

## Legal aid for businesses using AI

### 1 Warmer

a. Discuss these questions.

1. Have you ever used an AI (artificial intelligence) program? If so, what did you use it for?
2. What problems might there be if an employee uses AI at work? In what ways can companies use AI ethically for their processes and work?
3. What kinds of legal problems might businesses that use AI have?
4. Should companies be stopped from replacing workers with AI?

### 2 Key words

a. Read the definitions and find key words in the article that match the definitions. The paragraph number is given in brackets to help you. Check your answers and your understanding of how the words are used by using the same word to complete the example sentence immediately after each definition. Then read the complete article to see how each of the key words is used in context.

1. computer programs that can have a conversation with a human \_\_\_\_\_  
(paragraph 6)  
*Many business owners use \_\_\_\_\_ to automatically answer questions and inquiries about their products and services.*
2. the ability to think of new ways to do something \_\_\_\_\_ (paragraph 9)  
*Thanks to the \_\_\_\_\_ of the engineers, this bridge is one of the safest and most beautiful bridges in the world.*
3. a high level of knowledge or skill \_\_\_\_\_ (paragraph 12)  
*We depend on the \_\_\_\_\_ of scientists for the fast development of new drugs and vaccines.*
4. a large number of things in a category \_\_\_\_\_ (paragraph 1)  
*There was an enormous \_\_\_\_\_ of delicious food at the festival.*
5. to make an action necessary \_\_\_\_\_ (paragraph 12)  
*This is an easy decision that doesn't \_\_\_\_\_ a lot of discussion.*

6. the process of making people or organisations obey a rule or regulation  
\_\_\_\_\_ (paragraph 14)  
*The Food and Drug Administration is responsible for the \_\_\_\_\_ of food safety regulations.*
7. the process of taking a legal case to court \_\_\_\_\_ (paragraph 2)  
*After a year of \_\_\_\_\_, the company won the case.*
8. to examine a number of things in order to organise them or to find something  
\_\_\_\_\_ (paragraph 15)  
*We need to \_\_\_\_\_ all of our clothes and donate the ones we don't wear anymore.*
9. an event happening or an invention being made \_\_\_\_\_ (paragraph 4)  
*Many products were no longer handmade after the \_\_\_\_\_ of the Industrial Revolution.*
10. weaknesses \_\_\_\_\_ (paragraph 7)  
*Our security system has a number of \_\_\_\_\_ that need to be fixed.*
11. approximately \_\_\_\_\_ (paragraph 13)  
*The company is worth \_\_\_\_\_ a billion dollars.*
12. opposing, resisting or disagreeing with something \_\_\_\_\_  
(paragraph 16)  
*The company is \_\_\_\_\_ on the accusation that they are doing something illegal.*
13. actively considered \_\_\_\_\_ (paragraph 11)  
*We're not sure how to proceed with the court case, but all options are \_\_\_\_\_.*
14. arguments or disagreements \_\_\_\_\_ (paragraph 13)  
*There are a number of \_\_\_\_\_ between the workers and the company, so the issues will have to be settled in court.*
15. the fact of being correct (paragraph 7)  
*It is important to verify the \_\_\_\_\_ of any information you read online.*

