

AI HALLUCINATIONS IN THE LEGAL CONTEXT: A CANADIAN PERSPECTIVE

*RECENT ONTARIO DECISIONS &
ETHICAL IMPERATIVES FOR LAWYERS*

By Oksana Romanov

November 26, 2025



WELCOME MESSAGE

Welcome to *AI Hallucinations in the Legal Context: A Canadian Perspective!*

As AI tools become more integrated into the legal practice worldwide, understanding their limitations, such as **AI hallucinations**, is critical for maintaining professional competence and upholding the integrity of the justice system. This guest lecture introduces the audience to the evolving issue of AI-generated misinformation with a focus on Canadian case law.





Guest Speaker: Oksana Romanov,
BA (Hons), MA (Comm),
JD (with Distinction)

BIOGRAPHY

Oksana Romanov is a Canadian criminal defence lawyer and a former government prosecutor. She also served as a judicial law clerk to the Ontario Superior Court of Justice, conducting legal research for the court and assisting the judiciary.

Oksana holds a JD (with Distinction) from the Lincoln Alexander School of Law, Toronto Metropolitan University. She holds a Master of Arts in Communication from the State University of New York-at Albany, where she studied as the recipient of the U.S. Fulbright Fellowship.



LEARNING OBJECTIVES





By the end of this lecture, you will be able to

- ❑ Define “AI hallucinations”
 - ❑ Recognize how these fabricated legal authorities manifest in the legal context
 - ❑ Understand the prevalence of AI hallucinations
 - ❑ Familiarize yourself with recent Ontario decisions, *R. v. Chand*, [2025 ONCJ 282 \(CanLII\)](#), and *Ko v. Li*, [2025 ONSC 2965 \(CanLII\)](#), and understand the relevance of the court’s findings
 - ❑ Navigate the ethical considerations of generative AI in legal work
 - ❑ Identify the potential consequences of relying on unverified AI outputs, including contempt proceedings, professional sanctions, and reputational harm
 - ❑ Learn about best practices for verifying AI outputs
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DEFINING AI HALLUCINATIONS

AI hallucinations are errant, non-existent legal authorities, fabricated by an AI platform in response to a human prompt, which misstate or misrepresent the law.

DEFINING AI HALLUCINATIONS - CONT'D

Simply put, **AI hallucinations are errant, “non-existent or fake precedent court cases” or citations, which were “fabricated by an AI platform” in response to a user prompt:** *Ko v. Li*, [2025 ONSC 2965 \(CanLII\)](#), at paras. [3](#) and [5](#).

In *R. v. Chand*, [2025 ONCJ 282 \(CanLII\)](#), at para. [2](#), Kenkel J. also described these errant cases generated by generative AI as “**fictitious**”.

AI hallucinations can also be described as “**false citations**”: *Monster Energy Company v. Pacific Smoke International Inc.*, 2024 TMOB 211 (CanLII), at para. [16](#), citing *Industria de Diseño Textil, S.A. v Sara Ghassai*, 2024 TMOB 150 (CanLII), at para. [5](#) (*Diseño Textil*).

DEFINING AI HALLUCINATIONS - CONT'D



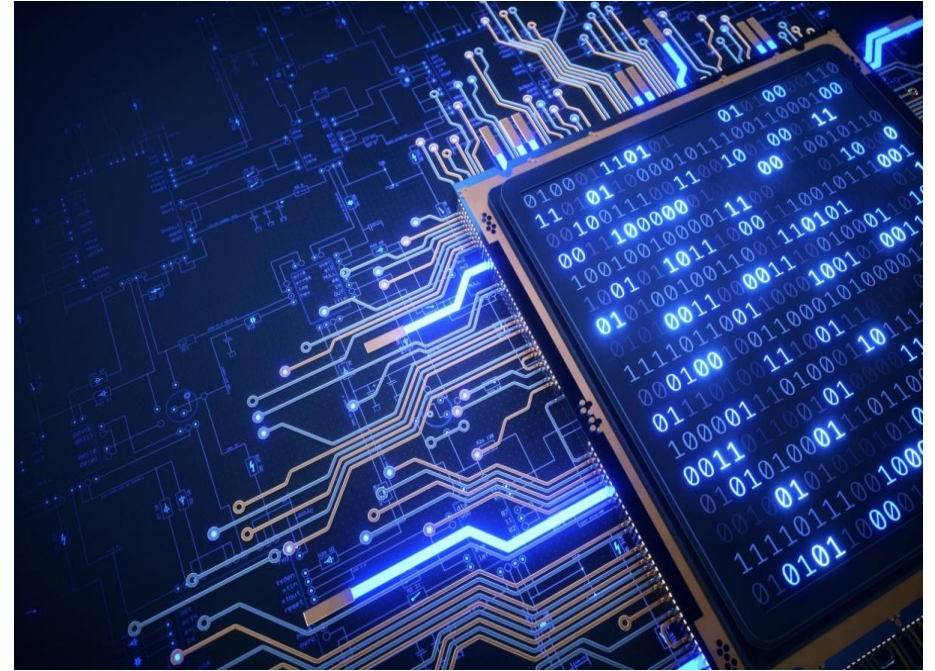
In essence, these errant cases “**mis-state or misrepresent the law to the court**”: *Ko v. Li*, 2025 ONSC 2965 (CanLII), at para. [22](#).

And as courts and tribunals emphasized, “[w]hether **accidental or deliberate, reliance on false citations is a serious matter** [see *Zhang v Chen*, [2024 BCSC 285](#)]”: *Diseño Textil*, at para. [6](#).

OTHER DEFINITIONS

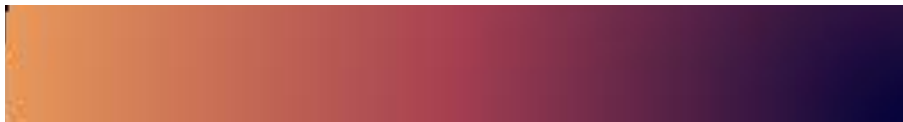
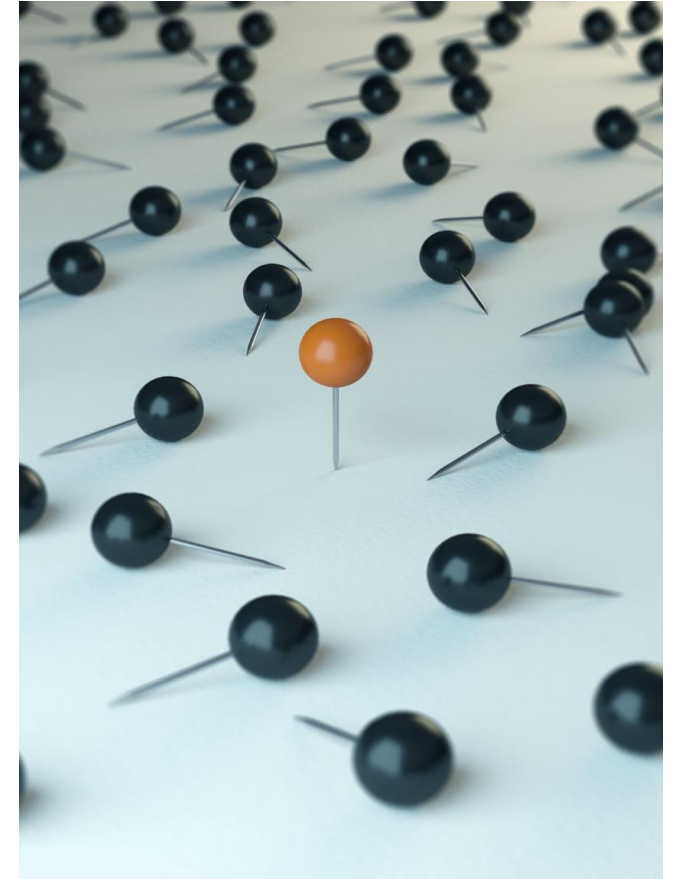
- ❑ **Hallucination:** Hallucination refers to the phenomenon where the AI model generates outputs that are not based on the input data or are highly imaginative, inaccurate or unrealistic. Hallucinations can occur when the AI model is overfitting to the training data, extrapolating beyond the patterns it has learned, or when there are errors or inconsistencies in the model's architecture or training process.

The Ontario Bar Association, AI Glossary (n.d.), online: <https://www.oba.org/resources/practice-tools/real-intelligence-on-ai/ai-glossary/>.



HOW TO SPOT AI HALLUCINATIONS

- There are several ways to spot an AI hallucination. The list below is not exhaustive, but it is intended as a starting point.
- The case is “on all fours” in terms of facts and legal issues. If it looks too good to be true, verify the citation.
- Legal citation is either too generic or unconventional. Query it through one of the legal research databases available to you.
- The case is cited for its general proposition, and there is no specific paragraph listed. Find out what it stands for. As a best practice, in-case citations should include a pinpoint cite to the paragraph that illustrates the point being made. For instance, under certain practice directions in Ontario, courts require counsel to hyperlink case law in electronically filed documents.

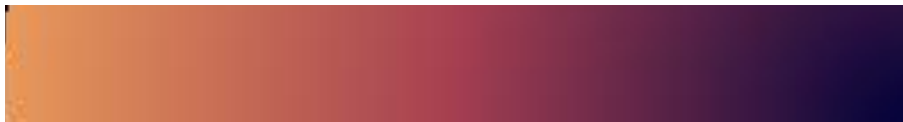


PREVALENCE OF AI HALLUCINATIONS

The first Canadian case to use a citation hallucinated by ChatGPT was *Zhang v. Chen*, [2024 BCSC 285 \(CanLII\)](#), at para. [38](#). This case mentions the January 2024 study: Matthew Dahl et. al., “Large Legal Fictions: Profiling Legal Hallucinations in Large Language Models” (2024) arXIV:2401.01301 [cs.CL] [CC BY 4.0](#), which looked at the prevalence of AI hallucinations in a systematic manner. In the words of the decision,

[38] ... The study found that **legal hallucinations are alarmingly prevalent, occurring between 69% of the time with ChatGPT 3.5 and 88% with Llama 2. It further found that large language models (“LLMs”) often fail to correct a user’s incorrect legal assumptions in a contrafactual question setup, and that LLMs cannot always predict, or do not always know, when they are producing legal hallucinations. The study states that “[t]aken together, these findings caution against the rapid and unsupervised integration of popular LLMs into legal tasks.”** [Emphasis added.]

Zhang v. Chen, [2024 BCSC 285 \(CanLII\)](#), at para. [38](#).



PREVALENCE OF AI HALLUCINATIONS – CONT'D

A recent article published in *Mashable* points to an upward trend, citing a global collection of over a hundred AI-fabricated cases available on display in a newly created database by Damien Charlotin.^[1] For example, as for the country of origin of AI hallucination cases in the last two years, **Damien Charlotin's database attributes 9 cases to the U.K., 13 fake cases to Canada, 17 cases to Australia and 123 cases to the U.S alone.**^[2]

References:

^[1] Cecily Mauran, "120 court cases have been caught with AI hallucinations, according to new database: More than 20 legal professionals have been busted in the past month alone" (27 May 2025), online: <<https://mashable.com/article/over-120-court-cases-caught-ai-hallucinations-new-database>>.

^[2] Damien Charlotin, "AI Hallucination Cases Database" (n.d.), online: <<https://www.damiencharlotin.com/hallucinations/>>.



KO V. LI,
2025 ONSC 2965
(CANLII)

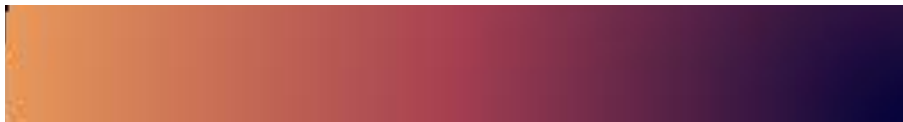
CASE ANALYSIS

- ❑ Factual Background
- ❑ Show-cause Hearing, Letter of Apology, and CPD Commitment
- ❑ Court's Stance on Professional Responsibility and Integrity



FACTUAL BACKGROUND

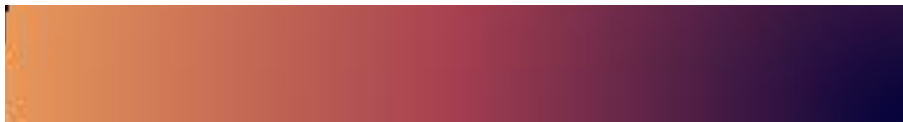
Ms. Ko's family law case turned into an estates case and then a lawyer's contempt of court hearing due to the use of unverified case law fabricated by an AI tool. In addition to substantive matters at the heart of the client's case, Justice FL Myers had to address AI hallucinations in Ms. Jisuh Lee's oral submissions and factum and, more broadly, focus on the lawyer's duties, professional responsibility, and integrity in *Ko v. Li*, [2025 ONSC 2766 \(CanLII\)](#), and *Ko v. Li*, [2025 ONSC 2965 \(CanLII\)](#).



