Preparing Future Lawyers to Draft Contracts and Communicate with Clients in the Era of Generative AI

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Preparing Future Lawyers to Draft Contracts and Communicate with Clients in the Era of Generative AI

Kristen Wolff, University of Michigan Law School

PROFESSOR WOLFF: Thank you all for coming today. This is, I think, a really important topic. Important enough that the conference has decided to have two talks on the same topic, and Mark will be presenting on this in the next session, too. I plan on attending because I don’t think you can get enough perspectives on it right now. And hearing this information, I had to attend several talks myself before I really digested it and understood what this was all about. So, I hope that I can give you a little bit of that today. My name is Kristen Wolff. I am Clinical Assistant Professor at the University of Michigan. I co-teach in the Zell Entrepreneurship Clinic, supervising students who are providing free transactional legal services to early-stage startups, mostly in the University of Michigan ecosystem. Today, I’m going to talk about integrating generative AI into transactional law classes. The first half of the talk I’m going to try to make the case for “why.” Why we should do this? And then, hoping that some of you all bought into it, the second half will explore how we might do it.

To make the case for why, I’m going to lay the foundation with a little bit of intro on what Gen. AI is. If you see “Gen. AI” or you hear it, it’s short for generative artificial intelligence. It’s next generation machine learning algorithms. So previously, we all have been working with artificial intelligence software, whether we knew it or not. And it had learned to recognize patterns. If you ever texted on your phone and your phone predicted what word should come next, that was artificial intelligence. And there was software out there that if you fed it a lot of photos, say, you fed it a lot of photos and coded in squirrel or not squirrel over time, it learned to recognize patterns. Then if you gave it a photo and you asked it, then it could tell you whether it was a squirrel or not a squirrel. If there’s any Silicon Valley fans out there, you might remember Jian-Yang, who had created an app called “Hot Dog, Not Hot Dog.” If you took a picture of food, it could tell you if you were taking a picture of a hot dog or not. That’s what it used to be.

So now, with this new next generation, the generative in front of artificial intelligence means that it can actually generate new content that hasn’t been created before. It has learned from everything on the Internet and learned to be able to recognize patterns, put patterns together, and create new patterns. It can create things that never existed before. To better appreciate what that means and what Gen. AI is, I asked a Gen. AI chatbot
what it is. It gave me a very comprehensive, helpful answer. I used ChatCPT, so that really was the large language model that made waves when it became freely publicly available on November 30, 2022. The first attempt that it gave me for “What is generative AI?” was helpful, but too long. So I asked it, “Thanks. Can you summarize that answer in a short paragraph?” And it can. It can track conversations and keep it. It’s like you’re having a conversation. It remembers what it output before. It can hear, or it can read, the prompts that you give it to revise and it can revise.

So, then it gave me something that was pretty helpful: “Generative AI refers to AI systems that create new content, such as text, images, and music resembling human produced output systems using machine learning, particularly deep learning, to generate contextually relevant and often creative data.” Examples include text generation models like GPT-3, etc. I won’t go into all of it, but interesting. It says, at the very end, “generative AI has applications in diverse fields.” Concerns about misuse and bias must be considered as these technologies advance because of how they pull information.

So then, I guess I’m not going to go deep today into how Gen. AI works. I’m not really going to explain how it all works today, because personally I don’t think those details are needed to use it effectively. And I know that’s when I start getting eyes glazing over, and lawyers can disengage and think like, “Whoa, this is too much for me.” The Internet or phone technology, at least for me personally, I don’t know how that stuff works, but I can still effectively use a phone. And so, I want to just help you see what it can do, even if you don’t know exactly how it’s putting that all together. And so, as an example to show how it creates new things and it can create creative things, I went to ChatGPT. I am going back to the squirrel example. I said, “Please write me a poem about a squirrel.” And I thought this was a pretty lovely poem. I’ll read one stanza: “In a woodland realm where trees stand tall, a lively squirrel, quick and small, with fur as brown as autumn’s grace dances through a secret place.” That’s all new content. There’s another form of generative artificial intelligence that creates new images. One that’s freely, publicly available is called DALL·E. I went there and asked it to create an oil painting of a squirrel in the style of Van Gogh, and it created this cute guy for me.