## Law firms adjust to address growing legal risks

**LAWYERS ARE DEVELOPING NEW PRODUCTS AND SERVICES AS CLIENTS SEEK ADVICE BEYOND TRADITIONAL PRACTICE AREAS**

**BY SOPHIE SPIEGELBERGER**

- 1 Cultural and technological developments in recent years have given rise to a new array of legal risks for businesses in the US. Now, in response, law firms are expanding their products and services to cover anything from cyber crime and generative AI to cultural disagreements in the workplace.
- 2 “Historically, law firms have been organised around what the lawyers do, such as litigation, corporate or regulatory work,” says Gerry Stegmaier, a partner in the emerging technologies group at Reed Smith.
- 3 But this is changing, as lawyers adapt to offer clients legal advice beyond the more traditional practice areas.
- 4 As existing legal risks, such as regulatory compliance, grow more complex, and new risks emerge, such as those brought on by the advent of generative AI, many firms are also creating new practices to focus on these subjects, says Stegmaier.
- 5 At the same time, firms must make use of new technologies if they want to remain competitive. He adds: “Lawyers who are familiar with and expert in AI and the other skills required for excellence will be much better positioned to adapt to change now and in the future.”
- 6 Since OpenAI launched ChatGPT in November 2022, chatbots and other large language models have been widely introduced in the workplace. But, for all their advantages, the adoption of these tools also creates legal risks over data privacy, copyright infringement, regulatory compliance, and discrimination — for instance, when used for hiring.
- 7 With generative AI, “you had a tool that you could ask to do anything, and it would provide different answers every time”, points out Danny Tobey, chair of DLA Piper’s AI and data analytics practice for the Americas. The question is: how do you test such a tool for compliance, accuracy and vulnerabilities?
- 8 Tobey’s team decided to use AI to test AI. They started “legal red teaming” the language models: cross-examining a generative AI model the same way one would a trial witness. Lawyers and data scientists would work together on a particular model, he says, interrogating it with “lines of attack” for specialised industries, such as healthcare, financial services, or consumer goods. Then, a separate AI system would be set up to interrogate the AI model.
- 9 “A lawyer could ask a dozen or 100 questions, but then we want the generative AI to ask 1,000 or more questions,” Tobey explains. “That way, you get the benefit of human ingenuity and creativity in really pushing on the model, but you also get the scale and repetition of generative AI.”
- 10 Another growing area of focus for law firms is the legal risk associated with cultural issues and diversity, equality and inclusion (DEI) in the workplace. This is particularly noticeable since the pandemic and the increased emphasis on being open and authentic at work, says Sam Schwartz-Fenwick, a partner at Seyfarth Shaw and leader of the firm’s LGBT affinity group: “People were coming to work with their full identity on, and that meant that there was a lot of disagreement.” At some companies, this led to HR complaints and, sometimes, litigation.
- 11 The legal framework governing free speech in US workplaces is complex, he says. It includes Title Seven, the federal law that covers or protects against employment discrimination at work based on protected categories. Then, there is the National Labor Relations Act and a number of state laws regarding off-duty conduct and speech, he adds. “So all of those things are in play.”

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- 12 In 2023, Seyfarth found it had been handling enough such client cases to warrant a dedicated unit to handle them. Schwartz-Fenwick is co-lead of the Cultural Flashpoints task force, which allows lawyers from different specialised areas to pool their expertise to help clients. Historically, clients would come to Seyfarth after a problem had already emerged. But increasingly, companies want to nip issues in the bud.
- 13 He expects workplace disputes and regulations to become more complex due to a “fractured culture” in the US in which “roughly half of the population sees the world in very different ways than the other half”.
- 14 Meanwhile, regulatory risk is only growing, says Sebastian Lach, a partner at Hogan Lovells and co-CEO of the firm’s in-house legal technology brand Eltemate. “It’s not only more regulations, it’s also more enforcement and more aggressive enforcement.”
- 15 Eltemate created a specialised AI tool to sort through regulatory documents, making the process both systematic and faster for their clients. “We’ve trained our own AI algorithm that basically gives all the documents a relevancy score based on what the client has told us they’re interested in,” Lach says. “If it’s higher than 60 per cent, it’s relevant. If it’s lower than 40 per cent, it’s not relevant.”
- 16 The tool can reduce a “document dump” of 10,000 documents to a database of 70, including automated summaries, and translations in select languages. Rather than clients pushing back against the use of generative AI tools by law firms, they see it as proof the lawyers are working efficiently, Lach says. “We’re seeing a huge shift in our business model. Because, if you think about it, this is also a shift from hourly rates to technology cost, which is massive, because you have to rethink the whole model.”

FT

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## 3 Understanding the article

a. Which statements give a correct summary of the information in the article? Choose C (Correct) or I (Incorrect). The paragraphs that contain the information are in brackets.

1. It's necessary for companies to use new technology like AI in order to be competitive, but new technology can also lead to legal problems. (paragraphs 4, 5 and 6) C I
2. The only way to test the accuracy of an AI-generated answer is for humans to ask it questions. (paragraphs 8 and 9) C I
3. Because of a federal law in the US that protects employees from discrimination at work, there are no problems among employees now. (paragraphs 10 and 11) C I
4. Lawyers can use AI to help corporate clients understand regulations and to identify the regulations that most affect their company. (paragraph 15) C I
5. Many companies don't want lawyers to use AI to summarise regulations because they think the lawyers are not analysing and thinking critically about how the regulations affect their company specifically. (paragraph 16) C I

b. For the incorrect statements, write a correct summary of the information in the relevant section.

