is consistent with the characteristics of smart business activities, which are marked by speculation and circulation features that reflect the functions of traditional commercial practice. Furthermore, recognizing such activities as commercial would ensure the application of commercial law provisions and facilitate the resolution of disputes arising from them. For these reasons, the researcher supports the view that AI-driven activities should be considered commercial in nature, while also emphasizing the need to update legislation in order to keep pace with technological developments and reflect the distinctive characteristics of such activities.[3]

With respect to whether AI systems themselves may acquire the legal status of "merchant," the prevailing legal principle is that this designation is granted only to those who independently and professionally conduct commercial activities in their own name and for their own account. While it may be observed that some AI systems are capable of independently performing activities of a commercial nature, this alone is not sufficient to confer upon them the legal status of merchant. This is because such systems lack legal personality. In addition, the comparative legislation examined restricts the acquisition of merchant status to natural persons or legal entities, to the exclusion of any other category.

Moreover, AI systems lack the requisite legal capacity to acquire this status, as they cannot be held legally accountable in any form. To suggest otherwise would mean moving from viewing AI systems as mere tools for conducting commercial activities to recognizing them as autonomous entities with merchant status—a notion that is inconsistent with the current legal framework. Consequently, some scholars maintain that no matter how advanced or autonomous AI systems may become in concluding transactions or managing circulation processes, they cannot at present acquire the legal status of merchant. (Hamad, S.S., 2024. The Role of Artificial Intelligence in the Development of Commercial Law Rules: A Comparative Study. Journal of the Faculty of Law for Legal and Political Sciences, 13(50), p.510).

CHAPTER TWO

The Legal Implications of Distinguishing Between Traditional Commercial Activities and Those Based on Artificial Intelligence

The distinction between commercial activities conducted through artificial intelligence (AI) and those conducted through traditional means is governed by the general principles of commercial law. It is therefore necessary to examine both the differences and the similarities between the two from a legal perspective. This analysis requires a deeper exploration of the new challenges introduced by AI, as well as the demands placed on the legal system to develop rules capable of accommodating technological transformation. Accordingly, this chapter seemingly falls into two main sections. The first section will analyze the differences between AI-based and traditional commercial activities, while the second section will highlight the areas of similarity.

Section One: Differences

Traditional commercial activities differ from those based on artificial intelligence in several respects. To illustrate the most significant of these differences, this section is distributed as follows:

1. The Nature of Decision-Making and Operational Mechanisms

One of the key distinctions between AI-powered commercial activities and conventional commercial activities lies in the decision-making and operating styles. AI-powered commercial activities largely rely on artificial intelligence technology and advanced data analysis, whereas conventional commerce is highly based on human experience and interpersonnel communication. The variance looks like it is the most prominently detected within the style of decision-making and business operation. AI-based business actions are uniquly characterized via how much they rely on smart systems and software having the capacity to meticulously analyze myriad of data and

[3] 1. Ali, J., 2021. Artificial Intelligence and Its Applications in E-Commerce Law. Journal of Law and Commerce, 11(2). Cairo University Academic Press, p.69.
2. Hussein, K., 2021. The Impact of Artificial Intelligence on the Regulation of Commercial Activities. Journal of Legal and Commercial Studies, 9(1). University of Sharjah Academic Press, p.44.

make faster, accurate decisions. Such decisions are somewhat based on consumer trends, market trends, and general economic trends. For instance, some top online shopping sites employing intricate algorithms to meticulously monitor customers' behavior and purchasing patterns in an effort to develop tailored recommendations or offer selected promotions. Such processes enhance business productivity, reduce operating cost, and truncate time needed for making decisions. Al-Rifa'i, A., 2018. The Difference Between Smart Commercial Activities and Traditional Activities: Digital Transformation in Commerce. Cairo: Dar Al-Nahda Al-Arabia, p.64.

On contrary, classical-business practices seems to be resting upon humane involvement in decision-making. This kind of dependence is to certain aspects usually renders decision-making relatively slow, with vital deliberation on managers' and consultants' part to affirmatively ensure conformity with institutional rules and prescribed guidelines. These decisions normally depend on the experience of humans and market knowledge, which are prone to prejudice or human errors. i.e, a conventional store sales manager is able to reduce the price of a product through his own discretion based on expected demand. It takes longer and is possibly less accurate than findings from data analysis conducted in real-time.

