Introducing AI-assisted Contract Review for Panel: What Makes a Good Commercial Application for Generative AI?

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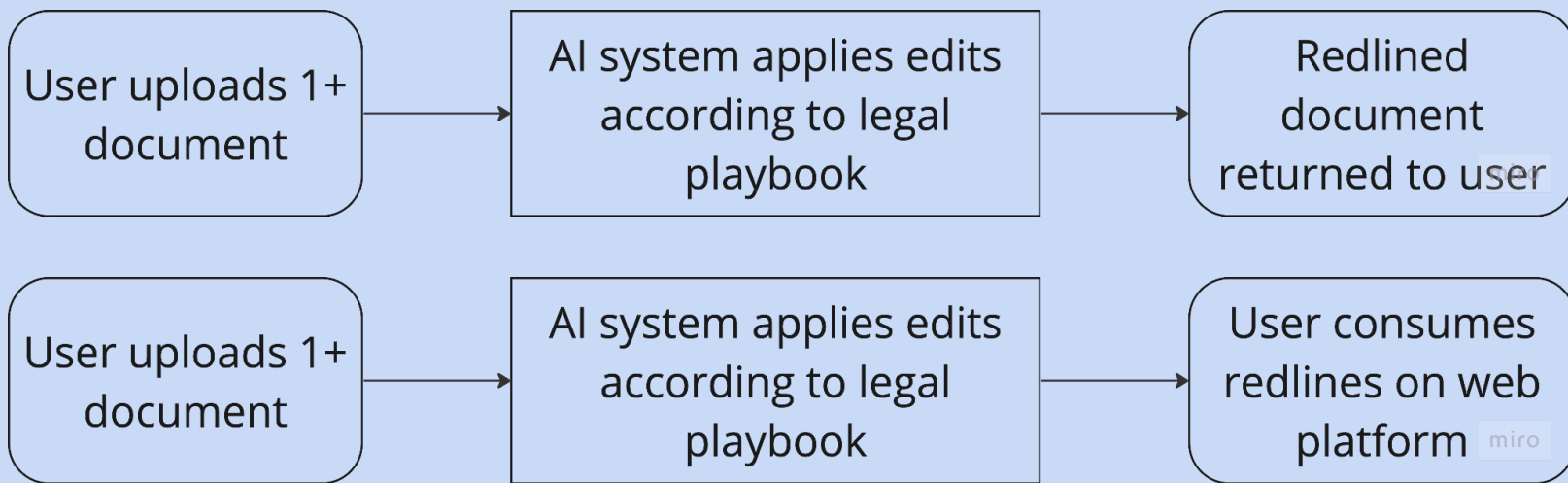# Background

- PhD in linguistics, University of Washington, 2019
- 4.5+ years product management at legal tech startup
- Sold mostly to in-house counsels at Fortune 500/multinational companies

User uploads 1+ document	→	AI system applies edits according to legal playbook	→	Redlined document returned to user
User uploads 1+ document	→	AI system applies edits according to legal playbook	→	User consumes redlines on web platform

Document Summarization Tasks

- ○ Utility:
  - ■ find key facts determining contract approvability at a glance (e.g. term, renewal type)
  - ■ Compare negotiation trends, determine precedents across documents
  - ■ Prose summary of limited value
- ○ Strengths:
  - ■ Extracting key numerical figures and closed class information from document
    - ● E.g. Term of Agreement: Two years
    - ● E.g. Automatic Renewal: Yes
- ○ Struggles:
  - ■ Extracting prose text snippets of information from an open class
    - ● E.g. Steps to be taken before disclosing information to representatives: …
  - ■ Extracting information found in multiple parts of document
    - ● E.g. Definition of representatives

Conforming Provisions to Standard Template

- Utility
  - Ensure language is advantageous to client
  - Add critical provisions to protect client's interests
- Strengths
  - Grammatically complex tasks
    - E.g. making a provision mutual ("Party A shall be liable…" → "Either Party shall be liable")
  - Completing lists
    - E.g. ensure A, B, C, D are all excluded from definition of confidential information
- Struggles
  - Limiting scope of edits to right provision
  - Using consistent terminology throughout document (Defined Terms)
  - Restricting hallucinated/unnecessary edits

Flagging/Removing Unwanted Content

- Utility
  - Alert client to potentially harmful/disadvantageous positions
- Strengths
  - Most models good at identifying common provisions
    - E.g. Governing Law, Return/Destroy
  - Better than rule-based approaches at identifying "anything other than" language
    - E.g. Remove indemnification for anything other than x, y, z
- Struggles
  - Cost of checking entire document
  - Some "blacklist" language isn't common enough to be in training sets

General Considerations

- LLMs perform well out of the box for edits to common provisions of legal documents

- Bespoke edits may require additional training
  - Data collection, labeling, evaluation
- Processing large documents means high token usage
- Defined Terms need to be consistent through document

Conclusion: Is contract review a good commercial application for generative AI?

- Generative AI most effective in combination with other tools
- Invest ahead if proprietary model training necessary
- Parse, segment, extract from document early
- Focus on how user will consume generative AI output

Thank you!