AI AND CHANGING TRENDS IN LEGAL INDUSTRY

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Abstract:

In India, there are around 4.5 Crore cases pending before the judiciary. A Legal System is largely depending upon litigation and non-litigation work. Non-Litigation work involves continuous and monotonous tasks that can be effectively resolved using technology. Global Legal market witnessed Legal Tech revolution in 2013 when the concept of 'Smart Contract' stepped in. Now, global legal industry is rapidly changing and getting ready to adopt new changes happened due to technology. In India, AI revolution is not so far. Around 4% lawyers in India make a successful use of AI technology to carry day to day legal tasks. NITI Aayog is also looking positively towards implementation of AI in legal industry that will offer safety and security. India is yet to take resourceful measures on it. After observing the relevant reports and data available in the market, there are several questions that needs to be focused such as legal personality of AI, its liability and responsibilities, regularization of proposal by NITI Aayog and Data Protection Policy in case of AI implementation.

Key Words: Indian Legal Industry, Artificial Intelligence, Legal Tech, Legal Technology

Introduction

We live in an organized society where technology is at its core part. We called today's world a Digital Era. Digitization is changing the trends in society day by day. Artificial Intelligence (AI) is one of the focused areas when it comes to technology and digitalization. It is nothing but a non-human system that can perform various tasks better than a human being. AI has captured every part of the market segment such as Agriculture, Healthcare, Education, Live Stock Management, Retail and so on. For us, Alexa, Siri, Google Assistance are very common examples of AI in the form of Virtual Assistants. Among all the other sectors, Legal Sector

was known to be a very rigid sector before 2014. Earlier, it used to face pressure to bring innovations and transformations in various aspects. In 2014, the ROSS Intelligence (the Company), researched at the University of Toronto to build an artificial intelligence legal research assistance for lawyers. (Deccan Herald, 2016). In 2016, American law firm Baker Hostetler announced that they have hired ROSS (Robot), to assist in bankruptcy cases. This became a game-changing move in the global legal industry. In India, in January 2017, Cyril Amarchand Manaldas became the first Indian Law firm to adopt AI in the form of KIRA that performs contract reviews with high accuracy (Business Standard, 2019). Indian Legal System is rapidly changing its ability to adopt new technological changes. The Indian judiciary has already created a basic information portal in the form of the eCourts project. It is now looking to benefit AI in the legal system. The development and successful implementation of AI in the Legal industry is necessary to resolve heavy pending cases across all courts in India (approx. 4.5 Crore).

Objective

1. To know the current scenario of AI in Legal Industry
2. To find the challenges and opportunities in Indian Legal Industry
3. To analyze legal personality of AI in Indian Legal Industry
4. To find growth prospects of AI in Indian Legal Industry.

Research Methodology

In order to satisfy the objectives of the dissertation, I am using quantitative research. For this purpose, I have relied upon secondary data like various digital articles, internet website and magazines. It helps to analyze challenges and opportunities in this industry. Its basic advantage is that it offers a complete description of research object. It helps to analyze and assume recent trends and growth prospects respectively in the legal industry. The secondary data has a problem of authentication.

Overview of Indian Legal System and AI

There has been a considerable measures and discussions on development and implementation of AI in legal industry. In February 2021, NITI Aayog published an approach paper on 'Need for Responsible AI and Exploring the ethical considerations' (Niti Ayog, 2021). The Indian Legal System is divided into two trends; one is the traditional trend and another being a

modern trend. The Indian judiciary which has already taken a baby step by creating a basic information platform in the form of eCourts, is now looking to deploy AI in it. Currently, there are various legal start-ups such as SpotDraft, CaseMine, Pensieve, Practice League that have built NLP based applications and introduced advance legal research platform that help law firms to go beyond simple research. These collective efforts and valuable contributions has taken the legal industry towards an exceptional transformation. The legal tech market constitutes 2.6% of the total legal service market share. The technology is day by day revolutionizing the legal sector in following ways:

1. **Faster information processing:**

   A high level of analysis can be done using a technology in law firms. It can easily perform the task of complex calculations and error solving. This ultimately reduces the clerical tasks and achieves a good time management.

2. **Handling customer Q&As:**

   Law firms are often engaged with internal as well as external queries from their clients. Imagine, if a firm engaged a chatbot that will answer miscellaneous queries of a client, how much time will law firm save to do other task more efficiently!

