

# New organisation can help law firms with blockchain

BY JOE DAVIS



The GLBC aims to advance the use of blockchain technology to solve issues of identity and trust in legal applications.

As day two of ILTACON unfolded at the Mandalay Bay resort in Las Vegas, the Global Legal Blockchain Consortium (GLBC) held its launch meeting in the nearby Four Seasons hotel. BakerHostetler CIO Bob Craig gave the opening address at the event. 'I believe the next wave is upon us, and that wave is blockchain and all the possibilities that come with this new technology,' he said.

The group was formed to advance the use of blockchain technology to

solve issues of identity and trust in legal applications. Craig said that on a practical level, it's about 'getting the right people around the table to explore, imagine, and contemplate how these technologies can solve real world business problems'.

## What is blockchain?

Blockchain is often described as a distributed ledger, where copies of digital transactions are recorded in decentralized systems. The technology was popularized as the foundation for

the cryptocurrency Bitcoin, but is gaining popularity for other business applications such as real estate transactions, contracts and M&A deals.

Blockchain provides what Drummond Reed, CTO of Evernym and Secretary of the Sovrin Foundation, calls a 'cryptographic triple play'. Each transaction is digitally signed, chained together with a digital hash and then replicated across a network of hundreds of computers that have digital signatures. 'That creates a trust fabric that's so strong, even nation states can't break it,' he says. 'That is finally the fabric we need to have a global root of trust for digital identity.'

Digital identity has long been a problem for business on the internet. Even though e-commerce has flourished, one can argue that the larger and more significant financial transactions—the ones that form the basis of much of the legal industry—have been handled largely offline because of the lack of a way to verify identity and establish trust.

In his address at the GLBC launch event, Craig said the goal of the consortium was 'not to imagine new companies and new software, but to create an enabling layer to have the already really good and robust legaltech ecosystem embrace that layer and allow it to enable even greater capability'. He also emphasized that one of its core values was to remain technology agnostic, even with respect to the different varieties of blockchain. 'When you start to wade into the subject

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*When a lawyer is asked to create a smart contract, his/her role shifts from writing words on a page to writing self-executing code - Brian Kuhn, IBM*

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of blockchain, you recognize that there is already a widely diverse set of solutions that can be employed,' he said. GLBC members Integra Ledger and IBM use the Hyperledger variety of blockchain, for example, while other companies have chosen to bet on the Ethereum variety.

David Fisher, founder of both Integra Ledger and the GLBC, aims to create a blockchain system to anchor legal identities. 'These identities, in turn, hold the promise of underpinning a new legal technology ecosystem characterized by much greater privacy, security, data integrity and interoperability among all stakeholders in law,' he says.

Catherine Zinn, chief client officer of Orrick, told the launch event that her firm had joined the consortium. She believes blockchain will be valuable to legal practitioners and clients 'if it reduces friction and increases trust, productivity and value'. MIT's Dazza Greenwood, who was there as a representative of the academic and research communities, announced several upcoming Legal

Hackers events designed to spur innovation in the blockchain space.

#### **IBM's Kuhn on blockchain**

Fresh from giving the ILTACON day two keynote earlier that morning, Brian Kuhn and Shawna Hoffman-Childress, co-creators of IBM's Watson Legal, came to the event to explain why they have signed up to be on GLBC's board. 'We believe that AI and blockchain so far have been treated as emergent but separate and equal monoliths,' Kuhn said. 'We don't think that's tenable or sustainable in the long term. These technologies must be combined.'

Noting that Watson can read 800 million pages in less than a minute, Hoffman-Childress indicated that blockchain can be a great source of raw data from which an AI engine such as Watson can learn. 'AI needs blockchain, and blockchain needs AI,' she said.

In a conversation afterwards, Kuhn explained how so-called 'smart contracts' may leverage blockchain. 'It's software that self-executes,' he said. 'So you and I could reach an agreement that if the Patriots win the next Super Bowl, you need to give me \$50. If we publish that agreement [on a blockchain], it's there for the world to see—I can't change it, you can't change it—and we create some code that self-executes that transaction once the condition is met. You can have all sorts of conditions and dependencies that self-execute, and this enhances trust. We can disintermediate and we can agree amongst ourselves that if certain conditions are met—even if they're very complex—our agreement will self-execute and will be binding.'

It is not hard to imagine law firms being asked by their clients not only to advise on smart contracts, but also to create them. In these instances, a ►



lawyer's role will shift from writing words on a page to writing self-executing code. To take this a step further, blockchain is likely to become integrated into the business of law, not just the practice of law. To date, IBM's Watson team has focused exclusively on the business of law rather than the practice of law, but Kuhn says 'that looks like it's probably going to change with blockchain, and we'll focus on both'.

Since both AI and blockchain are emerging technologies, there are still many unanswered questions about which use cases are the right ones for law firms and corporate legal departments to start thinking about. 'Where do law firms share pain points or goals, and where in the context of these pain points and goals is there a high volume of data and a high volume of data and rules?' Kuhn asked. 'Those are entry level table stakes for blockchain and for cognitive.' He believes that matter management, conflict clearing and billing may be areas worth exploring.

'When we talk about the practical and ethical implications, it goes beyond identifying good ideas in blockchain, but what are the good ideas that resonate with people that are doable based on custom and practice that don't require a transformative change in management?' Kuhn added.

In order to develop blockchain use cases, the MIT Legal Forum On AI and Blockchain will be held on 30-31 October with IBM, Integra Ledger and other vendors. Kuhn was quick to point out that this is not another conference on innovation—its aim is 'to put forth a proposed framework for the practical and ethical application of artificial intelligence and blockchain technologies and the law. In other words, we want to bring together people from law practices, people from academia and people from technology who somehow touch or are touched by AI and blockchain'. The group hopes to generate

discussion about the guiding principles for choosing use cases, taking into account factors such as risk and potential revenue.

While the legal space is not generally known for being open to change, blockchain may prove to be a technology that can't be ignored. Even at this early stage, lawyers are beginning to hear about it from their clients. With the help of the GLBC, law firms can begin to explore ways to leverage it for both the practice and business of law.

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