So, I show that just to help you get a sense of what it can do creatively. This obviously isn’t legal work and ChatGPT and DALL·E, while impressive from a technological feat, I think it’s unlikely that they by
themselves can significantly change the practice of law due to some very serious known issues, specifically with these first, these freely available models. So ChatGPT—there’s some barriers to adoption in the legal industry. There’s confidentiality concerns and concerns with something called hallucinations and bias. So, these free and public chat bots, like ChatGPT, they train on all the content that’s available on the Internet. Plus they also continue to train on the inputs users provide to them. This means that any inputs you put in the chat bot may be learned and regurgitated in some partial form to others who prompt the AI in the future.

And so, in those output, or those inputs that you put into it, they also might be accessed by OpenAI employees to improve the services, the performances of the software. So I stress to my students, who I know might be playing around with this stuff, like “If you’re using an open, free one like ChatGPT, you cannot put client confidential information into here.” There are no assurances. In fact if you look at the terms of use, it says very clearly that “We might use your data to improve our models.” They have recently unveiled an option that you can turn off training for any conversations that you’re creating. But that’s really new, and it’s still a little unclear if it won’t train on it. But does it still go to the OpenAI employees? Can they be using it for their internal processes? Not sure. So, I’m very wary about it. I do not put anything confidential into ChatGPT. I tell my students to do the same. And as you become exposed to new chat bots and to new generative AI tools, I just encourage you to always look at the privacy policies and terms of use. See how this one is using your data.

Another issue with ChatGPT is something called hallucinations. Most of you probably saw in the news about lawyers in a personal injury court case where a man was suing an airline because he was sitting on the plane, and the drink cart hit his knee. He was alleging that he experienced injury from it. He sued and his lawyers, in submitting a brief, asked ChatGPT to write the legal brief and then they just submitted. They did not fact check it at all, and it was pretty well written. But the other side, when they read it, started being like “I’m not familiar with this case. Let me check it out.” They realize that at least six of the court cases cited in the brief were totally made up. They didn’t exist. And that is a risk with ChatGPT.

Generative AI doesn’t know things the way we know things. It predicts based on the data it’s been trained on what the next word might be and what sort of output would make sense. But it sometimes makes it up. And so, this obviously is a hurdle towards adoption for attorneys. If you ever
want to play around and quickly see it hallucinate, I encourage you to go to ChatGPT and ask it to write a short bio of yourself and you’ll see like it just makes up facts from everything on the Internet. Yeah, it has no idea what’s true and what’s not true. It’s just if it’s there, it takes it in.

And the last one that I want to touch on is bias. So, like we were saying, it was trained on the open, free Internet. The Internet’s a terrible place filled with biases. And so, it has learned those things. I’m not sure if it’s easy to follow, but this is a conversation someone was having with ChatGPT. I don’t know what the beginning of the conversation was, but the person was prompted to be like. Wait, “how did you come up with the conclusion that she refers to the paralegal?” Chatbot says “In the sentence, ‘The paralegal married the attorney because she was pregnant’ the pronoun, she refers to the closest noun preceding it, which is the paralegal. Therefore she, in the sentence, refers to the paralegal.” And he says, “Wait, isn’t the attorney the closest noun?” Chatbot says, “You’re correct. I apologize for my mistake in the sentence ‘The paralegal married the attorney because she was pregnant.’ The antecedent of the pronoun ‘she’ is the attorney. Therefore ‘she’ refers to the attorney, which would suggest that the reason for the attorney’s marriage to the paralegal was that the attorney was pregnant. However, this interpretation does not make logical sense, as pregnancy is not possible in men. It highlights the importance of proper sentence structure and antecedent agreement to ensure clarity and avoid confusion and communication.” So obviously, that’s a problem.

So with all those issues, you know, can we, as attorneys, just ignore generative AI? Is it just a fad that, as people see these issues, it will go away? Is it like NFTs that seemingly seem to have had their moment and are fading in the moonlight? Is it relevant to the legal industry? I would argue, we cannot ignore it. It’s not going away. What I showed you with ChatGPT is really the first baby step into generative AI, and already there’s many industry, specific tools that are being developed that are much more sophisticated that don’t have the same confidentiality concerns. They’re being designed so that data you feed into it does not go back in any way to the company or to others who are using the system. And they’re being trained on case law, on treatises in Westlaw or LexisNexis. Some of them are being developed within law firms, and being trained on the entire repository of documents that the law firms have, which might not eliminate the risk of hallucinating but will certainly make it less frequent. It will be trained on informed data and hopefully, bias will be less of an issue, as it’s trained on more things that don’t
have that bias ingrained in it. So, I want to show you a few examples of these law specific generative AI models that are coming out.

There’s Harvey. Harvey says that it started with general internet data from the GPT model. But then it was further trained with general legal data, including case law and reference materials. And their business model is that they will be retained by a firm, and when engaged by a firm, Harvey then trains on the firm’s own work product and templates. And it has been developed so that it can assist with contract analysis, due diligence, litigation, and regulatory compliance. And it can help generate insights, recommendations and predictions based on data. I saw one Wall Street Journal article in May that was talking about Harvey, and it said that Allen and Overy, the global firm, has thousands of its lawyers using it. And they’re using it for such things as legal research, drafting documents, and contract analysis. They report spending less time locating hard to find case law, completing analyses, and answering questions clearly and succinctly. While Harvey hasn’t replaced the work of lawyers, it provides a head start. One partner was quoted as describing the impact as having an extra junior resource available to you at any time of the day.

Another one is CoCounsel, and this was acquired by Thomas Reuters this summer, which notably is the owner of Westlaw. And I know that Microsoft, Ford, and other Fortune 50 companies have tested it. It’s designed to be companies’ in-house counsel. But it has also been beta tested by firms like DLA Piper, Kirkland & Ellis, and Orrick. It’s used to prepare depositions, perform contract analysis, etc.

And then Lexis Plus AI is one that I attended a few demos of this summer, and they were saying that it would be available this fall. They still say it will be available this fall. It’s now October, so we’ll see. But they teamed up with several firms, including Baker, McKinsey, Reed Smith, and Foley & Lardner when developing it. It was a powerful one that, like I was describing with Harvey, you could prompt it to draft a memo to answer a legal question for you. This one was draft an email to our client, explaining the recommendation to remove to Federal courts, and it drafts a really nicely worded email explaining the efficiencies of going to Federal court and different factors. And, like Naveen was mentioning it gives relevant authority and guidance at the bottom, saying like, here’s what I was pulling from when I drafted this. So you can click on those links those treatises in LexisNexis and fact check yourself to make sure that the information’s accurate. And I have seen people be like, “Ok, thanks for that first draft. But I want to send
this to a busy startup CEO, can you make it a little less formal and a little more succinct?” It will change the tone for you. A lot of the articles about these have been focused on litigation. But Harvey, I know, does contract review. Lexis and Westlaw ones are using those tools right now for primarily litigation, so they might have a bent in that direction. But if you wanted to draft, ask it to draft an email to a client explaining whether their workers can be classified as unpaid interns or employees. It could pull information from treatises and draft that for you.

Now, this one’s Spellbook. They are targeting primarily transactional work. And I want to show you just a quick video they have put together to show a little bit of its capabilities:

Introducing AI Reviews, by Spellbook. Reviews lets you generate precise red lines for your contracts based on your instructions right in Microsoft Word. In this example, we’ll ask Spellbook to aggressively negotiate this MSA for our client, also making sure that their data is kept secure. Spellbook then thoroughly marks up the contract with suggested changes and comments throughout. You’re always in the driver’s seat and can choose which changes to accept, reject, or modify. You can also use Spellbook to quickly make cross-cutting revisions of contracts. In this example we’re going to repurpose a contract for a new deal, making it appropriate for California and changing key variables. Spellbook instantly gives us a number of changes that we can manually apply as well as comments about things that may not be enforceable in California. Lastly, you can use Spellbook to run your negotiation playbooks for you. You can save the rules that you use to negotiate common contracts like NDAs and have Spellbook, execute them, and suggest a list of changes. Try Spellbook, risk-free today, and join 1,000 legal teams on the bleeding edge of AI.