AL HALLUCINATIONS IN *KO V. LI*

In his endorsement in *Ko v. Li*, [2025 ONSC 2766 \(CanLII\)](#), dated May 1, 2025, Justice FL Myers, at paras. 5-6 and 10-13, identified four cases cited and provided a detailed explanation as to why they were inaccurate and could not be relied upon for the legal propositions advanced by counsel in her submissions:

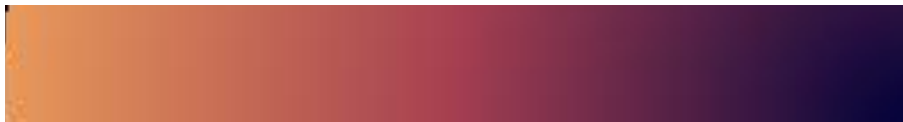
- ❑ *Alum v Shah*, [2023 ONSC 1772](#) -
<https://www.canlii.org/en/on/onsc/doc/2023/2023onsc1772/2023onsc1772.html>
- ❑ *DaCosta v. DaCosta*, 2010 ONSC 2178 -
<https://www.canlii.org/en/on/onsc/doc/2010/2010onsc2178/2010onsc2178.html>
- ❑ *Johnson v. Lanka*, [2010 ONSC 4124](#) -
<https://www.canlii.org/en/on/onsc/doc/2010/2010onsc4124/2010onsc4124.html>
- ❑ *Meschino Estate v. Meschino*, [1998 CanLII 14734 \(ON SC\)](#) -
<https://www.canlii.org/en/on/onsc/doc/1998/1998canlii14734/1998canlii14734.html>



AL HALLUCINATIONS IN *KO V. LI* – CONT'D

Having identified significant issues with Ms. Lee's factum and oral submissions, FL Myers J. ordered the lawyer to show cause on May 16, 2025, why she should not be held in contempt of court for using fake cases. The lawyer also relied on two non-existent precedent cases from her factum in her oral argument in open court before His Honour on May 1, 2025. Due to His Honour's inability to confirm the legal authorities referenced by Ms. Lee in her oral submissions, His Honour sought clarification from counsel during the motion. Ms. Lee could not confirm whether she used generative AI to prepare her factum or "hallucinations" fabricated by an AI platform in her oral submissions. As a result, FL Myers J. noted that lawyers have a duty not to misstate the law to the court or a tribunal and that Ms. Lee may have violated her duties as legal counsel and could be held in contempt of court.

- *Ko v. Li*, [2025 ONSC 2965 \(CanLII\)](#), at paras. [1-7](#).



LETTER OF APOLOGY

Before and at the Scheduling Conference on May 16, 2025, Ms. Lee forthrightly admitted using fake cases, apologized to the Court, and proposed positive steps to address the issues. Ms. Lee vouched to make changes to her legal practice, take Continued Professional Development (CPD) hours, and withdrew her factum. Given the reputational harm to the lawyer and her law firm, wide-spread notoriety in the media as well as all proactive steps taken by the lawyer, including withdrawing of the offending factum and drafting the letter of apology (dated dated May 9, 2025), reproduced below, FL Myers J. determined that Ms. Lee adequately purged any possible contempt (*Ibid.*, at para. 11). Therefore, FL Myers J. withdrew the show cause order and deem it satisfied (*Ibid.*, at para. 12).

His Honour reproduced the letter of apology in his endorsement, *Ko v. Li*, [2025 ONSC 2965 \(CanLII\)](#), at para. [26](#).



CONTINUING PROFESSIONAL DEVELOPMENT TRAINING

Although Ms. Lee practiced law for about 30 years and has not be disciplined by the Law Society at any point, she admitted that she was not comfortable with **technology** and possibly lacked **technological competency** required of a lawyer in Ontario (*Ko v. Li*, [2025 ONSC 2965 \(CanLII\)](#), at paras. [43-44](#)).

To address her onus at the contempt of court hearing, Ms. Lee pledged “**to complete no fewer than six hours of Continuing Professional Development training in legal ethics and technology including addressing specifically the professional use and risks of AI tools in legal practice**”: *Ibid.*, at para. [24](#).



