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2019

**STATE OF LEGAL INNOVATION
IN THE ASIA PACIFIC**

FOREWORD

By Justice Lee Seiu Kin, Supreme Court of Singapore

Around the world, legal and judicial systems are facing disruption brought about by rapid technological changes. It is important, as we innovate the transformation of our legal sector, that we do not do so in a vacuum.

Hence, it is our belief that successful innovation in the legal sector requires collaboration between legal communities across the world.

To help break down the silos in legal innovation and to provide insights into the focus and activities surrounding legal innovation and legal tech development in various markets, the Singapore Academy of Law's Future Law Innovation Programme ("FLIP") commissioned a study together with the Singapore Management University Law School, and in partnership with Legal Hackers, to map out the "State of Legal Innovation in the Asia Pacific" ("SOLIA").

This groundbreaking effort is the first of its kind covering the major legal jurisdictions in the Asia-Pacific region and provides insights into each country's focus and activities in terms of driving legal innovation and legal tech development.

It is our hope that this report will become a valuable resource to readers from industry and academia alike in providing actionable intelligence to assist with identifying opportunities for collaboration and growth.



The Honourable Justice Lee Seiu Kin
Judge, Supreme Court of Singapore;
Chair, Future Law Innovation Programme
(FLIP) Steering Committee;
Board Chairman, SAL Ventures;
Chairman, Legal Technology Cluster,
Singapore Academy of Law

PREFACE

By the Singapore Academy of Law and the Singapore Management University

The Singapore Management University (“SMU”) Law School and FLIP established an academic partnership in 2018 to collaborate on research and education in “future law”. Under the agreement with the Singapore Academy of Law (“SAL”), SMU and will collaborate with FLIP on several fronts, including student and curriculum development, thought leadership, as well as case studies and research. In particular, SMU School of Law will co-host dialogues and seminars with SAL, develop thought leadership through case studies and research on future law topics, and explore the possibility of curating modular executive education programmes to support leadership and/or legal innovation for FLIP participants.

This report is the latest product of our academic partnership and built upon the inaugural Legal Hackers APAC Summit held in SMU and co-organised by FLIP last year.

Just as innovation is an iterative process, we plan to continually update and grow the report to establish it as an authoritative industry reference/compendium on legal innovation in the Asia Pacific to be published on a regular basis by SMU-FLIP.

We would like express our profound gratitude to all countries and law firms who have supported this pioneering effort and to our Chief Editor, Mr Jerrold Soh, Lecturer at the SMU School of Law for shepherding the entire process!



Paul Neo

Executive Director, SAL Ventures;
Chief Operating Officer, SAL;
Founder, FLIP



Associate Professor Goh Yihan
Dean, SMU School of Law

FROM THE EDITOR

This inaugural report was born of a common desire shared by SAL and the SMU School of Law to understand the phenomenon of legal technology and innovation – a phenomenon that has increasingly become the fixation of lawyers, technologists, regulators, and legal academics alike.

In conceptualising what the report should cover, it quickly became apparent that focusing only on legal *technology* (“legaltech”) was too narrow a scope. Innovation, as the economist Joseph Schumpeter famously wrote, lies simply in “new combinations” of resources that either produce different things, or the same things by different methods.¹ Further, even with technology, the true machinery of the law is driven by people and institutions – by lawyers, courts, law schools, clients, students, knowledge engineers, technologists, and more. We therefore defined legal innovation broadly (and somewhat ambitiously) to cover five areas: technological innovation, regulatory innovation, innovations in the dispute resolution process, business innovation, and innovation in legal education.

Legal innovation has not traditionally been thought of so broadly. In academic literature at least, the phrase has more conventionally been associated with new laws and legal devices. One example is the invention of the poison pill in the 1980s.² This innovation certainly reflects the ingenuity and creativity that lawyers have always had but does not take centre-stage in this report simply because our present focus is on innovation in the *practice* of law rather than in the law itself (overlaps exist).

This report is not the first to study legal innovation this way. Stanford Law School has, for example, created a “Techindex” of legal technology companies.³ Likewise, the Michigan University Law School has founded a “legal services innovation index” exploring innovation in law firms and law schools.⁴ We have therefore focused our attention primarily on the Asia-Pacific (“APAC”) region, of which Singapore is a part, hoping to contribute to what must now be a global effort to document the equally global phenomenon of legal disruption.

Taking a snapshot of a fast-moving field – by definition, innovation *is* change – is always challenging. But often it is the challenge that makes something worth doing. This report does not claim to be exhaustive. Rather, it aims to provide readers with a roadmap to legal innovation trends in APAC today so we may better expect tomorrow. Second, the report aims to encourage further discussion, informational exchange, and collaboration between APAC countries on legal innovation. The final aim is to broadcast legal innovation efforts in APAC to a wider audience. We have endeavoured to capture the state of legal innovation as it was in January 2019.⁵

¹ Joseph A Schumpeter, *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest and the Business Cycle* (Harvard University Press, 1934).

² Tutt A, “A Fragment on Legal Innovation” (2014) 62 Buffalo Law Review 1001.

³ Stanford Law School Techindex website <<https://techindex.law.stanford.edu/>> (accessed 9 March 2019).

⁴ Legal Services Innovation index website <<https://www.legaltechinnovation.com>> (accessed 9 March 2019).

⁵ Though there have been interesting developments even since then not included in this version of the report.

Finally, as APAC is a large and diverse part of the world, we could not have hoped to do any jurisdiction justice without input from people based in each country. We were greatly assisted by individual country contributors who volunteered to write about their own jurisdictions. We deliberately approached the editorial process with a light touch to preserve and indeed highlight the diversity to be expected of this region. For example, we chose not to standardise the subtly different definitions of terms like “legaltech” and “artificial intelligence” that each chapter invariably discusses. Chapters that have been written by country contributors have been clearly identified as such; we claim no credit for them. All errors are ours and, even then, primarily mine.

Please direct any suggestions, comments, questions, and/or complaints to jerroldsoh@smu.edu.sg.



Jerrold Soh
Lecturer of Law
SMU School of Law
On behalf of the editorial team



EXECUTIVE SUMMARY

By Jerrold Soh

The report currently covers seven jurisdictions which, appearing alphabetically in separate chapters following this preface, are Australia, China, Hong Kong, the Republic of Korea, Malaysia, Russia, and Singapore. Collectively, these country-chapters make three points clear.

I. Legal innovation is a phenomenon in APAC and probably the world.

All countries studied had much to say on each of the five innovation areas identified; most could name numerous examples of ongoing or planned efforts in each area. No doubt the worry of selection bias arises, since countries with less to say may have been less willing to contribute to the report. But a look at the country chapters assuages this: many contributors admit that legal innovation in their jurisdiction is in its infancy; some openly state that they have much work to do.

Tellingly, across these seven countries is a common theme that regulators have taken notice. Certain countries present relatively more open legal regulatory climates. In countries with more conservative climates, regulators are at least *thinking* about how to address this phenomenon and consulting stakeholders on the same.

If we assume legal innovation well-established in Europe and the Americas, then with APAC's addition we are in a position to say that the legal innovation movement has become a truly *global* phenomenon. Even if new legal innovations and technologies have not yet reached every shore, it is probably safe to say that *news* of them has.

II. There is a remarkable non-coordinated coincidence in legal innovation.

How legaltech seems to have emerged mirrors what economists and competition lawyers call “non-coordinated” effects. That is, common behaviours that arise without overt communication or coordination. Remarkably, legal technologies developed by law firms and startups alike coalesce around four common use cases: marketplaces, research, document review, and online advice. Dispute resolution efforts circle around creating online dispute resolution systems. New research centres in law schools typically focus on entrepreneurship, computational law, and AI.

The coincidence of legal innovation efforts across a region as diverse as APAC is telling. There is no central authority instructing each country to focus on these things. Further, in APAC there remains no overarching legal technology association or conference to unite the field. How did each country then arrive at the same conclusions on which innovations were to be pursued? Three possible unifying entities emerge from the country chapters: (a) multinational legal publishers like LexisNexis and Thomson Reuters (b) multinational law firms and alternative legal services providers, and (c) the Big Four accountancy firms.

New offerings and innovations by these ‘usual suspects’ were raised in many, but not all, chapters. Conceivably these credible institutions have developed and propagated the same legal innovation ideas and products across the region.

But these forces do not alone explain the rising tide of legaltech startups that have likewise coalesced around the same use cases, and why courts across APAC are exploring the same initiatives. Are these technologies popular because they are indeed relevant for lawyers, or are they in fact only relevant for lawyers because they have become so popular? This report is not in a position to conclude, but it is submitted for the reader’s consideration.

III. APAC’s diversity shines through, nonetheless, in the *balance* of legal innovation.

The preceding point should not be taken as saying that legal innovation everywhere in APAC is the same. The uses cases are similar, but priorities differ. And these, it seems, are shaped and influenced by local characteristics unique to each jurisdiction and its legal industry.

The legal industries of Australia, China, and Russia are driven by strong internal demand for legal services. In China this has fuelled the rise of numerous mobile apps (in number possibly the largest in APAC) operated by big and small technology firms alike. The Chinese courts have also played a leading role in championing online dispute resolution and legal AI projects. In Australia, where the legal industry is governed by fierce free market forces (what the Australian contributor calls a “hyper-competitive” market), this internal demand has come to be filled by a proliferation of new legal service delivery models and law-firm-based innovation. Russia seems to fall in between these two extremes. There are many new legal technologies being created to serve its large internal market. However, innovation and adoption by law firms remains a challenge because, as the Russian contributor notes, of the predominance of small law firms located far from technological centres in Moscow and Saint Petersburg.

On the other end of the market size spectrum are small economies like Singapore and Hong Kong. Smaller market sizes mean fewer home-grown, inward-looking startups. But still a healthy picture of legal innovation emerges as these jurisdictions position themselves for relevance in a changing legal landscape. The legal innovation scene in Hong Kong, for example, is shaped by China’s “Belt and Road” initiative. Regulators have made a related online dispute resolution project a focus. The Belt and Road was even used as a theme for a legaltech hackathon recently held there. Meanwhile, Singapore has positioned itself as a regional legal innovation hub. Initiatives such as the “Future Law Innovation Programme” which seeks to draw together lawyers and technologists from across countries. Singapore has also worked with international law firms in setting up regional innovation centres.

Then there are the mid-sized economies South Korea and Malaysia. Teasing out a common thread for them seems more difficult, seemingly because size does not point them clearly to one way or the other. We nonetheless witness a growing legal innovation and technology movement in both countries and a small but rising number of legaltech initiatives. Interestingly,



both chapter contributors note that regulators there are still considering how to respond to the legaltech phenomenon.

AUSTRALIA

By Eric Chin¹ and Graeme Grovum²

The Australian legal services industry is a A\$23 billion market³ with 76,773 lawyers servicing 24.9 million people⁴ and 2.2 million businesses⁵ in the country. The Australian legal industry is also mature, being driven by an increasingly sophisticated client market, the emergence of new competitive landscapes as viable alternatives, and the rise of legal technology (“LegalTech”) solutions. And all of this is occurring within a market that is only growing by single-digit percentages.

¹ Eric Chin is a Principal at Alpha Creates. He is a strategy consultant that works with law firms, listed law firms, LegalTech firms, NewLaw firms and corporate legal departments on strategy, M&A, market analysis, innovation and Asia. His experience spans across the Asia-Pacific region with work completed for law firms and Big Four accounting firms. Eric’s work in the region has culminated in his induction as one of 30 people to watch in the business of law in Asia in 2015 by Asia Law Portal. Eric is also a co-founder and co-organiser of Legal Hackers Melbourne.

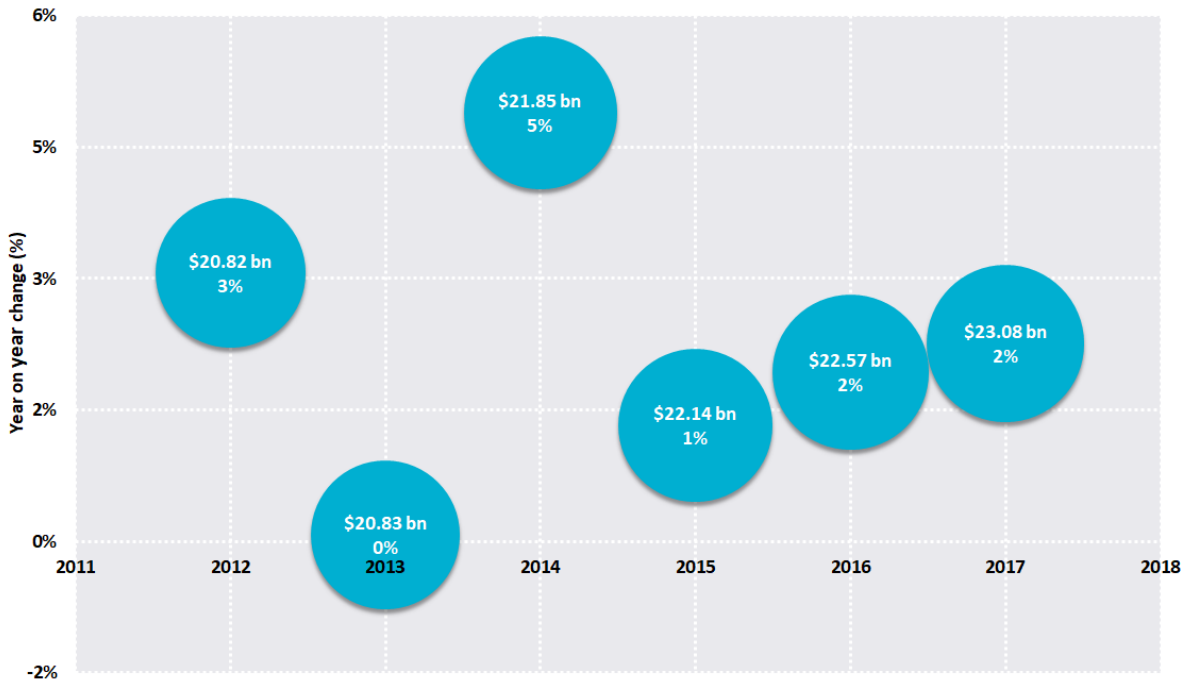
² Graeme Grovum is a Principal at Alpha Creates. He is a legal technologist with 15 years’ experience in legal and financial services industries. Graeme has worked with one of Australia’s top tier firms as Head of Innovation where he helped the firm through many innovation and technology initiatives. Graeme’s work has been recognised in the 2017 Legal Innovation Index placing as a finalist, as well as by the Financial Times’ Asia-Pacific Innovative Lawyer Awards 2016, placing as “Highly Commended” in the technology category. Graeme is also a co-founder and co-organiser of Sydney Legal Hackers.

³ IBISWorld, “Legal Services – Australia Market Research Report” (July 2018) <<https://www.ibisworld.com.au/industry-trends/market-research-reports/professional-scientific-technical-services/legal-services.html>> (accessed 11 January 2019).

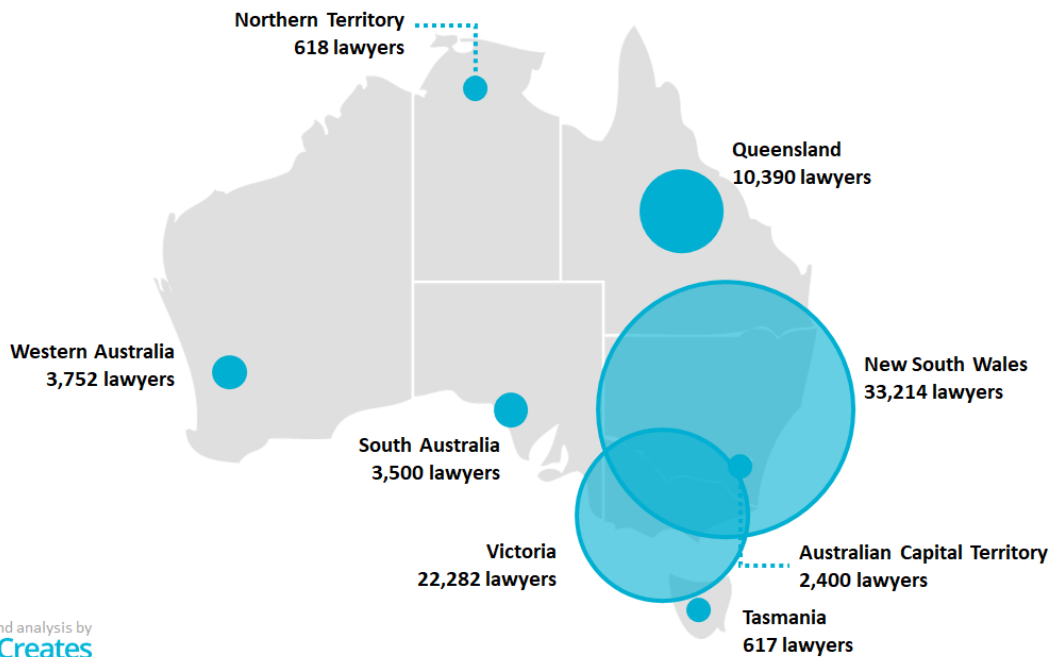
⁴ Australian Bureau of Statistics, “Australian Demographic Statistics, Jun 2018” (20 December 2018) <<http://www.abs.gov.au/ausstats/abs@.nsf/0/D56C4A3E41586764CA2581A70015893E?Opendocument>> (accessed 2 January 2019).

⁵ Australian Bureau of Statistics, “Counts of Australian Businesses, including Entries and Exits, Jun 2013 to Jun 2017” (20 February 2018) <<http://www.abs.gov.au/ausstats/abs@.nsf/mf/8165.0>> (accessed 2 January 2019).

Size of the Australian legal industry



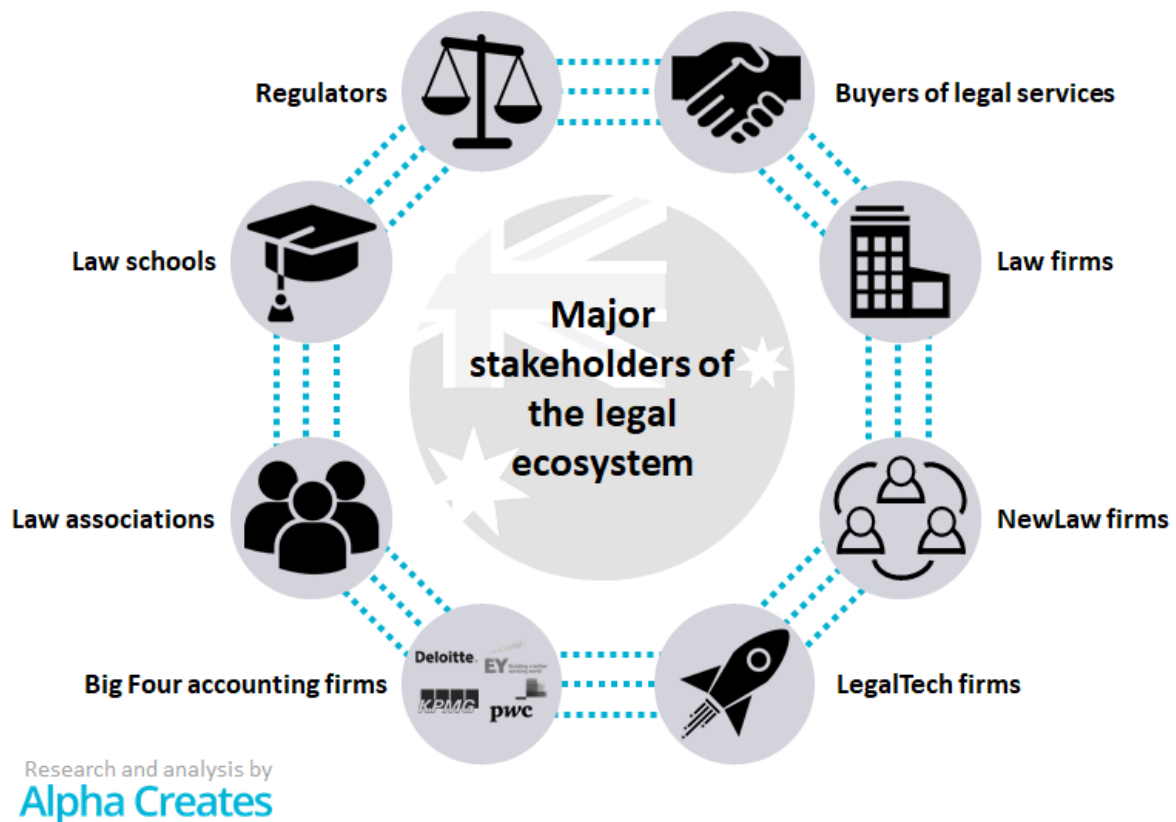
Number of lawyers in Australia



Research and analysis by
Alpha Creates

Forces of change on the buy and sell sides combined with a stagnating market are fuelling hyper-competition⁶ for incumbents in the Australian legal industry. This puts innovation on the agenda of law firms and legal departments across the industry. To truly gauge innovation activities in the market, we need to consider the eight major categories of stakeholders that drive the Australian legal ecosystem.

⁶ Hyper-competition is a situation where incumbents in the market are unable to keep a competitive advantage long enough to extract extraordinary profits. This can occur because of a combination of very strong competition between companies, an evolving market, and relatively low barriers to entry.