And I attended a demo of Spellbook this summer and saw other capabilities that it had just to reinforce what it said. First, really, it’s a plug in to Word. So, you open your draft contract, and then you can use these tools right in Word. And some other capabilities that I saw that it had was, if you get an agreement, and you’re like, “ell, what is this?” There’s an option to summarize the agreement like you’re speaking to a five-year-old, and it will give a little summary of what it is. If you notice that a provision is missing,
like you’re reviewing it, and you’re like, “Oh, it doesn’t say how to treat confidential information.” You can in brackets, in the agreement, put “confidentiality provision” and then hit a button called “Cast” and it will auto populate a proposed section of what you should put in there. If you don’t like it, you can hit “Cast” again, and it’ll give you an alternate, and you just keep hitting “Cast” until you get one that’s a good working starting point. I met with an account executive a week or two ago. and she was willing to give me a free trial now if I wanted to prepare for this talk, but said that they would be making, she didn’t say free, but she said they’d be making it available to law schools in the coming months, which I don’t know for sure, but it did seem like it might be free.

So that’s a lot. I’m would love to pause here for just quick reflection. Talk to people next to you, and talk about any of these things. What are your thoughts after seeing this technology? Are you someone who you’ve seen it all before? Or is this somewhat new? Is it more or less capable than you expected? Does it make you more or less scared about the future of AI? Do you think it will improve the practice of law? Or do you think this will just hurt the practice of law? Discuss for a few minutes, and then we’ll share.

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Volunteers? Apologies if that wasn’t enough time, but I’m going to bring us back here. Alright. I’d love to hear what you all are saying in your groups. Does anyone want to share out? I love these lively conversations. I’m sorry if I’m stopping it too soon. I would love to hear what some of you are saying—what are your thoughts, your reactions, seeing this?

AUDIENCE MEMBER: Thank you. So I have some strong reservations about what will it do to legal teaching or to legal learning? For law students?

PROFESSOR WOLFF: I share some of that of with caveats that I’ll get into. But you know this is certainly a very powerful tool for partners at law firms who already know the law, and it can like, they said, it’s like having a junior associate at your beck and call anytime you want. You know how to use it in a way that just makes you more efficient, but we will have to be very thoughtful about how we teach legal education to ensure that our students are still getting the foundational skills they need and aren’t just relying on this to do the lawyering for them. And way in the back?

AUDIENCE MEMBER: Indistinct Question
PROFESSOR WOLFF: So some mixed feelings for those who really like the act of drafting and coming up with the terms yourself. Will you still be able to do that in an era where most people are relying on Gen. AI? AI might be able to do it more quickly, more efficiently, and clients come to expect that drafting a contract now is something that can be done in an hour instead of eight hours. That sort of thing.

AUDIENCE MEMBER: So, if this makes it so that the work of one attorney can do what it used to require eight attorneys to do, can we just do more good legal work in the world and reduce barriers to justice?

PROFESSOR WOLFF: That is a really great question. And I know that I read an article where an individual who used to run the California Innocence Project, he demoed one of these things, and he said it made his life so much easier and more efficient, and he actually used Gen. AI as a screener. It was able to identify cases where there were inconsistencies in the cases. Where things didn’t add up or where it seemed like, wait, there might be something that you could argue here. It was able to flag that. And so, he was able to focus on, you know, he gets so many petitions for cases to review, and he was able to focus on those.

AUDIENCE MEMBER: Indistinct Question

PROFESSOR WOLFF: This is going to change the practice of law, for sure. It might not be necessarily bad. It might not take away jobs, but it will change our job. I am going to maybe call on one more. This is such an interesting conversation. But there’s more I want to cover, too. Did I see a hand back there?