2. Defining the Scope of Risk and Liability

The second main field of divergence between AI commerce and traditional commerce is the manner in which risk and liability are conceived and approached by each. Risk is an inherent component of commercial activity, manifesting in investment, marketing, and management decisions, and wielding significant impact on the financial and operational viability of enterprises. For traditional commerce, risks are largely approached by human experience and subjective opinion regarding potential hazards. Entrepreneurs and executives are liable for the risks arising from the decisions they take, based on current forecasts and analysis. In this framework, risks are likely to be determinate and clear, and they are largely addressed by commercial and civil laws that allocate responsibility in the event of loss or harm. For instance, the Iraqi Commercial Code No. 30 of 1984 and the Egyptian Commercial Code No. 17 of 1999 contain provisions describing how risk is distributed among contracting parties.[4]Under traditional commerce, risk and responsibility between parties are generally managed by contract duty or negligence. Yet, AI commerce through advanced technology has a far more complex setting for defining risk and responsibility. Since these operations rely on algorithms to make decisions autonomously with minimal involvement of man, they introduce novel risks connected with technical error or software defect. Under such circumstances, liability can be divided among or challenged by software developers, data providers, and users, raising serious legal issues regarding who is to be held responsible in the event of a mistake or harm.

3. Acquisition of Merchant Status and the Legal Definition of Commercial Activity

Legal acquisition of merchant status and definition of commercial activity are another field where conventional and AI-driven commerce vary most significantly. Traditionally,under commercial laws like the Iraqi Commercial Code No. 30 of 1984 and the Egyptian Commercial Code No. 17 of 1999,a merchant is a natural or juristic person who practices commercial activities professionally in his own name and on his own account. They somewhat need some conditions be met fo achieving merchant' status, i.e., the regular and systematic exercise of commercial activity and the inscription of that activity in the state commercial register. This shows transparency and notice to third parties of the commercial activity. In traditional commerce, merchant's status is closely linked with the natural person or company conducting commercial activities, the registration of the same with official registries being a question of law. Correspondingly, the Iraqi Civil Code No. 40 of 1951 and other civil legislation offer a regulatory framework that to some aspects reinforces this principle in the sense that it unswervingly safeguards the merchants' rights and streamlines legal procedures related to commercial transactions.[5]

In the case of smart commercial activities that rely on artificial intelligence, the matter becomes more complex. These activities can be carried out without direct human intervention, as they depend on autonomous AI systems—such as robots or intelligent softwarethat make business decisions based on big data analysis and market forecasts. Such systems are capable, for example, of automatically buying and selling stocks, managing supply chains, or analyzing customer demands. This raises a legal challenge: how can one determine who should be considered a "merchant" when no natural or legal person is directly responsible for these activities?

[4] • Al-Jubouri, F., 2019. The Impact of Modern Technology on Commercial Law. Amman: Dar Al-Basheer for Distribution and Publishing, p.125.
• Abdullah, T., 2022. Artificial Intelligence and the Analysis of Modern Commercial Laws. PhD thesis, College of Law, University of Al-Qadisiyah, Iraq, p.91.
• Mohammed, F., 2021. The Legal Challenges of Artificial Intelligence in International Trade. Journal of Law and Technology, 12(2). University of Sharjah Academic Press, p.51.

[5] 1. Al-Na'eemi, H., 2020. Artificial Intelligence and Commercial Law: An Analytical Study. Journal of Legal Studies, 11(3). Birzeit University Academic Press, Palestine, p.25.
2. Al-Rifa'i, A., 2018. The Difference Between Smart Commercial Activities and Traditional Activities: Digital Transformation in Commerce. Cairo: Dar Al-Nahda Al-Arabia, p.81. (previously cited)

The traditional laws, such as the Egyptian and Iraqi Commercial Codes, were not established to address this type of activity and therefore lack explicit provisions directing the acquiring of merchant status for AI business. But recent legislative efforts, such as the draft European Union Artificial Intelligence Act (2021) and California's AI Bill (Bill 13-B, 2020), have begun addressing these issues by providing regulation that prescribes the way intelligent systems may attain commercial status and how obligations under law are to be allocated.