3. **Low risk factor:**

   Technology in Law sector cuts down the risk of misinterpretation. It makes it easier for a lawyer to look at any fact from different angle.
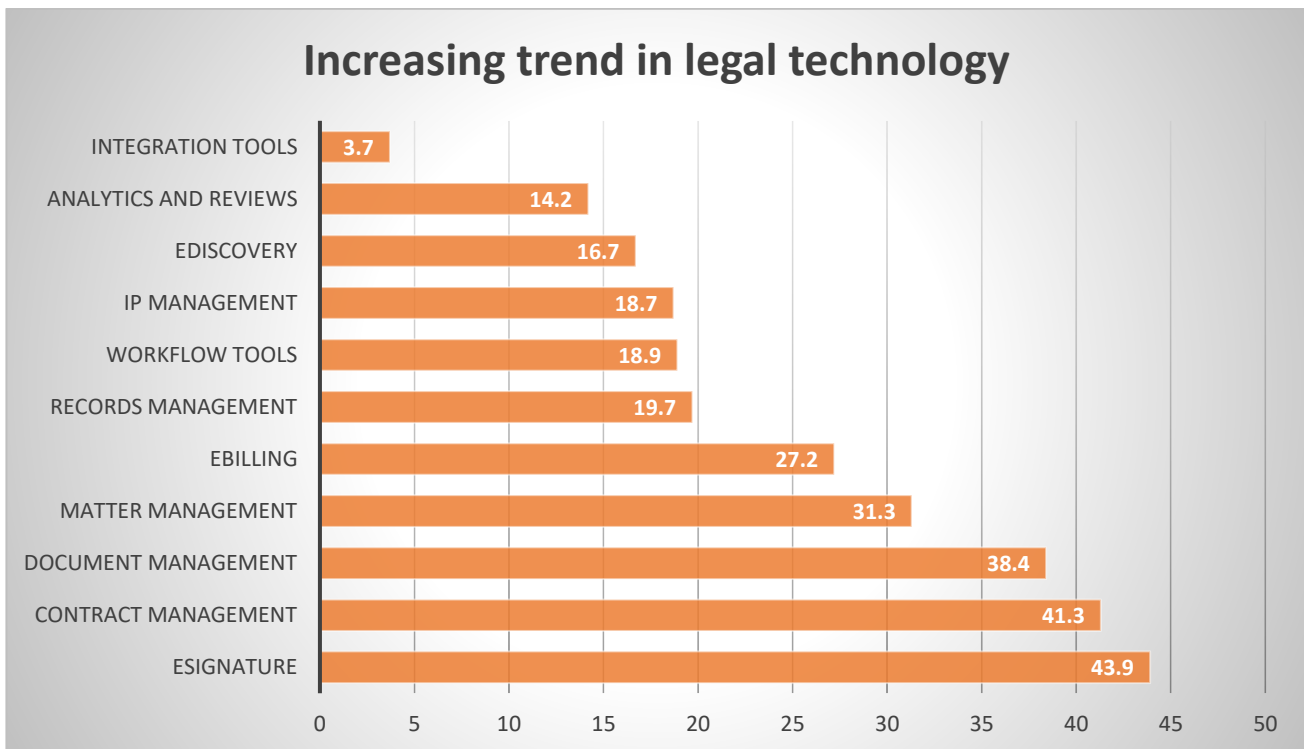
4. **Effective management:**

   Earlier, juniors were employed to perform miscellaneous tasks like gathering of information, storing, managing tasks and importantly calendaring. Now a day, the legal management services and calendaring applications perform all such tasks. It gives an opportunity to learn and employ precious time in some other work.

Trends in Legal technology and digitalization can be observed as below:

i. Top priorities for legal professionals in the coming years are – information extraction from documents, automation, data analytics, tools for automatic decision making, chatbots and blockchain. (KPMG Report, 2020)

ii. More than 700 legal startups have entered the market that target different market segments such as eDiscovery, Online Legal Research, Lawyer Search, AI Legal tech and Practice

Management Software.

iii. The adoption of technology in different legal areas has been significantly improved. (KPMG Report, 2020)

Increasing trend in legal technology

Category	Value
INTEGRATION TOOLS	3.7
ANALYTICS AND REVIEWS	14.2
EDISCOVERY	16.7
IP MANAGEMENT	18.7
WORKFLOW TOOLS	18.9
RECORDS MANAGEMENT	19.7
EBILLING	27.2
MATTER MANAGEMENT	31.3
DOCUMENT MANAGEMENT	38.4
CONTRACT MANAGEMENT	41.3
ESIGNATURE	43.9

Source: 2019 Global Legal Department Benchmarking Report

Existing transformations in Legal Industry:

1. Legal Research:

There are certain AI based platforms that offers quick and error free legal research. It became easier to cut down complexity, rigid decision making and tiresome research procedures.

2. Predictive Coding and eDiscovery:

AI powered predictive coding and eDiscovery tools often learn to make better decisions. The Predictive coding tool consists of Technology Assisted Review (TAR). It is a process in which a computer technology classifies documents and dramatically reduce the time and costs of review.