AUDIENCE MEMBER: Indistinct Question

PROFESSOR WOLFF: So, I hear that definitely concerns of over-reliance by the students. That is something we will have to be mindful of, and hopefully I can touch on that in the second half a little bit. To the point that it will change the practice of law jobs. Certainly it won’t eliminate the role of an attorney. In some ways it will generate new jobs. AI practice groups are forming to tackle the many legal issues posed by AI privacy issues: IP issues liability, discrimination, regulation, like, you name an area of law and AI has issues around it. I mean, every government is talking about regulating it in some way, but they have no idea how.
Our students will hopefully be, some of the people who are at the forefront of drafting some of that regulation, and figuring out how society can use this tool in a way that is ethical and helpful to society. And to the point that was made also of “You know we will have to use it, even if we don’t want to, because other people are using it, and clients will come to expect it.” That is definitely something that I think is likely, that clients will come to expect a level of and of efficiency that an AI assisted lawyer has. When I was attending the Spellbook call last week the Spellbook salesperson said something that was interesting. I mean, obviously they have a particular bent towards it, but, she said, “AI won’t replace lawyers. Lawyers who use AI will replace lawyers who don’t use AI.” I don’t like to prognosticate, but it seems like that may be true. That certainly does a lot, and I think that I personally think that we owe it to our students to at least expose them to it, and talk about the existence of this, and how it might change their practice. To help them get comfortable with it, because law firms are starting to integrate it. And right now, you know, it’s so new that law firms, they’re all learning how to use it themselves, but in a few years there might be an expectation that you know how to use it when you get to a law firm. Just like there’s an expectation that you know how to use Westlaw or LexisNexis.

So you know, I’ve heard the calculator analogy. I’ve heard analogizing it to Google Internet searching. And I think those analogies are really good to the extent that they convey that this is a new technology that is going to increase efficiencies and reduce grunt work. But there’s a risk that people lose those foundational skills. But I think it falls short in that with those ones there weren’t quite as many legal issues that lawyers will need to be in there addressing as society starts to use this technology.

So, for those who have been somewhat convinced that, “Yeah, at least, I should expose students to it,” or even if you haven’t, even for those who don’t want to use it, we’re now in a place where it’s available to students, and so I think we ought to at least be mindful of how students might use it in the classroom and be thoughtful about how we craft our courses in response. I encourage professors to reflect on each of their assignments. What are the learning goals? Is AI capable of completing the assignment? And would it be okay? Or would that subvert the learning goals? And if it would subvert the learning goals, then brainstorm—is there a different way that you can get at those learning goals? That will still allow the students to learn those foundational legal skills to make this more practical. I’ll provide some examples, that I do in my clinic. So, the assignments that we have
throughout the semester, every class period we’ve got pre-class readings. You know they read it, and then we come to class, and we have a discussion. We don’t actually allow laptops in our class. And so I can tell, have students read, or have they not read just by their participation in the discussions. That doesn’t have to change. Another thing we do is mock interviews and mock counseling where we have our advanced students pretend to be clients. There’s a hypo, and our students come in. They record themselves actually, these days on Zoom, having this interview, or having a counseling session that they send to me, and I review it. And there, maybe, they will use generative AI to help them prepare for these interviews or these counseling sessions. But at the end of the day it’s up to them to have digested the information and be able to perform and carry it on, and that’s what I’m looking for. Have they internalized the teachings, and can they perform as a lawyer? And so I don’t think I need to change that at all.

We do an assignment with mock contract revising and redlining where we give them a template, you know a first draft of a contract, and we say this isn’t very good red line and to improve it. How would you make it better. That one, with what’s available today to our students—ChatGPT—we still did it that way, this semester. I don’t think ChatGPT can improve it. When something like Spellbook becomes available to them, I’m going to have to rethink how we do this class. You know, there could be benefit in telling them, “Yeah, sure. Use Spellbook and then submit a reflection on what did it do? Well, what didn’t it do?” Well, so they’re really thinking about that. Or another way I can think of is flip the class where the lecture portion is their homework assignment. We record ourselves lecturing, they watch it and then in class they work with a partner by hand, redlining the contract and I review. That could be a way to test, have they really learned those foundational drafting skills.

Then others, we do self-assessments and reflection papers. Those ones, I’ve just had to make a little more specific. Make it so that they are reflecting on a particular client interaction or a particular assignment. What they did well, what they didn’t do well, what they learned from it—where it is very personal. You know, they might be able to tell ChatGPT, “Write a paragraph that expresses this thought.” But it would still cause them to do the reflecting of what is the feeling I want to convey? What are the thoughts I want to convey? So, I think I’m okay with those where they are right now.