4. Settlement and Bankruptcy Proceedings

Bankruptcy and settlement procedures are another inherent distinction between traditional commerce and AI commerce because technological development, particularly the use of artificial intelligence, necessitates these procedures. In normal trade, bankruptcy often refers to the natural or legal person who fails to fulfill its obligation of paying debts due to insufficiency of assets to pay liabilities. Bankruptcy processes for such cases are regulated by specific commercial codes, i.e., the Iraqi Commercial Code No. 30 of 1984 and the Egyptian Commercial Code No. 17 of 1999, that set up transparent instructions for managing merchant's debt, mechanisms of settlement, and creditor's rights. Thus, bankruptcy is based upon fiscal reporting and company performance, and courts interpret formal commercial laws to be followed in managing insolvency and liquidation cases bankruptcy practice in traditional commerce typically involves judicial proceedings encompassing negotiations among creditors and debtors, debt restructuring, or liquidating assets with the objective of meeting obligations as reasonably as can be expected. This is managed by a trustee or administrator who is appointed by the court to ensure transparency and uphold rights for all involved. In contrast, in commerce that relies heavily on artificial intelligence, the matter becomes far more complex. Companies that depend on intelligent systems for their financial decision-making may face unique challenges in the event of bankruptcy. One complication is that AI systems are capable of managing assets and making decisions at a speed that can outpace human intervention. In cases of insolvency, such rapid and automated decision-making may actually exacerbate a company's financial problems, particularly where programming errors or inaccurate data analyses lead to flawed decisions.[6]

SECTION TWO

Similarities

Amid rapid technological developments, smart commerce—relying on artificial intelligence and modern technologies—has become an increasingly significant component of the global commercial landscape. Smart commercial activities are often conducted through electronic communication networks, without requiring the physical presence of the parties involved in the transaction. This reality necessitates the development of a parallel and suitable legal framework to govern such processes. Despite the fundamental differences between AI-driven commerce and traditional commerce, there remain key points of similarity that link the two. These shared elements reflect the foundational principles of commercial activity, which remain constant across time and technological change. [7]

Just like traditional commerce, smart commerce is also in the business of generating a profit by selling products or services in the market. Both types of business are alike in the sense that they are both required to fulfill fundamental legal and commercial obligations, like fulfilling commercial contracts, managing financial operations, and registering the business. They also undertake basic commercial activities such as marketing their services and products, managing client relationships, and dealing with finance and legal matters related to operating the business. These similarities demonstrate that the basic rules of business are maintained, even when new technologies revolutionize how such rules are implemented. It is therefore important to understand the similarities between conventional and smart business so as to strike a balance between the embracement of technology and the maintenance of the underlying rules of the business game. These similarities can be summarized as:

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1. Abdulrahman, A., 2020. Artificial Intelligence and Its Applications in International Trade. Journal of Law and Technology, 9(4). Beirut Arab University Academic Press, p.38.
2. Hussein, M., 2022. Artificial Intelligence and Its Impact on International Commercial Systems. PhD thesis, Faculty of Law, University of Aleppo, Syria, p.57.

[7] 1. Abdullah, T., 2022. Artificial Intelligence and the Analysis of Modern Commercial Laws. PhD thesis, College of Law, University of Al-Qadisiyah, Iraq, p.71. (previously cited).
2. Al-Husseini, M., 2019. Bankruptcy in Smart and Traditional Commercial Activities: A Comparative Study. Cairo: Dar Al-Nahda Al-Arabia, p.85.
3. Hamdoon, R.H., 2019. Electronic Arbitration Agreement. Journal of the Faculty of Law for Legal and Political Sciences, 8(30), p.42.
4. Sharif, A., 2021. Artificial Intelligence and the Development of Commercial Law. Beirut: Al-Halabi Legal Publications, p.51.

