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The Navigator for Enterprise Solutions



Karl Harris, CEO

10
YEARS OF
LEGAL
ANALYTICS

Lex Machina



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CEO |



Unless you know about the possible outcomes for a proceeding, you cannot design a winning formula for success in the legal space

Lex Machina

10 YEARS OF LEGAL ANALYTICS

BY JUSTIN SMITH

In 2006, Stanford Law School professor Mark Lemley was looking to answer a seemingly simple question: “Where is the best place to file a patent case?” To his dismay, he was unable to find even the most basic empirical information to support his research. Little did he know that his efforts to answer that seminal research question would set off a sequence of events leading from the creation of a public interest database to a venture-backed Silicon Valley startup that was eventually acquired by legal industry giant LexisNexis. Along the way, Professor Lemley did answer his question in his 2010 paper titled “Where to File Your Patent Case”. Spoiler alert: as Professor Lemley put it, “I’m going to Disney World.”

THE STANFORD INTELLECTUAL PROPERTY LITIGATION CLEARING HOUSE

To get started, Lemley teamed up with practicing lawyer Joshua Walker, technologist George Gregory, and the

Stanford Computer Science Department to build the Stanford Intellectual Property Litigation Clearinghouse (IPLC). With a mission to bring openness and transparency to patent litigation, the IPLC offered a searchable database on all U.S. patent cases filed since 2000, and allowed lawyers to research factors influencing outcomes in patent litigation. In less than a year, the IPLC had secured funding from leading corporations like Intel and global law firms such as Fenwick & West, and over 5,000 users had signed up.

A SILICON VALLEY STARTUP

It soon became clear that the Stanford IPLC could be more than an academic research project - the database also had tremendous commercial value. So, on January 5, 2010, Stanford Law School announced the launch of Lex Machina, a private company formed to develop a robust and scalable version of the IPLC database, which had grown to over 100,000 cases. With Walker and Gregory as cofounders, this endeavor required building a team of legal data experts and software engineers. Attorney Carla Rydholm joined in 2010 and software engineers Nick Pilon and Gavin Carothers

joined in 2011, all three of whom are leaders on the Lex Machina product team to this day.

By 2011, Lex Machina had raised a seed round of financing and attracted a growing number of well-known law firms and corporate legal departments as paying customers. To accelerate the business even faster, Josh Becker, a veteran of the software and venture capital industries, came on board as CEO. Also joining Becker were legal veteran Owen Byrd to build sales and marketing, and tech entrepreneur Karl Harris as CTO and Vice President of Products. Together, they raised a \$4.8 million round of venture funding to expand the sales team and build the product to support their vision for the future.

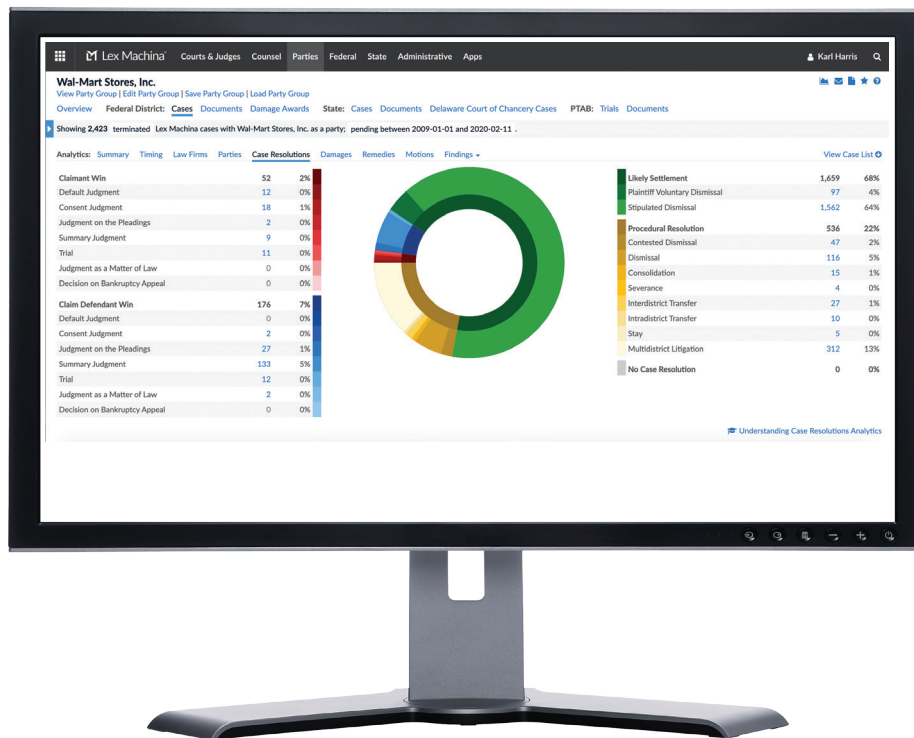
In October 2013, Lex Machina launched Legal Analytics® - a completely rebuilt software platform defining a new industry category. Its insights allowed lawyers, for the first time, to anticipate the behaviors of judges, law firms, attorneys, and parties in patent litigation. It leveraged cutting-edge natural language processing and machine learning technology to read, clean, and tag millions of pages of legal information. The platform was a tremendous success, adoption grew rapidly among patent lawyers, and through it Lex Machina ushered in a new era of data-driven lawyering. Lex Machina helps you win. It helps you win business and it helps you win cases.



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BIGGER THAN PATENT LAW

Following its success in the patent space, under Harris's product leadership the company proceeded to launch Legal Analytics®



modules for copyright and trademark, rounding out its coverage of intellectual property litigation. Shortly thereafter, to meet ever-increasing customer demand, the company expanded its vision to include bringing Legal Analytics to all areas of the law. Legal industry giant LexisNexis was also excited about Lex Machina's vision for the future, and on November 23, 2015, Lex Machina was successfully acquired by LexisNexis.

LEXISNEXIS ACQUISITION

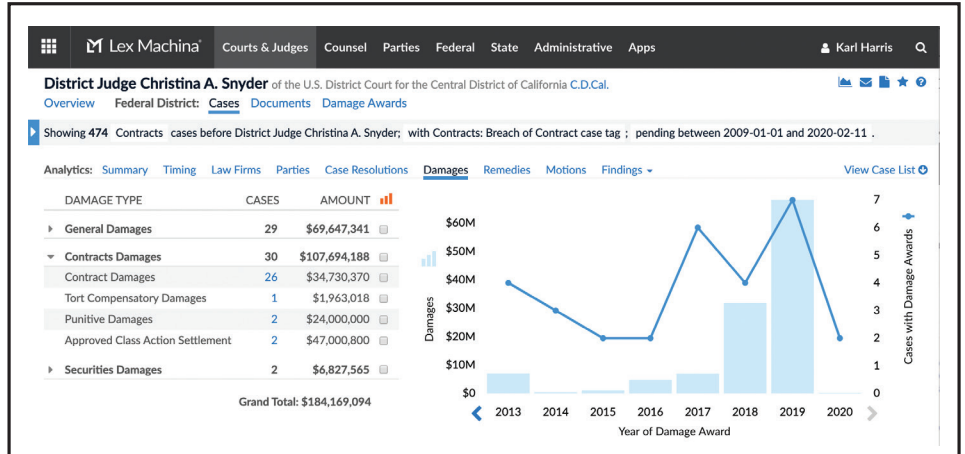
By combining Lex Machina's outstanding team and advanced technology platform with the world-class content of LexisNexis, Lex Machina greatly accelerated its pace of expansion, releasing litigation analytics modules for antitrust, securities, employment, contracts, product liability, insurance, and more. CTO Karl Harris became CEO of the stand-alone business unit in 2018, and Lex Machina counts many of the largest law firms and companies in the world as customers. Now in 2020, Lex Machina is fulfilling its mission for federal civil litigation, having grown its database to 25 times the size of the original Stanford IPLC database to cover over 2.5 million federal cases and over 80 million related docket entries. But perhaps most exciting is what's coming next: state courts. Following its successful launch of state court modules for the Delaware Court of Chancery, Los Angeles County, and Harris County, Lex Machina plans to bring its industry-leading approach to analytics to state courts across the United States.

Legal Analytics® is now 10 years old, and in that time the technology has changed the way law is practiced. Legal



Lex Machina's efficient use of big data for screening law firms, and then managing litigation strategy, is one of the top three—if not the—most significant development in US litigation practice since I began my career in 2001.

Steven Geiszler,
U.S. Chief IP Litigation
Counsel, Huawei.



Analytics® provides the winning edge in the highly competitive business and practice of law.

“Lex Machina’s efficient use of big data for screening law firms, and then managing litigation strategy, is one of the top three—if not the—most significant development in US litigation practice since I began my career in 2001.” Steven Geiszler, U.S. Chief IP Litigation Counsel, Huawei.

