

5 Use Cases for Blockchain in the Legal Industry

Ways the Blockchain can be utilised in the Legal Sector

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The legal industry is one of the oldest and most mature industries in the world. Centuries ago, the legal system used to be a simple case of right and wrong. However, the industry has since grown to accommodate our ever-changing society. When we look at today's world, we see that digitization has taken over. However, the legal industry is still a bit slow to move away from its dependency on paper workflows. That said, since the introduction of blockchain technology¹ to business, there has been a need for lawyers in the blockchain ecosystem. Top businesses like IBM, Facebook and PwC advertise positions for blockchain-based lawyers constantly. This is an indication that there are significant use cases for blockchain in the legal industry.

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According to a research report² on legal firms, a total of 41% will integrate the blockchain in transactional legal services, while 21% will use it for business support and the remaining 31% for high-value legal services. These numbers are proof that there has been a shift from the paper-centric system. Blockchain technology is a transparent, immutable and secure distributed ledger that will enable lawyers to record and solve various types of legal matters. It could provide the legal system with multiple use cases including intellectual property rights, smart contracts, land registry, supply chain, chain of custody and litigation and settlements among others.

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I. Smart Contracts

One of the debates about smart contracts revolves around whether or not they will replace lawyers. Smart contracts are the blockchain's version of what traditional contracts should be. They are self-executing codes written on the blockchain with terms of the agreement. A smart contract will be deployed once certain criteria are met. They are autonomous, auto-sufficient and decentralised without the need for a middleman. So, where does the legal system come to play within smart contracts? The legal industry can

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¹ <https://www.cryptocoinsociety.com/>.

² <https://www.pwc.fr/fr/assets/files/pdf/2017/12/law-firms-survey-report-2017.pdf>.

deploy smart contracts on deals like property management and the likes. Once the criteria are met, the contract is deployed and both the landlord and lawyer get paid automatically. Despite being a computer code, lawyers are still needed to write the terms of the agreement.

II. Dispute Resolution/ Distributive Justice

There is always the need for a human and empathetic element during dispute resolution. However, traditional dispute resolution costs time and money and can take a complex turn. Several factors make it complex from the possibility of bias to jurisdictional boundaries and rules that apply to them. However, the use of smart contracts in dispute resolution can untangle the complexity. Companies such as Kleros and Jury Online are already offering dispute resolution based on blockchain technology. In the case of a dispute, a panel of Jurors is randomly selected to focus on the case. Kleros, for instance, allows jurors who want to be a part of the pool do so by purchasing a token called pinakion. Funds are held in an escrow and will be given to the winning party.

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III. Document Notarizations

The blockchain can enable companies to provide proof of existence easily. Distrust in Notary systems across the world can be solved through document authentication and signature verification with timestamps and hashes. As soon as the document is hashed on the blockchain, it can be verified independently.

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IV. Intellectual Property Rights

Since the world has gone digital, more cases of intellectual property theft have been recorded. Maintaining intellectual property rights has almost become impossible putting the livelihoods of authors, artists and inventors in jeopardy. However, the blockchain can aid IP lawyers to provide evidence if first use, creation and rights management. Although the blockchain cannot prevent the unauthorized use of copyrighted materials. It can help lawyers manage their clients' rights. A lawyer can set up the terms of sale and license of an IP for his/her client using the blockchain. Artists can also place their copyrights on a smart contract that will deploy payments when certain terms are met. Platforms such as TinEye, Binded, Pixsy and Mediachain are already enabling the registration of materials on the blockchain.

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V. Land Registries and Property Deeds

Utilising the blockchain in land registries and property deeds is an open door of possibilities especially in developing nations where land ownership is not properly

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documented. Currently, the MLS data is outdated and the blockchain can bring a revolution to it. The blockchain can enable an updated, transparent and secure record that brokers can have easy access to. This will enable collaboration and increase property sales. People can also buy and sell properties in real-time. As it is, governments around the world are beginning to adjust to utilising the blockchain in land records. For instance, the “Dubai Blockchain Strategy” aims to have all governmental property records on the blockchain by 2020. Way back in 2016, Cook County, Illinois launched a pilot program for transferring and tracking property titles on the blockchain and deployed it successfully in May 2017.

VI. Blockchain Job Roles for Lawyers

There are several other ways, the blockchain can be utilised in the legal sector. It is also interesting to note that lawyers are also beginning to embrace the blockchain industry. The use cases for the blockchain technology can be seen in the roles that lawyers are taking up in the DLT industry. Legal consulting, policy formation, legislative tracking, decentralized juror, legal researcher. Lawyers can even go the closing way and become smart contracts programmer or auditors. Each of these roles though dependent on the blockchain is similar to the traditional legal system.

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VII. Conclusion

By integrating the blockchain to the legal system, it will provide more time for the industry to focus on important things instead of mundane tasks. Transferring case files and pieces of evidence will become easier and the system can become less dependent on paper. The blockchain technology is an adaptive and transformative technology and this will help to hasten the whole process of the legal system. Lawyers also have to move out of their comfort zone and familiarize themselves with the technology that has a lot of industries integrating it to their business. As blockchain implementation grows, hopefully, the legal sector will adapt to its use case as well.

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