1. Profit Motive: Both traditional and smart businesses share the motive of making a profit through the provision of goods or services.
2. Compliance with Commercial Laws: Both must comply with commercial laws and regulations governing business activities, such as registration and consumer protection laws.
3. Legal Effect: Basic legal principles continue to apply to both types of commerce, but additional provisions are needed to address technological developments.
4. Contractual Relationships: Traditional and smart commerce business transactions are both based on express contracts between the parties to the transaction. General contract law is thus still applicable, though changes may be required to accommodate smart contracts and electronic signatures.
5. Trade Name and Trademark Use: Both utilize trade names and trademarks to identify them and strengthen brand name. Trademark protection law can therefore be utilized in fundamentally the same way, with minor adjustments to account for technological advancements.
6. Application of Competition and Consumer Protection Rules: Both traditional and smart businesses are subject to the laws of fair competition and consumer protection to ensure justice and transparency. These rules remain essential for both types of commerce, even though AI introduces new challenges, such as algorithmic bias and issues of transparency.
7. Risk Management and Insurance: Whether in traditional or smart commerce, business entities must manage the risks they face, including potential damages and losses. Consequently, insurance and compensation policies continue to apply to both, although they may need to be expanded to cover unique technology-related risks.[8]

From the above, it can be concluded that smart commercial activities—despite their technological and regulatory differences from traditional commercial activities should be integrated into the existing framework of commercial law, albeit with necessary modifications. Commercial legislation must take into account the fundamental differences in the nature of operations and the technologies employed, so as to encompass smart contracts, modern frameworks for intellectual property, advanced bankruptcy procedures, and the legal regulation of AI systems. The researcher therefore calls for the development of a flexible and comprehensive legal system that responds to ongoing technological transformations, while providing the necessary legal safeguards to ensure a balance between innovation and the rights of individuals and institutions.

General Conclusion

At the end of this research, we have reached a set of conclusions and proposals, as follows:

First: Findings

1. Through this study, it has been shown that artificial intelligence presents significant legal challenges, particularly with regard to determining the commercial status of smart business activities, the issue of legal liability for decisions made by intelligent systems, and the regulatory framework governing bankruptcy and settlement procedures in such activities. The research has also revealed that existing legislation remains insufficient to address these emerging issues.[9]

1. Artificial intelligence has raised significant legal questions, particularly concerning the determination of intelligent business endeavors being commercial, the issue of the legal liability of intelligent system decisions, and the regulatory regime that would govern bankruptcy and settlement processes in intelligent undertakings. The research further aimed to determine that the existing provisions of law, such as the Iraqi and Egyptian Commercial Codes, must be revised to match these advancements, taking into consideration international practice such as European and American legislative attempts that had already begun addressing such challenges.
2. Despite all these challenges, smart commercial business operations share a significant number of inherent features with traditional commerce, such as profitability, compliance with commercial law, and regulation of contractual relations. This coul be a proof that basic principles of commercial law are still applicable but further need to be evolved to incorporate technology innovations.

Second: Recommendations

The first recommendation is: To address the challenges arising from the use of artificial intelligence (AI) in business activities and to improve the legal framework, it is proposed that legal definitions be amended to explicitly

1. Youssef, K., 2022. The Legal Challenges of Artificial Intelligence in Commerce. 1st ed. Amman: Al-Ahlia Publishing and Distribution, p.67.
2. Hassani, Z., 2020. Artificial Intelligence and Reforms of Commercial Law. 1st ed. Saudi Arabia: Dar Al-Hilal, p.75.
3. Ahmed, S., Artificial Intelligence and the Management of Commercial Companies. Master's thesis. (University details and year needed for completion.)

Ahmed, S., 2020. Artificial Intelligence and the Management of Commercial Companies. Master's thesis, Faculty of Law, Amman Arab University, Jordan, p.112.

Abdullah, J., 2021. Artificial Intelligence and Reforms of Commercial Laws. Journal of Law and Policy, 7(1). Cairo University Academic Press, p.41.

include AI. Such definitions should clearly clarify the nature of smart commercial activities and determine whether they fall within the scope of "commercial activity." Revisiting the definition of "commercial activity" in the law to encompass AI-based activities would reduce uncertainty and facilitate the application of legal provisions to such practices. Second, commercial contracts that rely on AI must be governed by new legislation with strict standards for their formation and execution. Through special regulations, disputes could be avoided while ensuring a clear and predictable legal environment, as well as increasing transparency and fairness in business management. Finally, while AI poses significant challenges to the Iraqi legal system, it can also present a valuable opportunity to modernize the law and make it more dynamic and better aligned with the digital era. Achieving this requires political and legislative will, along with coordination among government institutions, the private sector, and technology specialists. Implementing such measures would not only strengthen the investment climate but also guarantee the enforcement of legal rights in the wake of the current technological revolution.

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