COURT'S STANCE ON PROFESSIONAL RESPONSIBILITY AND INTEGRITY

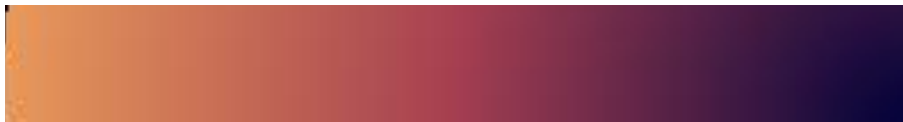
To save costs, Ms. Lee delegated some parts of the file preparation to her staff, but she did not direct the use of generative AI to prepare her factum. Justice FL Myers did not have an issue with the use of AI tools per se, the court expected the lawyer to verify the citations and the content of the factum generally before signing it based on her duty to the Law Society. To put it in the words of the decision, *Ko v. Li*, [2025 ONSC 2965 \(CanLII\)](#), at paras. 19-20 and 31:

[19] The Law Society of Ontario remains the regulator of licenced lawyers and paralegals in Ontario. The Law Society regulates the professional duties of lawyers in addition to their duties to the court.

[20] ... In my view, issues concerning a lawyer's duties of technological competency and staff supervision, for example, are better dealt with by the Law Society.

...

[31] Although the court system in Ontario is adversarial, lawyers are bound by duties to protect the fairness of the process for all. As part of their professional duties, counsel are required to cite the law fairly. Despite lawyers' roles as zealous advocates, as noted previously, they may not misrepresent the law. They are positively required to advise the court of precedents that stand in opposition to their clients' positions even if they have not been mentioned by the opposing counsel.



COURT'S STANCE ON PROFESSIONAL RESPONSIBILITY AND INTEGRITY – CONT'D

Specifically, the *RPC* state, in part:

Justice FL Myers found that not only lawyers have duties to the court but that their conduct is regaled by the Law Society under the *Rules of Professional Conduct* (the “*RPC*”). His Honour noted in *Ko v. Li*, [2025 ONSC 2965 \(CanLII\)](#), at para. [31](#), footnote [1](#), that in regard to the lawyers’ relationship to the administration justice, **Rules 5.1-2 (e), (f), and (i) in Chapter 5 of the *RPC* address what a lawyer shall do when it comes to stating the law and the facts in court.**

5.1-2 When acting as an advocate, a lawyer shall not ...

(e) knowingly attempt to deceive a tribunal or influence the course of justice by offering false evidence, misstating facts or law, presenting or relying upon a false or deceptive affidavit, suppressing what ought to be disclosed, or otherwise assisting in any fraud, crime, or illegal conduct,

(f) knowingly misstate the contents of a document, the testimony of a witness, the substance of an argument, or the provisions of a statute or like authority,

...

(i) deliberately refrain from informing the tribunal of any binding authority that the lawyer considers to be directly on point and that has not been mentioned by an opponent, (emphasis added throughout)

[Amended - October 2014]

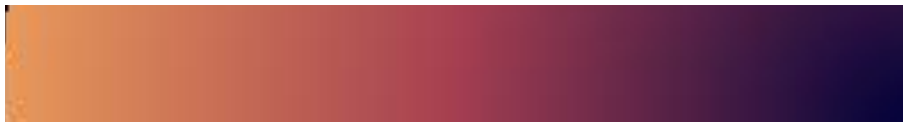
The Law Society of Ontario, *Rules of Professional Conduct*, (Toronto: Law Society of Ontario, 2022), online: <<https://lso.ca/about-lso/legislation-rules/rules-of-professional-conduct/chapter-5>>, ch. 5, r. 5.1-2 (e), (f), and (i).

COURT'S STANCE – CONT'D

Justice Myers also stated that the Civil Rules Committee introduced a new rule – **Rule 4.06.1 (2.1)** – to address the new phenomenon of AI hallucinations and to remind counsel of their obligation to check the cases cited: *Ko v. Li*, [2025 ONSC 2965 \(CanLII\)](#), at paras. [32-35](#).

... A factum shall include a statement signed by the party's lawyer, or on the lawyer's behalf by someone the lawyer has specifically authorized, certifying that the person signing the statement is satisfied as to the authenticity of every authority cited in the factum. O. Reg. 384/24, s. 1. [Emphasis added.]

R.R.O. 1990, Reg. 194, O. Reg. 384/24, s. 1, r. 4.06.1 (2.1).