PAINTING THE BIGGER PICTURE

“Imagine you get a call from a client looking to sue a company for contract breach. Within seconds, Legal Analytics can provide you and your client with enough relevant information to determine whether such a lawsuit makes sense,” said Karl Harris, CEO of Lex Machina. “Diving deep into litigation data can show you insights like how often this party has been sued and how similar contract breach cases fared with a particular judge, allowing you to anticipate case resolutions, case timing, damages awarded, and more. Before Legal Analytics, achieving this level of insight could take a team of highly paid legal professionals days or even weeks, with neither the accuracy nor the depth that today’s advanced technologies can provide in mere seconds.”

If the case moves forward, Legal Analytics can present critical insights into the behavior and track record of the opposing law firm and its lawyers, showcasing their success rates in contract breach cases both on the plaintiff and defendant side. You will see how long similar contract breach cases have taken in your particular venue, in front of a particular judge, and against the company your client is looking to sue. You can learn at what point the cases were terminated, such as at summary judgement or trial. Last but not least, the data can illuminate potential damages that have been awarded in similar cases so you can weigh the potential risk against a possible windfall. Timing and damages data are critical for lawyers to estimate how much a legal matter might cost.

Karl Harris,
CEO

Legal Analytics also helps to inform your motion strategy. For example, if it costs \$100,000 to craft and litigate a motion that has a 29 percent probability of success, you can make a data-driven decision to proceed with that approach. However, if the data shows that your judge frowns upon excessive pre-trial motions, you can avoid squandering your client's resources and save them for the trial.

THERE'S AN APP FOR THAT!

For some lawyers, sorting through litigation data, playing around with different variables, and uncovering different potential outcomes can be quite addictive. But for those who need quick and easy answers to common litigation questions, Lex Machina has built the industry's only set of Legal Analytics Apps. Think of an App as the "easy button" for Legal Analytics. Among others, it boasts a suite of Comparator Apps that enable users to directly compare the performance of law firms, judges, or parties. Likewise, the Damages Explorer App allows users to assess various circumstances under which damages are being awarded.

"When lawyers draft motions for summary judgment, our Motion Kickstarter App shows examples of motions that worked and motions that did not, which is a great place to get started. The Attorney Team Analyzer App highlights how a team of attorneys handling a case has performed together in past cases. By comparing their performance data, our customers can find attorneys that they want on their teams," adds Harris.

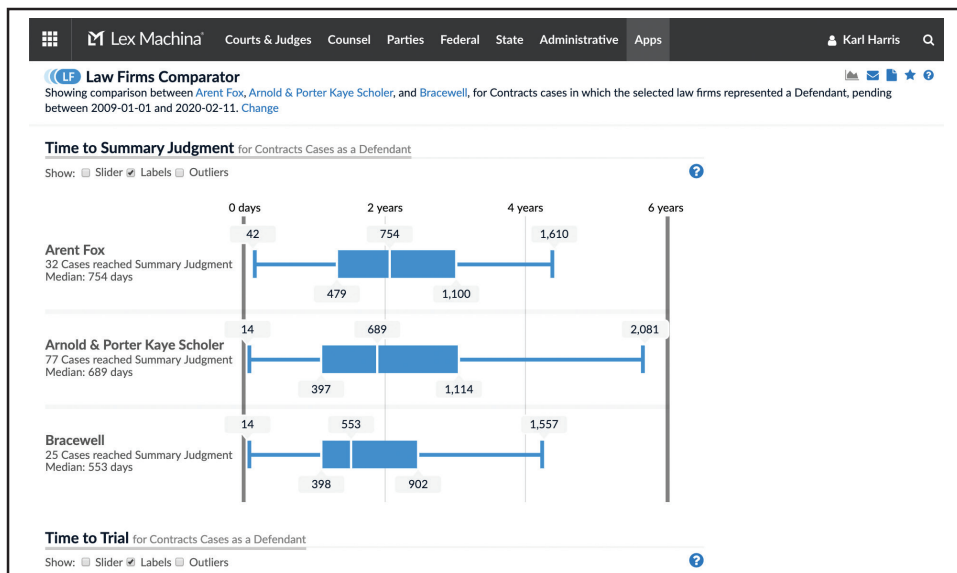
OTHER USE CASES FOR LEGAL ANALYTICS

Lex Machina focuses on outcome analytics - what happens in cases like yours - something that no other product specializes in. "Unless you know about the possible outcomes for a proceeding, you cannot design a winning formula for litigation success. That is something unique to Lex Machina," says Harris.

A major use case beyond winning cases is winning new clients and retaining existing ones. If you know the other firms competing against you for a particular legal matter, Legal Analytics can identify areas of weakness that could be exploited. In one example, a mid-sized firm in a new business pitch leveraged Legal Analytics data to illuminate the actual caseload of a larger competing firm. When the prospective client realized that the competitor might be too busy to provide the high-touch experience they required, they went with the smaller firm.

Many enterprising users have found alternate uses for the insights derived from litigation data. Harris says that both law firms and corporations use Legal Analytics for hiring purposes. That's because the data looks past the person, their CV, and polished sales pitch and focuses exclusively on their past performance and experience. This level of transparency helps hiring managers truly find the best, most qualified, and experienced candidates.

In another example, a mid-size regional firm used Legal Analytics to learn that an existing client was gradually shifting



more routine employment disputes to a big national firm. Armed with that knowledge, the firm quickly negotiated a favorable fee agreement with the client, preserved the relationship, and even expanded the caseload with that client.

LEGAL ANALYTICS - HERE TO STAY

Lex Machina's journey from a small venture-backed start up in 2010 to its position in 2020 as the leader of the Legal Analytics movement demonstrates how quickly and profoundly data-driven decision-making has transformed the business and the practice of law in the United States.

"We created the concept of Legal Analytics and perfected it across the full spectrum of federal civil litigation, and in doing so have brought greater transparency to the legal system. The focus of the company now will be to launch Legal Analytics for state courts," adds a passionate Harris, narrating the technological milestones that Lex Machina plans to surpass.

The challenges will be greater, due to the differences between electronic filing systems that vary state by state and county by county. That said, the demand for Legal Analytics at the state level is extraordinarily high and Lex Machina is ready and willing to embrace the challenge to keep bringing technology and innovation to the legal space. **CR**

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LEGAL TECH EDITION

FEBRUARY 18, 2020

CIOREVIEW.COM

10 Most Promising Legal Tech Solution Providers - 2020.

Artificial intelligence (AI) is beginning to transform the legal profession in numerous ways. In most cases, it is augmenting a lawyer's efforts, allowing them to take on higher-level tasks that require human analysis and expertise such as advising clients, negotiating deals, and appearing in court.

Historically, document production, whether in the context of discovery or due diligence, has been labor-intensive and prone to human error. Now, E-discovery solutions are being used by lawyers and paralegals to perform routine tasks such as reviewing documents and contracts, performing due diligence, and predicting legal outcomes with exceptional accuracy. Documents are scanned and processed through automated systems using optical character recognition and other forms of AI to turn massive piles of paper into easily searchable sources of data or evidence. Then, smart data management tools are being utilized to image, code, analyze, review, and manage the enormous amount of electronic evidence and data. As a result, AI-driven software is poised to become common in a law office as word processing or accounting packages. Also, the cloud-based platforms are enabling teams to manage billing and diaries remotely and collaborate on cases in real-time. This capability allows solicitors and barristers to be more responsive, accurate, and transparent in their working practices.

Currently, in the most modern advent of transformation, the blockchain is redefining security, automation, and contractual arrangements. Legal professionals can securely store digital information on the blockchain and share it with team or relevant parties in real-time. The blockchain documents information to prevent fraud and with the

permanent nature of the ledger, lawyers can rest assured that their data can't be meddled with in any way.

Lawyers are leveraging blockchain technology to streamline and simplify their transactional work, digitally sign and immutably store legal agreements. Using scripted text, smart contracts, and automated contract management reduces excessive time spent preparing, personalizing, and maintaining standard law documents. Industry experts expect blockchain to be able to create more sound, tamper-proof, and legally unassailable agreement based on smart contract technology. Though the issue of torts can't be ended, blockchain should cut down significantly on the number of legal disputes clogging courts—saving time and money for the innocent parties. The technology could also be expected to reduce the cost of notary services, FOIA requests, and corporate filings while streamlining and enhancing several other facets of the legal industry.

Perfectly understanding these demands of the industry, CIOReview offers assistance with a list of "10 Most Promising Legal Tech Solution Providers 2020." This catalog encompasses a set of skilled new-age vendors that have translated their acquired expertise into successful technology deliveries. Being closely scrutinized by a distinguished panel of judges, including CEOs, CIOs, CXOs, analysts and CIOReview editorial board, we believe that these companies have the technical skill sets and business acumen to deliver more innovations to the legal market and support the growth of this segment.

We present to you 10 Most Promising Legal Tech Solution Providers - 2020.



Company:

Lex Machina

Description:

Provides a legal analytics platform to create winning strategies for clients

Key Person:

Karl Harris,
CEO

Website:

lexmachina.com