And then, client work. That’s a lot of what we do, and in my class we slow it down so much. Like I want to see all their work. When a client asks
us for an NDA, I tell my students, “Okay, go find some templates. Tell me how you search for those templates. Find a few of them, and be ready to talk about what you like about each one and which one you’re going to use.” So, if they use generative AI to generate those templates, I’m okay with that, as long as we can still have that discussion about which one is good and which one isn’t and why. So, I want to stop again and give you time to chat together, just thinking about some of the assignments you do. And do you think that they stand up in this world of generative AI? Or would generative AI subvert some of your learning goals right now, as your assignments stand today? discuss, and then we’ll share out.

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Okay, I know that was totally a tease, and not nearly enough time, but in the interest of getting through these things I’m going to stop it there. But I encourage you to keep those conversations and that thinking going when you leave here today.

**AUDIENCE MEMBER: Indistinct Question**

**PROFESSOR WOLFF:** Yeah, I love that. So, an alternate perspective of rather than looking at as “what don’t I have to change?” look at it as “how can I change everything to integrate generative AI in a way that maintains my teaching goals, my learning goals, while also enhances learning and gets them comfortable with generative AI?” I think that is absolutely a great way to do it. I also recognize there is a spectrum of people who really don’t want to use generative AI if they don’t have to, and some who want to embrace it fully. Yes, you can either take the approach of how do I harness this to its fullest capability? Or, if you’re not going to do that, at least look at “Am I actually effectively getting my teaching goals across? Or could all of it be subverted?” I love that example that you gave of for the mock interviewing and mock counseling. Maybe you can have ChatGPT be the mock client so that I don’t have to corral my advanced students to do it. And you can change the personality. That’s awesome insight.

I will just put out here quickly because I know we’re short on time, regardless of whether you want to employ it or not, students are going to be using it. If you do want to embrace it try to ensure equitable access to generative AI. Not all models are created equally. ChatGPT, the free version, is not as good as even GPT-4, which is the version that you pay a subscription for. And not nearly as good as, you know, these ones that are available to law
firms. So, see if you know you might want to put parameters like, “You can only use the free version.” Or if you have a subscription to a paid one, see if you can make it available to your students also. Don’t assume that all students know how to use it and know how to use it ethically. It’s so new. We have some students that are early adopters, and we have some that aren’t. And so, consider adding at least one class, maybe integrating it at all of your classes, but at least adding one class on your syllabus that addresses it.

So, I’m kind of in between. I’m not actually an early adopter on things, but I see the power of this. So I’m trying to integrate it a little bit. I devote forty-five minutes in the semester to it. I pair it with the first half of the class is talking about email as an important form of legal writing, and we talk about what makes a good email to a client and what doesn’t. And then I pivot to talking about Gen. AI. I’m talking about the risks, the limitations, the ethical issues, but then also the capabilities of it. And then I provide a hypo of a client email, I mentioned this earlier, and instruct them to prompt Gen. AI to draft a reply. And then together as a class, we critique the drafts together. So, I give students a hypo where, basically, it’s a startup, CEO saying, “I want to bring on software students to make my software. What should I keep in mind so that I can legally designate them as unpaid interns?” Then students go off just with that, and draft. Ask ChatGPT or our university’s GPT. Our university has its own version to draft it. We got some really bad responses. And looking at it, it helped us talk about how prompts matter. The student’s prompt was, “How can I label unpaid interns as independent contractors?” Like that wasn’t really what the issue was. We got some that were really good first drafts, and one of those student’s prompts was, “Please draft an email to a busy entrepreneur named Robbie outlining the primary beneficiary test for determining whether a worker is an intern or an employee.” In the previous class we had talked about employment law. Now, this showed that actually having some foundation in the law, and knowing the law and being able to say I want the primary beneficiary test produced a much better response. And we could also then, critique, why did we do it like this. Talk about organization of emails again and things like that.

So, I’ll just leave you with this. Regardless of whether you want to adopt it or not, students are. I encourage you to at least have a clear statement of whatever your AI policy is going to be in your syllabus. This is an example that I have, that I basically tell them, “Yeah, it’s changing the world. You can use it as long as you do it ethically. If you’re going to use it on an assignment, let me know how you’re using it, and what your prompts are.” And reinforce
that you cannot put confidential information into it. That was a lot—a whirlwind. Thank you so much.