R. V. CHAND, 2025
ONCJ 282 (CANLII)

JUDICIAL INTERVENTION

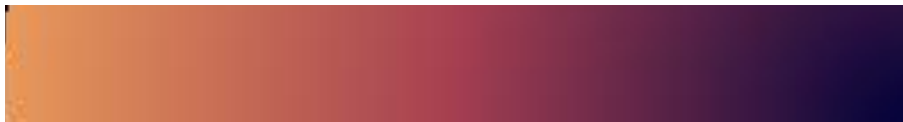
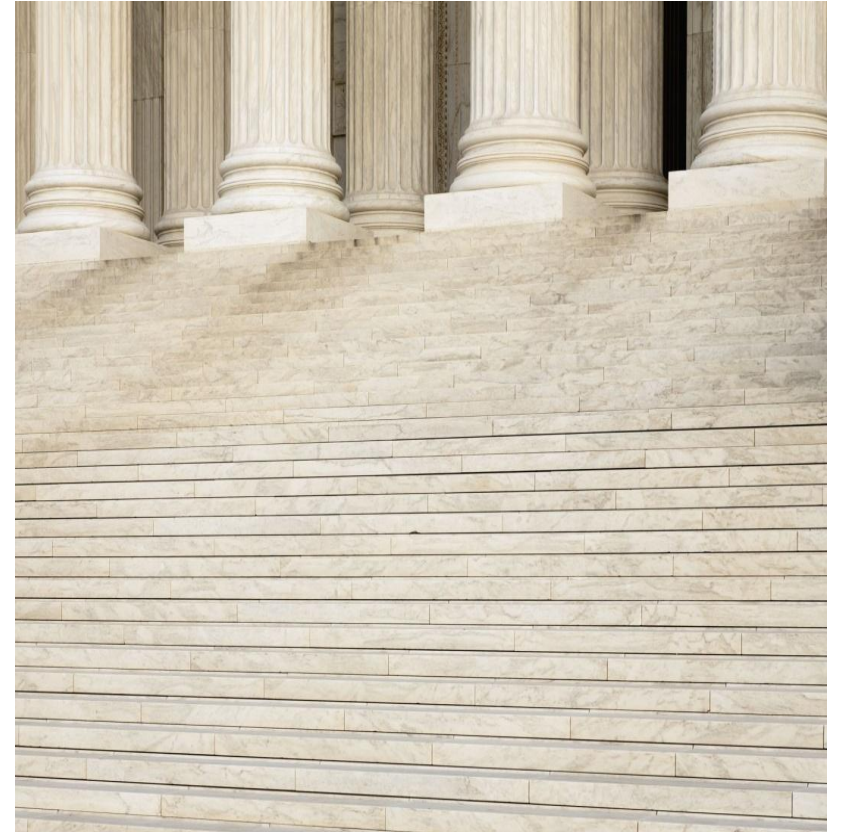
- ❑ Justice Kenkel's Order Regarding the Use of Generative AI
- ❑ Seriousness and Scope of Errors
- ❑ Clarifying Generative AI as a Tool



JUDICIAL INTERVENTION

R. v. Chand, [2025 ONCJ 282 \(CanLII\)](#), is a judicial direction regarding defence final submissions. According to the introductory paragraph, in the underlying substantive criminal matter the accused was charged with Aggravated Assault and related offences. After the trial evidence was complete, Kenkel J. requested the parties to make final submissions in writing.

Upon reviewing the submissions by the Crown and the defence, Kenkel J. identified serious issues with the defence submissions, including but not limited to fictitious citations, case law, which did not provide authority for the point cited, and unrelated civil cases. His Honour said that “[t]he errors are numerous and substantial”: *Ibid.*, at para. [3](#). In light of this finding, the court demanded proper submissions from counsel.

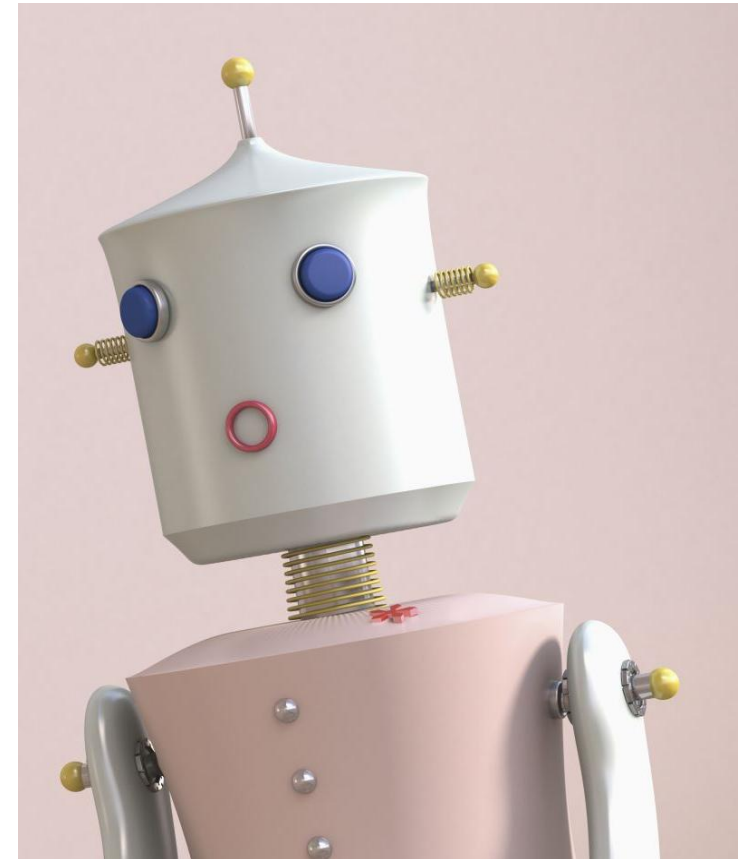


JUDICIAL INTERVENTION – CONT'D

As a result, Kenkel J. gave the following direction regarding defence final submissions, including the use of generative AI:

- § the paragraphs must be numbered;
- § the pages must be numbered;
- § case citations must include a pinpoint cite to the paragraph that illustrates the point being made;
- § case citations must be checked and hyperlinked to CanLII or other site to ensure accuracy;
- § **generative AI or commercial legal software that uses GenAI must not be used for legal research for these submissions.** [Emphasis added]

R. v. Chand, [2025 ONCJ 282 \(CanLII\)](#), at para. [5](#).



JUDICIAL INTERVENTION

R. v. Chand, [2025 ONCJ 282 \(CanLII\)](#)

To conclude, the court's guidance on the use of AI tools in this particular case was categorical, that is, no AI-assisted legal research was allowed.

What are your thoughts on this case?

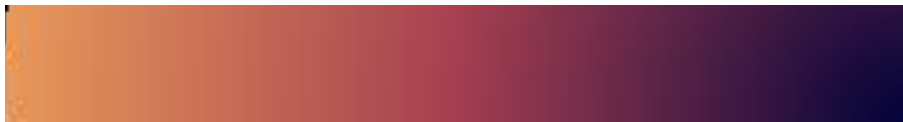


RULES OF PROFESSIONAL CONDUCT

A lawyer must follow the *Rules of Professional Conduct*. A lawyer must also be competent, including when it comes to the use of emerging technologies such as generative AI in their practice.

A lawyer owes their client a range of professional duties, including competence, confidentiality, and zealous advocacy. These obligations remain fully engaged when AI tools are utilized in legal practice. In fulfilling these duties, a lawyer must exercise direct supervision over staff, who assist with legal work, and ensure that they charged for time spent on a file are fair, reasonable, and reflective of the value provided and tools used.

The Law Society of Ontario cautions against the risk of algorithmic bias inherent in AI tools and advises all licensees to consider their obligations under **Rule 6.3.1-1, *Special Responsibility*, of the *Rules of Professional Conduct***.



FURTHER READINGS

The Law Society of Ontario's Resources:

The Law Society of Ontario, *Rules of Professional Conduct* (Toronto: Law Society of Ontario, 2022), online: <<https://lso.ca/about-lso/legislation-rules/rules-of-professional-conduct>>.

The Law Society of Ontario, Technology Resource Center (n.d.), online: <<https://lso.ca/lawyers/technology-resource-centre/practice-resources-and-supports/using-technology>>.

The Law Society of Ontario, “Licensee use of generative artificial intelligence” (April 2024), online (pdf): <<https://lawsocietyontario-dwd0dscmayfwh7bj.a01.azurefd.net/media/lso/media/lawyers/practice-supports-resources/white-paper-on-licensee-use-of-generative-artificial-intelligence-en.pdf>>, pages 8-14.

