

## INTEGRATION OF CHATGPT INTO LEGAL PRACTICE: WHAT ARE THE POTENTIAL RISKS FOR LAW FIRMS?

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### **Abstract**

*This article analyzed the integration of ChatGPT into legal practice: what are the potential risks for law firms. Also, the article discusses what ChatGPT is, the importance of ChatGPT in the legal field, its integration, and what potential risks it poses for law firms. ChatGPT operates by processing and analysing large amounts of data to generate responses. Maintaining client confidentiality and protecting sensitive information is paramount in the legal field. At a privacy level, the use of ChatGPT may pose a threat to organisations.*

### **Keywords**

*ChatGPT, potential risks, legal field, integration, law firms, importance, lawyer, internal communication, Bias and Fairness*

### **INTRODUCTION**

To represent clients who increasingly rely upon AI in their offices or provide AI-based products and services to customers and expect their lawyers to do the same (i.e., to increase productivity and reduce costs), counsel need to have a strong understanding of what AI is, what kinds of AI are available in the legal profession, and what AI can do. Many in the legal industry first gave AI serious consideration in November 2022, when OpenAI released ChatGPT, a general-purpose AI chatbot. But that's not the first time we have experienced AI. AI encompasses a very wide range of products and services – many of which we have been using for years. The fleets of self-driving cabs in San Francisco or the autopilot feature in Teslas are AI. The predictive text feature we use to complete our sentences in texts is AI. The recommendation algorithms of Netflix and Amazon are AI. In the legal industry, technology-assisted review (TAR) of company documents or medical records used during e-discovery is AI. The online searching, sorting, and recommendation platforms of Westlaw or LexisNexis – not to mention the recently launched AI-

assisted research features of these platforms—are AI. Any system that makes decisions autonomously—as opposed to being human operated—is AI. 5 On the simplest end of the AI spectrum is an elevator. Today’s elevator is not helmed by a human driver operating the motors and doors; instead, it plans and executes trips to pick up and drop off passengers on different floors by itself on the fly based on an algorithm. An algorithm is just a set of “if-then” rules that govern how a machine or system behaves. Given a little bit of time, you can probably come up with the algorithm for a basic elevator. It is important to understand the products that draw upon AI, particularly as the legal profession considers whether, and in what form, to institute rules governing the use of AI. If you draft contracts, policies, or regulations governing the use of AI and do not specify what kind of AI you are talking about, you could inadvertently cause confusion about the scope of your rules. If you use AI, you may inadvertently violate intentionally or unintentionally wide-reaching rules. For example, several courts have instituted standing rules mandating disclosure when AI is used by lawyers to develop pleadings filed in a case. Given the broad language of these new rules, any legal research performed in preparation of a pleading would arguably mandate that a lawyer disclose the use of AI because the primary legal research platforms employ AI to enhance searches.

### **LITERATURE ANYLISIS AND METHADALOGY**

Generative Artificial Intelligence (AI) presents attorneys with an opportunity to evolve as legal practitioners, to increase efficiency, to expand abilities, and to transform the delivery of legal services—making them faster and more cost effective for clients. That is of course, if you can master the technology and learn how to interact with it in a way that produces the best results. In this post, I will detail some of the prompt engineering techniques attorneys need to effectively implement AI in their practice, and some of the challenges they face. The integration of AI has the potential to be a transformative and positive addition for both lawyers and clients. AI, exemplified by cutting-edge systems like those used by Spellbook, Westlaw, and LexisNexis, holds immense potential to revolutionize a vast swath of legal activities. These AI models, trained on vast datasets, can conduct legal research, and generate coherent and contextually relevant content, ranging from case synopses to contract clauses, with remarkable accuracy and efficiency. Beyond the basics of document review and legal research, AI technologies also can offer a nuanced array of applications tailored to specific legal domains. For instance, predictive analytics powered by AI can forecast litigation outcomes, enhancing strategic planning for trial lawyers. In corporate law, AI-

driven tools can streamline the due diligence process by rapidly analyzing contracts and identifying potential risks in merger and acquisition transactions. Furthermore, natural language processing (NLP) technologies enable more sophisticated interaction with legal databases, allowing for queries that mirror natural human language and improve the relevancy of search results. Understanding these technologies' underpinnings, from machine learning models to NLP algorithms, is crucial for attorneys looking to leverage AI effectively. By grasping the technical mechanisms, lawyers can better assess which tools are most appropriate for their particular legal tasks, ensuring they harness AI's full potential. AI tools can significantly enhance productivity and enable lawyers to handle complex tasks with greater speed and precision. By automating routine tasks such as document review and drafting, and discovery, AI allows lawyers to focus their expertise on higher-level strategic analysis and client advocacy, ultimately delivering enhanced value to their clients. With Artificial Intelligence (AI) on the edge of disrupting the foundation of the legal sector, Eurojuris International takes a look at the potential risks that come with AI:

- Accuracy and Bias AI is only as good as the data it feeds itself from and even then, amplification of a bias could occur from naturally skewed data, giving the potential for harmful results. This makes AI high-risk for sectors like law and judiciary.

- Client Confidentiality is essential as we know, ensuring clients are safe with third parties, like a system provider offer additional challenges when assessing which companies we use for cybersecurity.

- Firms not Implementing an AI Policy sooner, particularly if staff are using AI casually. There are many commercial products for smaller firms these days and some on-line which gives anyone easy access to use them from anywhere. A good practice policy can formalise its use and help protect staff and company.

- AI Hallucinations arises for example in ChatGPT where the anticipation of the text that should follow can result in a plausible but odd sentence which doesn't make sense because the AI has no concept of reality. If not properly edited by a human this misleading information could provide errors in information.