On the buy side of this equation we have the business to consumer (“B2C”) segment, represented by the 24.9 million people in Australia, and the business to business (“B2B”) segment, represented by the 2.2 million businesses in the country. On the supplier side of the equation, we have the incumbents – law firms that have been the traditional supplier of choice – and, increasingly, NewLaw⁷ firms, LegalTech firms and the Big Four accounting firms’ legal arms.

Law associations and law schools are also major stakeholders in the legal ecosystem as they provide end-to-end lifecycle training and education for lawyers.

Finally, regulators also play an important role in setting the scene for the legal ecosystem through regulatory policies that either foster or impede the emergence of new types of legal service providers.

I. Forces shaped by buyers of legal services in Australia

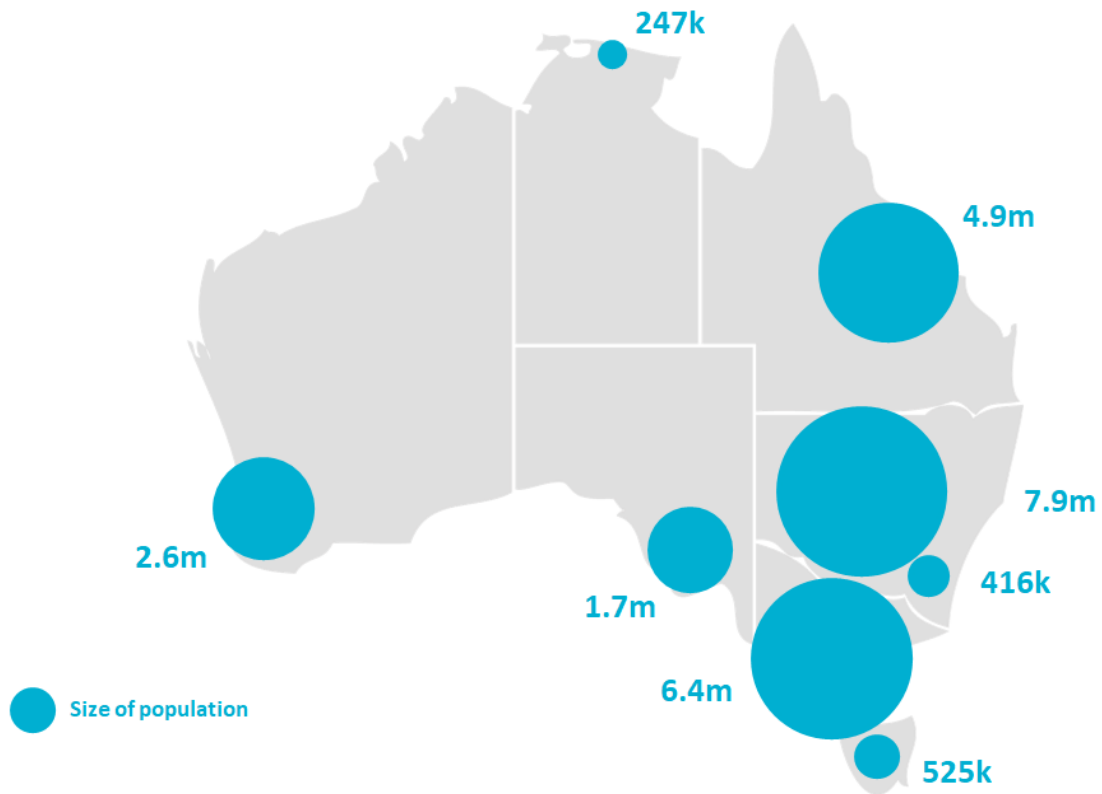
Australia’s 24.9 million population is the B2C segment for legal services, with a lifetime of legal needs⁸ that spans employment, tax, accidents, clinical negligence, property acquisition, disputes, divorce, family law and estate planning. The size of the Australian population has also

⁷ “NewLaw” is a neologism introduced by Eric Chin in September 2013. NewLaw firms are businesses that use labour arbitrage at the centre of their business model in the delivery of legal services. Examples include managed legal services, legal process outsourcing and fixed fees legal service providers leveraging on-demand lawyers.

⁸ Analysis and research by Joel Barolsky of Barolsky Advisors.

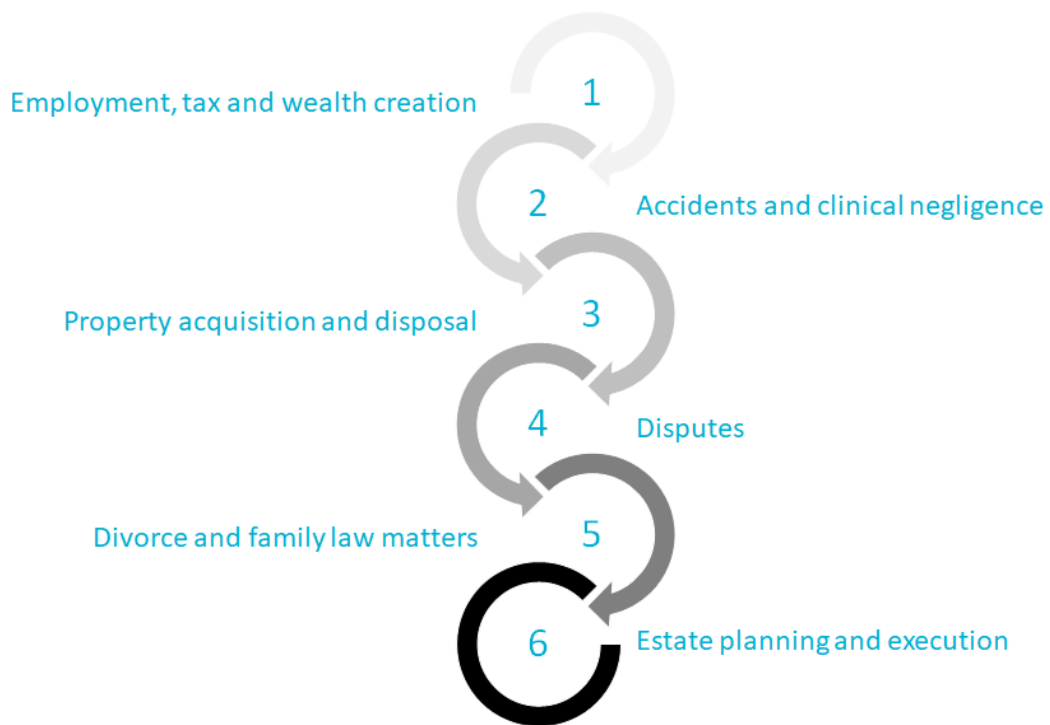
grown by 25% in the last decade, driven both by organic growth of the population and migration. A strong opportunity for lawyers is to tap into the underserved B2C market.

Australia's population



Research and analysis by
Alpha Creates

B2C market's lifetime of legal needs



Source: Barolsky Advisors

As consumers move their consumption online, the Australian online retail market has also seen its industry expanding⁹ from A\$17.6 billion in 2015 to A\$23.4 billion in 2017. While majority of online commerce is driven by product-based industries, the services-based market is also growing. This sets the scene for consumption of legal services online and, as the B2C market becomes comfortable with buying services online, we are seeing the rise of LegalTech firms selling legal services online.