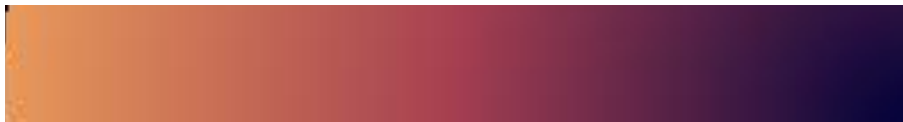


BEST PRACTICES FOR USING GENERATIVE AI

According to Thomson Reuters' blog, [*How AI is transforming the legal profession \(2025\)*](#), AI is unlikely to replace a “good” lawyer. First and foremost, AI tools are just that – tools. Their purpose is to assist with routine tasks such as legal research, summarizing information, and compiling documents and briefs.

Treat AI like an assistant. You may delegate tasks such as cite-checking, editing and preliminary research. You would not delegate your responsibilities to someone untrained in the law, no matter how intelligent or enthusiastic they may be. Therefore, AI-based tools must be used ethically and responsibly. Always supervise your AI assistant by verifying the final product. Ultimately, your professional reputation and your livelihood depend on the accuracy and integrity of your legal work.

Next-generation AI-powered legal tools provide legal research, document analysis, document drafting, practice tips and workplace integrations. These new technologies often incorporate built-in verification workflows that enable lawyers to trace the cited information, thereby enhancing the accuracy and reliability of their legal outputs.

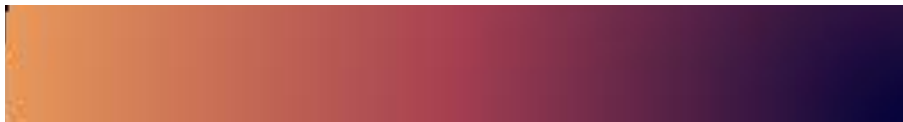


THE LSO'S 8 BEST PRACTICE TIPS

- ❑ Know your obligations
- ❑ Understand how the technology works
- ❑ Prioritize confidentiality and privacy
- ❑ Learn to create effective prompts
- ❑ Confirm and verify AI-generated outputs
- ❑ Avoid AI dependency and overreliance
- ❑ Establish AI use policies for employees
- ❑ Stay informed on AI developments

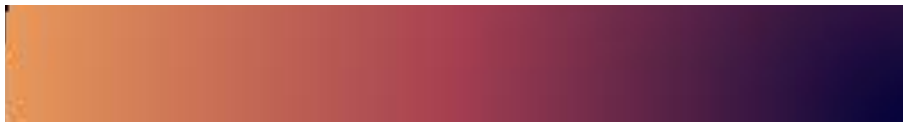


The Law Society of Ontario, “8 best practice tips for using generative AI” (n.d.), online (pdf):
<<https://lawsocietyontario-dwd0dscmayfwh7bj.a01.azurefd.net/media/Iso/media/lawyers/practice-supports-resources/8-best-practice-tips-for-using-generative-ai.pdf>>.



MAINTAINING CLIENT CONFIDENCE AND REGULATORY COMPLIANCE

- ❑ Seek client instructions and permission to use generative AI when working on their file. It is their case after all.
- ❑ To maintain regulatory compliance, stay up to date with local practice directions and notices issued by the courts and licensing body in your jurisdiction.



KEY TAKEAWAYS

- ❑ AI hallucinations are on the rise in many common law jurisdictions. They waste court's time and resources, harm the reputation of judges and the legal profession, and contribute to public cynicism about the legal system.
 - ❑ Lawyers must curate legal outputs rather than delegate everything to AI.
 - ❑ Reliance on fabricated legal authorities is a serious act of professional misconduct. Therefore, AI hallucinations can cause reputational and professional harm.
 - ❑ Courts and professional regulators continue to serve as gatekeepers of quality and accuracy. Recent case law on AI hallucinations signal an increasing judicial intolerance for unverified AI-generated content. Remediation efforts may include: a formal apology, withdrawal of defective materials, correction of submissions, a CPD commitment, and improved internal protocols.
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Q & A



THANK YOU!

Oksana Romanov
BA (Hons), MA (Comm), JD (with Distinction)

Online CPD Course

“AI Hallucinations in Court: Canadian Case Law Update”:
<https://cpd-cle-ca.learnformula.com/course/ai-hallucinations-in-court-canadian-case-law-update>