## 4 Business language – phrases

a. Find business phrases in the article that match the definitions below. The paragraph numbers are in brackets to help you find the phrases quickly.

1. \_\_\_\_\_: the process of examining large amounts of information to make good business decisions (paragraph 7)
2. \_\_\_\_\_: the department in a company that hires, trains and evaluates employees and helps with conflicts or problems in the workplace (paragraph 10)
3. \_\_\_\_\_: a group that is formed to do a specific job or to study a problem and make recommendations (paragraph 12)
4. \_\_\_\_\_: obeying a law or rule that controls what a company can do (paragraph 4)

5. \_\_\_\_\_: a large amount of information that is given to a company or to lawyers all at once so that it is difficult to go through and organise it (paragraph 16)
6. \_\_\_\_\_: company initiatives to include employees from different groups of people and to make sure that everyone is treated equally (paragraph 10)
7. \_\_\_\_\_: something that is done in a company and not by outside contractors, for example, a legal department that is part of a company (paragraph 14)
8. \_\_\_\_\_: the use of intellectual material like a book or an invention by a company without permission from the owner (paragraph 6)
9. \_\_\_\_\_: to stop problems before they become very serious (paragraph 12)
10. \_\_\_\_\_: the way people behave when they are not at work (paragraph 11)

**b. Rewrite the sentences using phrases from the previous activity.**

1. The company employs lawyers who do all of the legal work.
2. The enormous amount of documents that our lawyers received at the last minute made it difficult for them to analyse the information before the deadline.
3. Following the rules is extremely important for companies to avoid paying enormous fines.
4. The jury found the company guilty of using technology that was invented by another company.
5. We need to stop this logistics issue now before it becomes much more problematic.

## 5 Discussion

**a. Discuss these questions.**

1. The article mentions some areas where the use of AI can cause problems for companies: copyright infringement, regulatory compliance and discrimination in hiring. How might AI cause problems in each of these areas? Can you think of such problems specific to your industry or area of work?
2. How do you think companies can use AI for the following things?
  - advertising
  - plans for new products
  - sales forecasts

## 6 Wider business theme – Is AI good for small businesses?

- a. Imagine that you and your group are partners in a small business. You are trying to decide whether to incorporate AI into your business because although most large companies are now using it, it may not be practical for small businesses. Read the information below and discuss whether or not to start using AI, and if so, what you'll use it for.

### Jobs

(+) AI can be a tool to help people do a better job faster. For example, if AI is used to analyse customers' preferences, the people in charge of planning can make more accurate plans for new products or services in a shorter amount of time.

(-) Small businesses do not have many employees, and AI may eliminate the need for humans for certain jobs. The loss of jobs may cause people in a community to have negative feelings about the business.

### Customer relations

(+) AI can be used to track customers' complaints or requests, and with this information, the company can make changes and improvements to give customers a positive experience with the company. People with complaints can feel that the company is responding to their issues.

(-) If AI is used too much for customer interaction, people may feel that the company is not interested in them as individuals. There are many complaints about things like automated phone messages or QR codes for ordering in a restaurant.

### Time, money and maximisation of employees' skills

(+) AI can take over routine, repetitive tasks and do them much more quickly than a person could, which means that employees can be trained to do more complex tasks. This makes a company more efficient and innovative, which saves money.

(-) Small businesses may not have the time or money to invest in an AI program. It takes time to choose the right program and train employees to use it, and while they're learning, they may not have time to do their regular tasks properly.

### Marketing and advertising

(+) AI can help identify trends in the market and can generate advertising for social media and other types of media. Because it's fast and eliminates the need to pay expensive advertising agencies, companies can easily produce advertising aimed at specific market segments.

(-) Customers may feel that AI-generated advertising is too general and not personalised for their community. Many consumers say that they do not trust advertising or other materials produced by machines rather than humans.

## **Legal issues**

(+) AI can create summaries to help businesses interpret regulations and laws. It can also analyse branding slogans or advertising messages to help companies avoid copyright infringements.

(-) The use of AI could result in some legal problems, and most small businesses do not have in-house lawyers to advise them and can't afford to pay an expensive law firm. AI may use algorithms that are biased toward or against certain groups of people, or it may violate copyright laws. If customers know that AI is being used by a business, they may worry about how their personal data is being used.