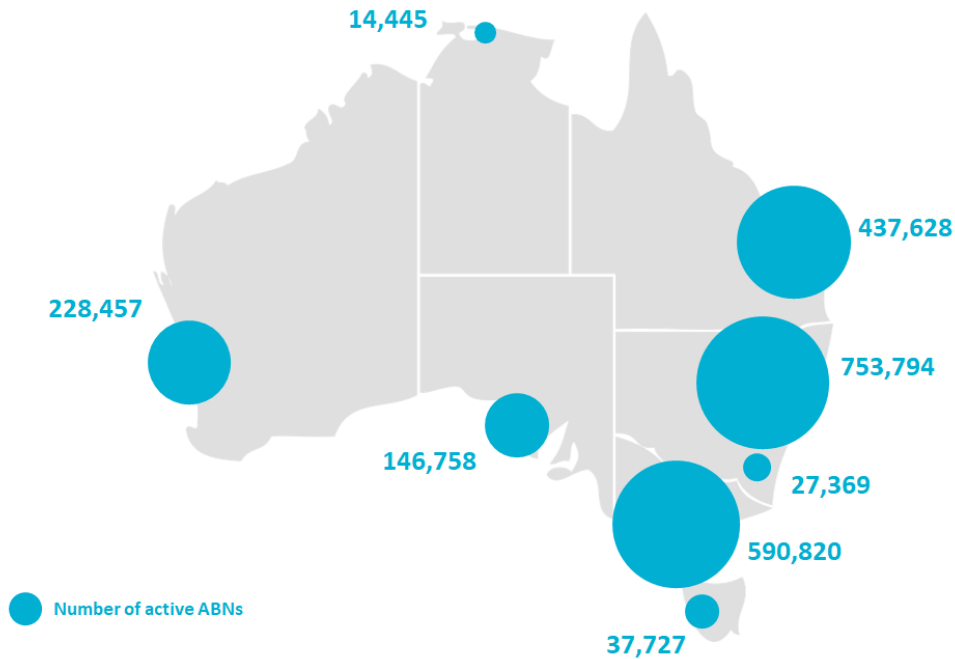
The B2B segment for legal services is the 2.2 million strong business population in the Australian market, 94% of which are small businesses¹⁰ that are too small to have a legal department or in-house lawyer. The small business market for legal services is reliant on its external advisers whether they are lawyers or otherwise. A study by the Legal Services Board¹¹ in the UK found that only 1.4% of the small business population in that jurisdiction turned to lawyers for legal advice, with a larger percentage actually seeking legal advice from an accountant. This indicates a significant opportunity for Australian lawyers to tap into the underserved market of small business.

⁹ National Australia Bank, “NAB Online Retail Sales Index: In-depth Report – September 2017” (2 November 2017) <<https://business.nab.com.au/wp-content/uploads/2017/11/norsi-sept-2017.pdf>>, at p 5 (accessed 21 January 2019); and National Australia Bank, “NAB Online Retail Sales Index: In-depth Report – September 2015” (18 November 2015) <https://business.nab.com.au/wp-content/uploads/2015/11/NORSI_September_Final.pdf>, at p 3 (accessed 21 January 2019).

¹⁰ Parliament of Australia, “Background – the Digital Economy in Australia” <https://www.aph.gov.au/Parliamentary_Business/Committees/House/Industry_Innovation_Science_and_Resources/InternetCompetition/Report/section?id=committees%2freportrep%2f024149%2f25861> (accessed 27 June 2018).

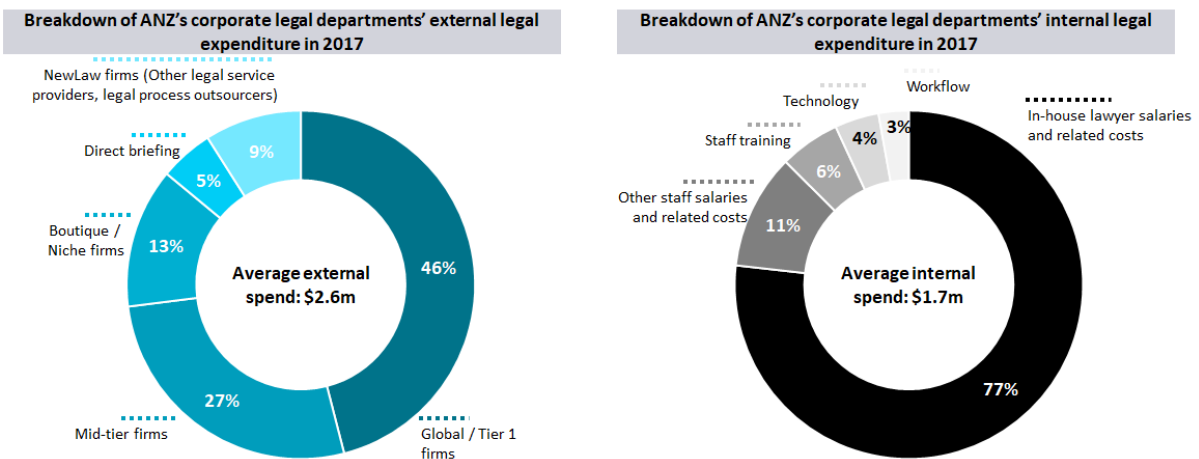
¹¹ Legal Services Board, “The Legal Needs of Small Businesses” <https://www.legalservicesboard.org.uk/projects/Small_Business_Legal_Needs.htm> (accessed 27 June 2018).

Australia's business population



Note: An Australian Business Number (ABN) is a unique 11 digit number that identifies the business to the government and community

Breakdown of ANZ legal departments' external and internal legal expenditures



Research and analysis by
Alpha Creates

Source: Association of Corporate Counsel Australia 2017 Leading Practices and Benchmark Report

Big business in the B2B segment of the Australian market is represented by companies with in-house lawyers and legal departments. A study conducted by the Association of Corporate Counsel Australia¹² on trends in the in-house legal segment in the Australian and New Zealand markets reveals:

¹² Association of Corporate Counsel Australia, "2017 Benchmarks and Leading Practices Report" <<https://acla.acc.com/resources/2017-benchmarking-report>> (accessed 27 June 2017).

1. Legal departments are starting to right-source to the most cost-efficient providers. The NewLaw segment of the market currently accounts for 9% of legal departments' legal wallets.
2. Legal departments are underinvesting in LegalTech and LegalOps as only 4% and 3% of internal legal expenditures are allocated to technology and workflow respectively.

This reflects the dominant theme of the last five years for corporate legal departments of having to deliver (and demonstrate) value to the business in the Susskindian “doing more for less” world. The main levers used to achieve increased legal service delivery at a lower cost are two-fold:

1. Improved service delivery through the application of business process improvement methodologies to legal processes. The Corporate Legal Operations Consortium's (“CLOC”) growth over the last few years, and launch in Australia in 2018, have been a key source of information and support for in-house counsels looking to improve consumption of legal services; and
2. Disaggregation of legal services. High-value portions of legal work are increasingly being separated from legal matters and briefed to external legal service providers (whether they are law firms or non-traditional firms) while internal solicitors handle routine matter work and business as usual. The increased delivery of legal services to the business by internal legal teams has seen the ranks of in-house counsel increase over the last five years.

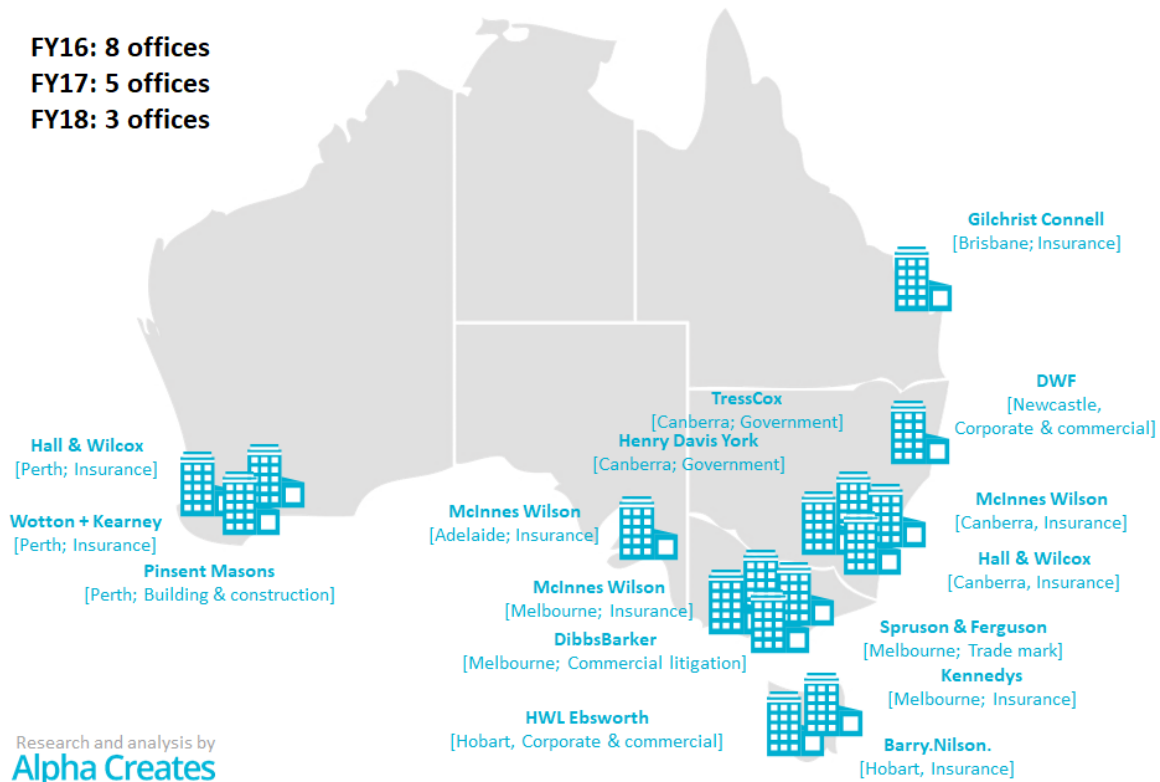
As the number and calibre of in-house counsels rise, so too does their capacity and capability to conduct increasingly complex work, creating a positive feedback loop that steadily increases the volume and scope of work being conducted in-house.

II. Intensifying competition between Australia's law firms

Hyper-competition can be observed amongst the incumbents as law firms compete to grow in a stagnating market. In search of growth, Australian law firms have expanded geographically into interstate markets. The nationalisation of legal practices in the 1980s and 1990s that fused top tier city-based banking and finance law firms created the top tier firms we know today.

Australian law firm geographic expansion between FY16 and FY18

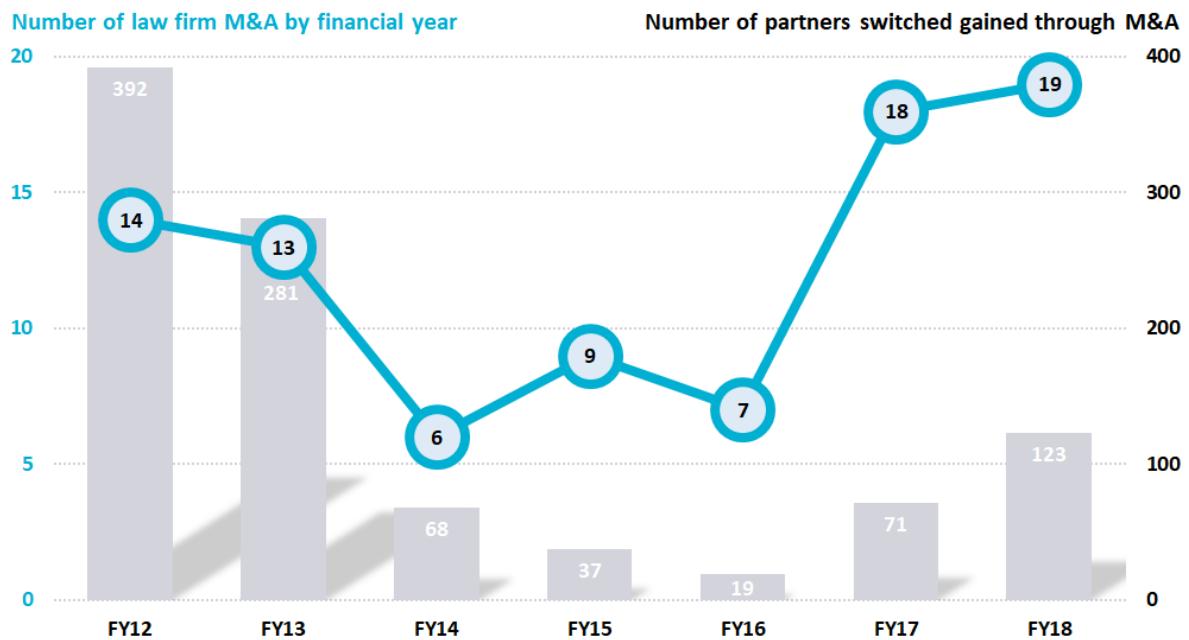
FY16: 8 offices
FY17: 5 offices
FY18: 3 offices



In the last three financial years alone, the Australian market has seen 16 office expansions across the country. A major driver of this is the client demand for national coverage and this is most evident for firms which were servicing insurance companies in Australia. Nine of the 16 office expansions analysed were driven by the law firm’s insurance practice.

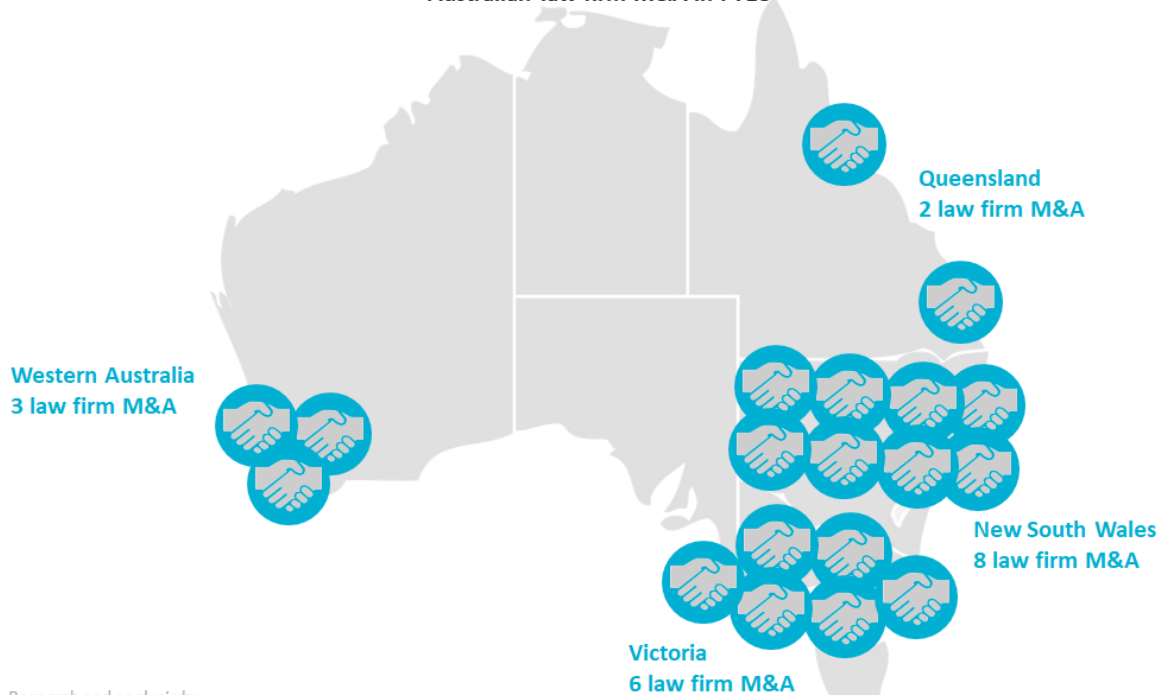
Intensifying competition for clients and talent is also driving consolidation in the Australian legal industry. The volume of law firm mergers and acquisitions (“M&A”) peaked in FY18 as 19 deals were consummated in the Australian market. Notably, the size of the deals, measured by the number of partners involved in the merger, has decreased, pointing to a market with less large deals as consolidation intensifies. As the biggest market in Australia, consolidation can also be observed in New South Wales, with eight merger deals recorded in FY18.

Australian law firm M&A by financial year



**Measured by number of partners (or equivalent) in the acquired firms (where this data is available).
Note that 2 recorded M&A deals from FY12 to FY18 did not have number of partners reported.*

Australian law firm M&A in FY18



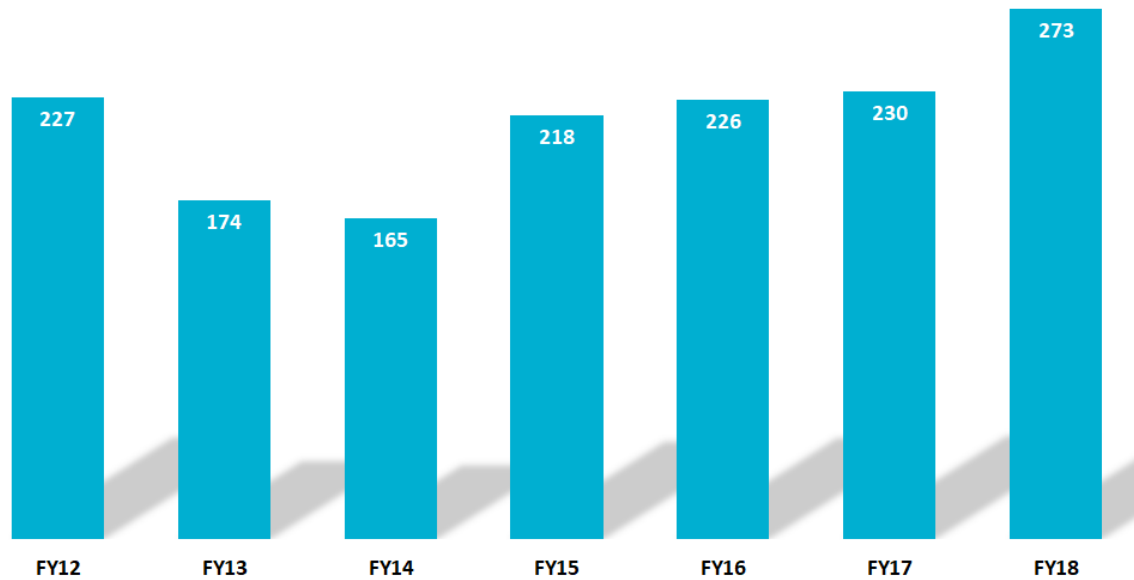
Research and analysis by
Alpha Creates

Further breakdown of the law firm M&A deals reveals that MinterEllison and HopgoodGanim are diversifying through acquisitions of non-legal services. MinterEllison's ITNewcom deal reveals a strategic paradigm shift to expand into IT consulting while HopgoodGanim is moving into corporate governance advisory services through the acquisition of Effective Governance. These, of course, are outliers rather than the norm in the market.

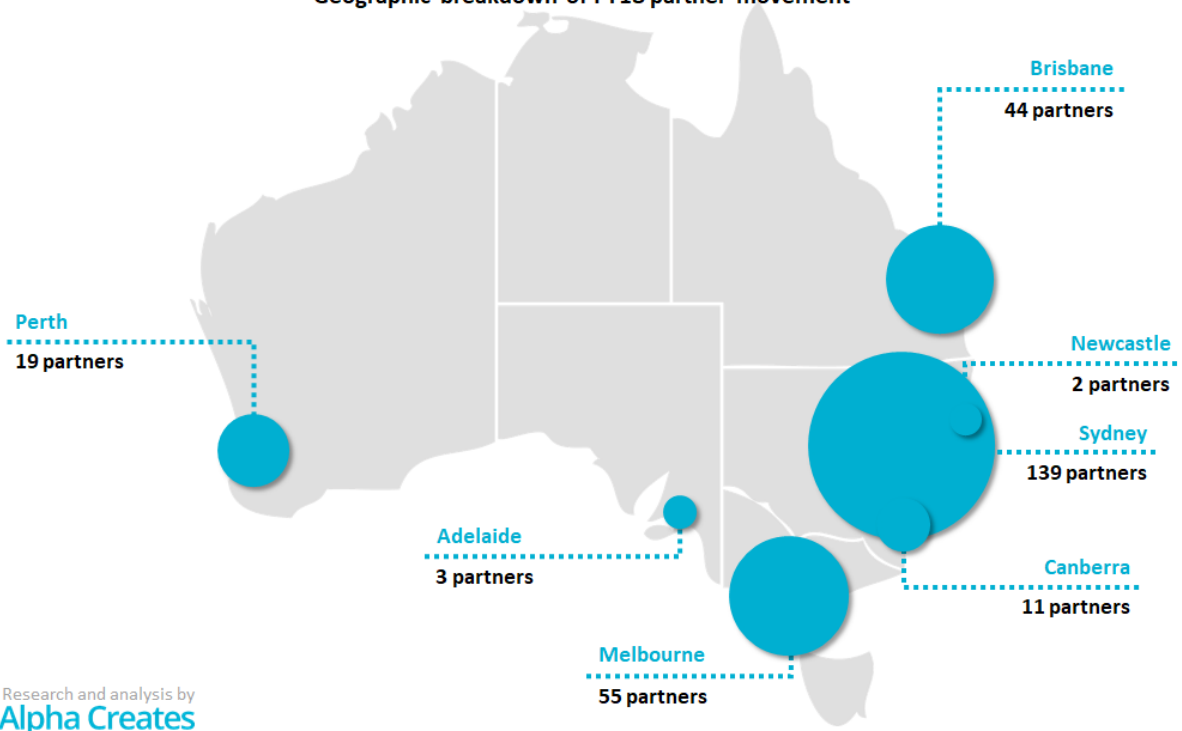
Finally, in a people intensive business, the movement of partners paint a picture of where the competition is gravitating. In FY18 we saw lateral partner hires pick up again as 273 partners

switched firms. The yearly breakdown reveals that FY18 saw the highest number of partners switching firms in the last seven years as the war for talent intensified.