3. eBills:

Digital calculation of GST, Stamp duty and Court fees, creating customer's bills and organizing the same are most of the common tasks being performed by Legal Management

Service software.

4. Contract Management:

Earlier, Contract Management was the most challenging and time consuming part of law firm work. AI is now helping companies overcome various challenges in Contract Management. It can easily extract the data and ensure clarifications on the content of a contract.

Challenges and Opportunities of Ai In Indian Legal Industry

The Legal Tech Market is evolving slowly. Around 55% people believe that in coming years, the legal industry will be at much better position to adopt advance technology in efficient way (KPMG Report, 2020). However, it is always recommended to consider challenges and opportunities before deciding any stepping stone for legal sector.

Sr No.	Opportunity	Challenge
1	Build and implement AI into legal industry	It can cost lot of money and time to build, test and rebuild the product.
2	Digital literacy	The machine can be destructive if put in the wrong hand.
3	Creation at automation	It will never offer the original creation. However, AI can't think out of the box unlike humans.
4	Revolution	Although it will bring revolution but it will put lot of people into unemployment.
5	Low error rate	To gain the output of low error rate, it will have to operate efficiently
6	Quick decision making	It will offer quickness if it is coded and maintained properly.
7	Next-gen law firm status	Today, many legal professionals don't have an in-depth understanding of technology. There is a need to

		teach what technology to use and when so.
8	Big Data	AI solution needs to comply with Personal data protection laws that are yet to be passed.

Analysis of Legal Personality of Ai In Legal Industry

The word "Legal Personality" plays an important role in statute. However, unfortunately, no law currently recognizes AI entities to be legal persons. There are questions of responsibility and judgement arises while deciding the matter when AI entity is litigator. Since law does not recognize AI as a legal person, it would not be responsible to abide by law in any manner. The objection would be on the capabilities of AI to perform duties and responsibilities. Secondly, many would content that a Corporation is also one of the kinds of artificial entity. Here, one need to find the difference between Corporations and AI. All corporations are run by human beings. They have the entire control of the corporation as to what to do rightly and legally. AI is also automated by human beings but when it is used by users, it is not under the control of them. Hence, AI's creators and users may not be in a position to handle them.

The Constitution of India provide the basic legal framework of rights and obligations. In the case of AI, Courts are yet to decide the legal status and the determination of which would clear the existing debate and ensure a clear thought process.

Validity of Contracts performed using AI

Section 10A of Information Technology Act, 2000 deals with "*validity of contracts formed through electronic means"*. Its interpretation says that Electronic or e-Contracts are treated as enforceable/ordinary contracts if they satisfy all the essential conditions in the enforcement of a valid contract such as offer, acceptance, considerations etc.

The Information Technology Act, 2000 and provisions of Indian Evidence Act, 1872 also recognizes 'digital signatures'.

Presumption of Electronic Agreement under law:

The Indian Evidence Act, 1872

i.   **Section 85a, 85b** – Under this, the Court shall presume that every electronic record

purporting to be an agreement containing the electronic signature of the parties was so concluded by affixing the electronic signature of the parties.

ii. **Section 88a** – The Court may presume that an electronic message forwarded by the originator through an electronic mail server to the addressee to whom the message purports to be addressed corresponds with the message as fed into his computer for transmission, but the Court shall not make any presumption as to the person by whom such message was sent.

iii. **Section 90a** - In case of an electronic records of five years old, if proved to be in proper custody, the Court may presume that the digital signature was affixed as to authenticate the validity of that agreement. The digital signature can also be affixed by any person authorized to do so.

Growth Prospects of Ai In Indian Legal Industry

In India, use of AI is still at infant stage. However, tendency of market states that it will slowly adopted by several professionals, lawyers, law firms and so on. It is ideal for monotonous tasks where probability of human mistake is high. It has proven its excellence in contract management, due diligence, legal analytics etc. Hence, as of now clerical task and monotonous work can be excellently performed by AI leaving other critical and subjective tasks for human beings. There has been a considerable growth in legal tech industry since 2013. Let's have a glimpse of it: (Appinveniv, 2020)

2013-14: "Smart Contracts" used as a protocol to execute contract terms on block chain.

2015: Funding in legal tech start-ups reached to USD 289 Mn yearly.

2016: IBM launches the first AI lawyer named ROSS.

2018:Thomson Reuters introduces Westlaw Edge, the next generation legal research platform.

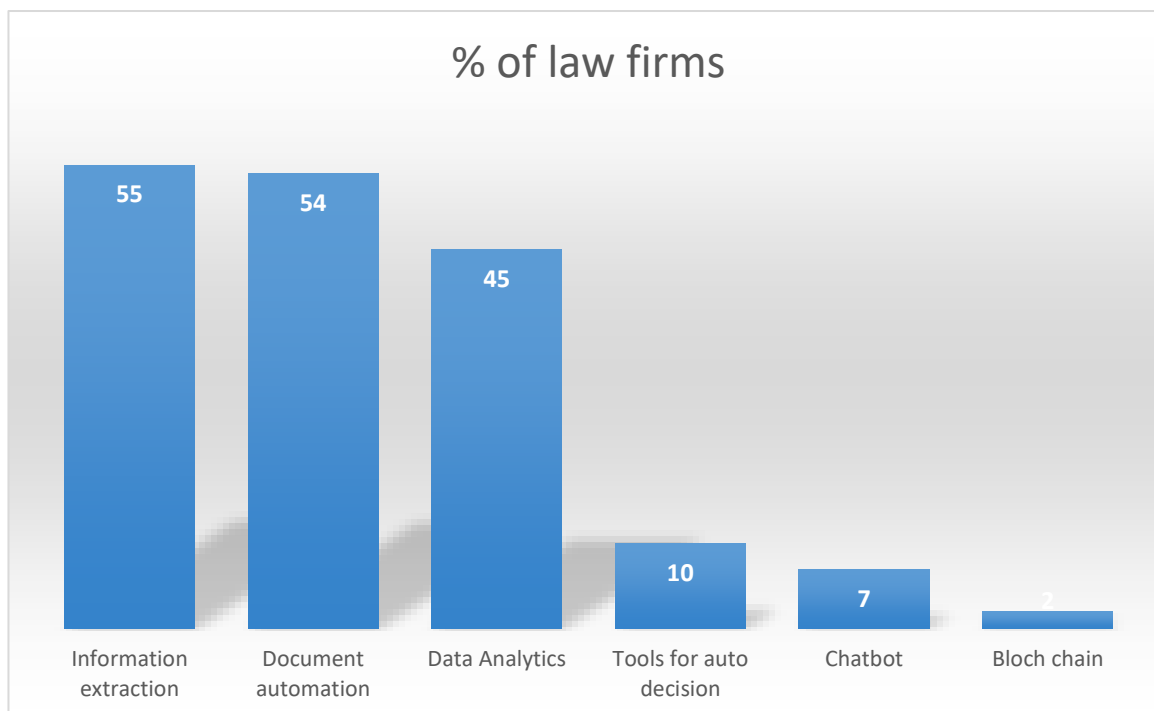**2019**: Annual investment in legal tech companies valued USD 1.2 Bn.

2020: Thomson Reuters survey says 91% law firms intends to use technology to cut the cost. (Thomson Reuters, 2020)

Need of future:

KPMG Legal Impact report (Global) suggests increasing demand in various fields of their work such as to extract relevant information like citations, case laws or conceptualization;

law firm intends to have an automation that might help to process faster.

Here are top priorities for legal professionals in coming years:

Source: (KPMG Report, 2020)

According to a study, only 4% lawyers in India make use of AI for their work. However, here are some of valuable opinions of judiciaries on AI:

Former CJI Deepak Misra:

"...the future of any new-age technology lies in the regulations that govern them. Artificial Intelligence (AI) promises a high growth potential in a number of sectors… AI needs a strong legal framework around it to explore maximum benefits. AI today is growing multifold and we still do not know all the advantages or pitfalls…India has the right talent and technological resources. With a powerful legal directive, the country can set many milestones with a strong command over AI…But India currently does not have specific regulations that govern AI…"

Justice D Y Chandrachud: (Judge of Supreme Court)

"The idea of Artificial Intelligence is not to supplant the human brain or the human mind or the presence of judges but to provide a facilitative tool to judges to reassess the processes which they follow, to reassess the work which they do and to ensure that their outcome are

more predictable and consistent and ultimately provide wider access to justice to the common citizens."

(Bar and Bench, 2020)

Current pilots in the market:

1. **AI tool SUPACE** (Supreme Court Portal for Assistance in Courts Efficiency): Decision making tool to reduce pendency of cases.

2. **SUVAS** (Supreme Court Vidhik Anuvaad Software): AI based software to translate Supreme Court judgements to vernacular language.

Conclusion

Amongst all the aforesaid developments, although it seems to be nice to have AI developments in legal tech market, there will be cherry on the top if several core issues resolved:

a. Legal personality of AI.

b. Liabilities and responsibilities of AI

c. How far can AI be used in Legal field?

d. Can AI user be considered as a 'Consumer' under Consumer protection laws?

e. AI software has to comply with Personal Data Protection rules however, the new law is currently in front of Parliament and proposed to effect India's current data protection regime.

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