- Crime AI is already being used for phishing scams and with its human like interactions, it can become hard to spot. AI could also be used to create false evidence.

- Accountability and Transparency Your firm is responsible for the output of any AI, even if you used a chatbot to obtain it. Firms should consider telling Clients

how AI is used in their case and how their data is used in any AI lifecycle. Internal policies may need amending to support local Data Protection Regulation.

- Not being prepared for regulation is a risk many companies face. Regulation is very light-touch across the world with AI, The EU AI Act will impose stricter regulations on some AI uses. This will pose an extra challenge for law firms operating internationally in managing these different regulations.

Despite this, we should remember how many mis-carriages of justice there have been by errors from humans and human witnesses, this provides us with a challenge in the trust people have with computers and makes our journey with AI an interesting but complex one.

## DISCUSS

### Risks of Using ChatGPT in Law

**Confidentiality and Data Privacy:** Sharing confidential client information with ChatGPT could violate attorney-client privilege, contractual confidentiality terms, or privacy statutes like HIPAA. ChatGPT does not protect user inputs, and once information is entered, it may not be treated as private. This poses a significant risk to legal professionals who handle sensitive information regularly.

**Intellectual Property:** ChatGPT's "hallucination" phenomenon, where it can fabricate cases and legal concepts, poses a risk to intellectual property. Legal professionals must review any output for clarity and errors to ensure the information provided is accurate.

**False Information (Hallucination):** ChatGPT's ability to produce false information, or "hallucinate," can lead to errors and misconceptions, which could have serious consequences in the legal context.

**Bias and Discrimination:** Generative AI tools like ChatGPT can be trained on data that may reflect societal biases, leading to discriminatory outcomes. Legal professionals must be aware of these potential biases and take steps to mitigate them.

ChatGPT can be integrated into legal practice in a variety of ways to streamline processes, improve client interactions, and increase efficiency. Here are some ways in which ChatGPT can be used in the legal field:

1. Client intake and initial consultations: ChatGPT can be used to interact with potential clients and gather information about their legal issue. This can help automate the intake process and free up staff time for more complex tasks.

2. Answering common legal questions: ChatGPT can be trained to provide answers to common legal questions, such as information about specific laws or

regulations. This can help individuals access legal information more easily and quickly.

3. Drafting legal documents: ChatGPT can assist with drafting basic legal documents, such as contracts or agreements, based on templates or pre-defined parameters. This can help lawyers save time and focus on more complex legal work.

4. Research assistance: ChatGPT can be used to assist with legal research by quickly analyzing large volumes of legal texts and providing relevant information on case law, statutes, and regulations.

5. Internal communication: ChatGPT can be used for internal communication within law firms to facilitate collaboration, share knowledge, and streamline workflows.

6. Virtual legal assistants: ChatGPT can be used as a virtual legal assistant to help lawyers manage their schedules, tasks, and appointments, as well as provide reminders and updates.

Overall, integrating ChatGPT into legal practice can help lawyers work more efficiently, improve client interactions, and enhance the overall legal service delivery. However, it is important to ensure that ChatGPT is used in a secure and ethical manner, especially when handling sensitive legal information.

Law firms face a variety of potential risks that can impact their operations, reputation, and financial stability. These risks can be broadly categorized into several areas:

#### 1. Operational Risks

- Data Breaches and Cybersecurity: Law firms handle sensitive client information, making them prime targets for cyberattacks and data breaches. A breach can lead to loss of client trust and potential legal penalties.

- Technology Failures: Reliance on technology for case management, communication, and documentation means that system failures or outages can disrupt operations.

- Pandemics and Natural Disasters: Events like pandemics, earthquakes, or floods can impact the ability of a law firm to function effectively.

#### 2. Financial Risks

- Economic Downturns: Recessions or economic slowdowns can reduce the demand for legal services, impacting revenue.

- Billing and Collection Issues: Difficulty in collecting fees from clients can lead to cash flow problems.



- Client Bankruptcy: Clients filing for bankruptcy can leave firms with unpaid invoices.

### 3. Legal and Regulatory Risks

- Compliance: Failure to comply with legal regulations, including those related to money laundering, data protection (e.g., GDPR), and industry-specific laws, can lead to fines and legal actions.

- Malpractice and Liability: Errors, omissions, or negligence in legal practice can result in malpractice claims against the firm.

- Changes in Legislation: New laws and regulations can require significant adjustments in how legal services are provided and managed.

### 4. Reputational Risks

- Misconduct or Scandals: Any involvement in unethical behavior, fraud, or scandals can severely damage a firm's reputation.

- Negative Publicity: Poor case outcomes, high-profile failures, or negative media coverage can harm the firm's image.

- Client Dissatisfaction: Unhappy clients can lead to bad reviews and damage to the firm's reputation.

### 5. Strategic Risks

- Market Competition: Increased competition from other law firms, including those offering alternative legal services or technology-based solutions, can erode market share.

- Mergers and Acquisitions: Risks associated with merging with or acquiring other firms, including cultural clashes and integration challenges.

### 6. Human Resources Risks

- Talent Retention and Recruitment: Difficulty in attracting and retaining skilled attorneys and staff can impact the quality of service and operational efficiency.

- Workplace Issues: Issues such as discrimination, harassment, or workplace disputes can lead to legal actions and damage morale.

### 7. Client-Related Risks

- Client Concentration: Overreliance on a few major clients can be risky if those clients take their business elsewhere.

- Conflicts of Interest: Potential or perceived conflicts of interest can lead to loss of clients and damage to the firm's reputation.

### Mitigation Strategies

To manage these risks, law firms can implement several strategies: