

Law

Legal services start-ups target lawyers' paperwork

Advanced analytics prove invaluable to law firms handling reams of documents

BARNEY THOMPSON - LEGAL CORRESPONDENT

Lawyers of a certain type spend laborious hours looking for bad news – ideally in the form of investors who have suffered losses combined with a reason to sue.

How much more efficient would it be, then, for an investor who has lost out because of fraud to have a computer program that does all the work: analysing their portfolio, tracking any related legal cases and providing a list of law firms investigating or pursuing litigation

That, put simply, is the aim of Battea Class Action Services, a US company that has filed a patent for a program that scours companies' securities investments to spot losses resulting from false disclosure, manipulation or other forms of fraud.

The program, say its creators, will assess if those losses are actionable, find pending or active cases, and identify law firms investigating or pursuing related litigation.

Battea's patent, which is under review, is one of hundreds of new filings related to legal services technology – "lawtech" – over the past few years.

According to research by Thomson Reuters Legal, 579 lawtech patents were filed worldwide last year, up from 436 in 2015 and just 99 in 2012.

The US leads the pack, stimulated by developers and lawyers with access to the country's vast databases of publicly available legal records. Over the past decade, US inventors have filed more than 1,000 lawtech patents, well ahead of China at 298, South Korea with 300 and 154 in Australia.

The increase is also driven by demand for faster and cheaper ways to provide legal services, administer courts and find cases to pursue.

"We are seeing so many legal tech start-ups and investment in technology more broadly so the



© FT montage / Dreamstime

increase was not surprising," said Charlotte Rushton of Thomson Reuters Legal. "It tells the story over the past 10 years of pressure from general counsel [company law departments] to be much more efficient.

Advanced analytics programs, some of which use artificial intelligence and machine learning, are proving invaluable to law firms who handle and generate reams of documents, and most lawtech to date has focused on making all this material more manageable.

For instance, artificial intelligence programs hunt for keywords and phrases in millions of documents – particularly useful in compliance investigations or litigation involving online evidence – while other software automates the drafting and signing of contracts.

"There has been an explosion of documentation and, with globalisation, an explosion of law," said Jonathan Brayne, a partner at Allen & Overy and head of its innovation centre, Fuse.

"In the past, a legal team might have 20 lever arch files to sift through to find the key evidence. Now that is two million emails and 500 hours of voice recordings. You have to have a tech solution to that."

More recently, however, the technology has moved into new and potentially more lucrative areas – as typified by Battea's patent.

For example, Lex Machina, part of the legal research and risk management company LexisNexis, analyses millions of court decisions for insights on how judges reach decisions, which arguments are most likely to be effective in court, and the strengths and weaknesses of the opposing legal team.

Initially focused on patent and intellectual property disputes, over the past two months Lex Machina has announced it is expanding into employment and commercial litigation.

It has also launched apps that let users examine the size of damages awarded in similar cases, or compare litigants according to the number of cases filed and their success rates.

Blue J Legal and Thomson Reuters recently launched a machine-learning algorithm called Tax Foresight that searches for patterns in case law in Canada to find what elements influence judges' rulings in tax disputes.

"Let's say the user has a legal question – maybe they are in dispute with the tax authorities – where the law is ambiguous," said

Benjamin Alarie, founder of Blue J Legal and a professor of law at the University of Toronto.

"The system will start asking between 20 to 30 questions and, depending on the responses, it will provide a prediction of how a court will decide [the case]."

Although very few lawtech patents are filed by UK start-ups, almost every major law firm in Britain is experimenting with ways of managing data, and the Serious Fraud Office is using data extraction software developed by the London company Ravn in its investigation of Rolls-Royce.

But Andrew Giverin, a partner at consultancy PwC, warned against

In the past, a legal team might have 20 lever arch files to sift through to find the key evidence. Now that is 2m emails

JONATHAN BRAYNE,
ALLEN & OVERY

assuming lawtech was an easy route to improving legal services or business performance.

"Each month dozens of companies burst on the scene promising to transform daily tasks," he said. "But if your problem is that you can't find where your contracts are, you need to solve that before you get the new contract management system.

"Technology is not the solution, just the tool to reach the solution."