Number of partners switching firms (by fiscal year)



Geographic breakdown of FY18 partner movement



Research and analysis by
Alpha Creates

As the biggest markets in Australia, it is unsurprising that Sydney (139), Melbourne (55), and Brisbane (44) recorded the highest number of partner lateral hires. Gauging the movement of partners by practice areas also reveals where firms are focusing their efforts for growth. Partners in the property & real estate and banking & finance practice areas were most in

demand in FY18, as firms acquired expertise to capitalise on strong property deal flows and work arising from the recent Banking Royal Commission.

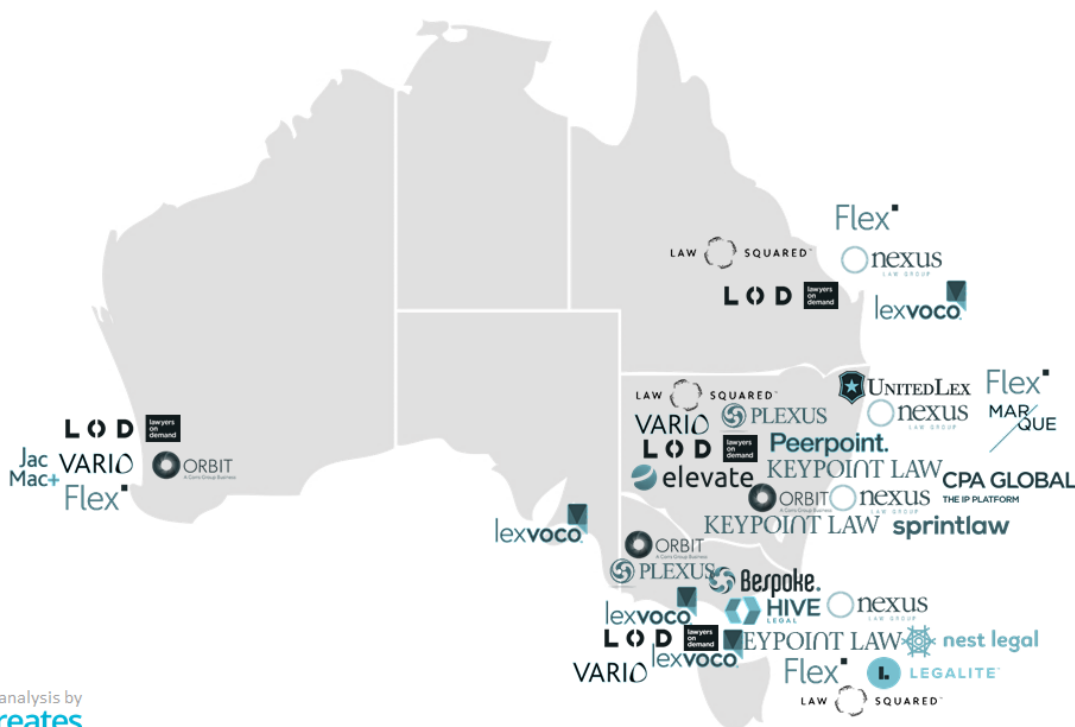
III. The rise of Australia’s NewLaw firms

One of the more observable changes in recent times has been the rise of alternatives to the incumbent. NewLaw firms are businesses that use labour arbitrage at the centre of their business model in the delivery of legal services. Major examples of NewLaw firms include legal process outsourcing companies that leverage low cost labour in offshore or onshore centres, lawyer secondment firms that provide contract lawyers to corporate legal departments and law firms, and fixed fee legal service firms that use on-demand lawyers.

Types of NewLaw firms in Australia



Geographic breakdown of NewLaw firms in Australia



Research and analysis by
Alpha Creates

Our research reveals a high concentration of NewLaw firms in the major markets of Sydney and Melbourne. Some of the Australian-based law firms have also incubated their own NewLaw skunkworks to compete in this space. Examples include Allen & Overy's Peerpoint, Corrs Chambers Westgarth's Orbit, Jackson McDonald's JacMac+, McInnis Wilson's Lexvoco, MinterEllison's Flex and Pinsent Masons' Vario.

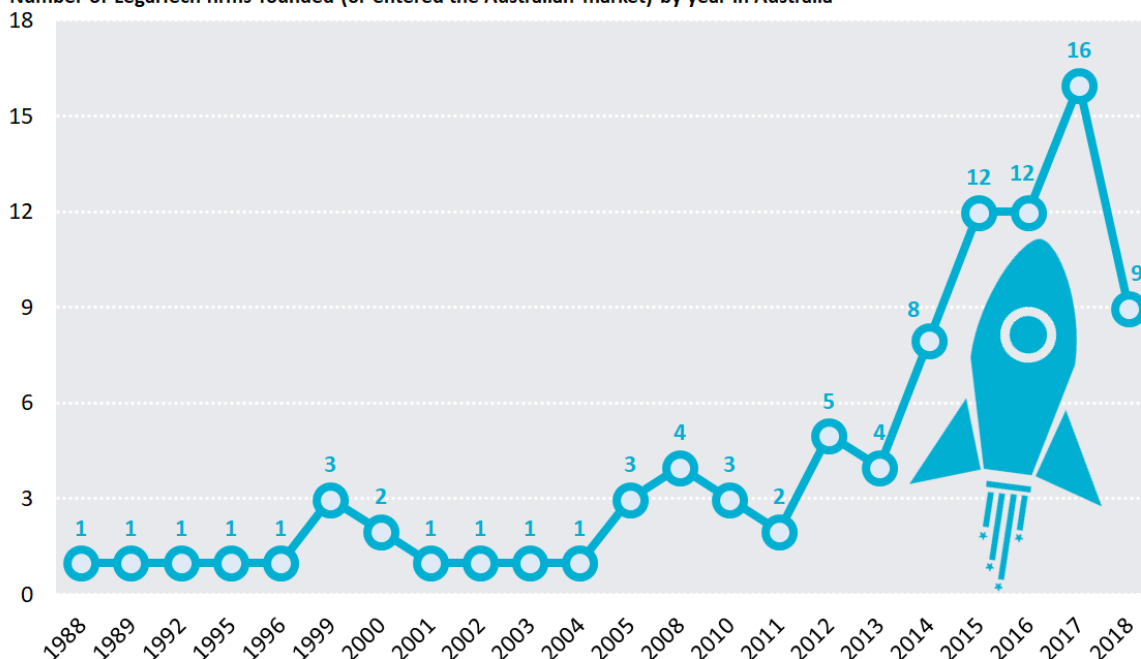
Clients are voting with their wallets. Our earlier analysis of corporate legal departments' external legal expenditure reveals an increasing appetite for NewLaw firms' services, and this appetite does not appear to have yet been dampened by any perceived risk increase from using services from these providers. In fact, at Law Institute of Victoria's Future Focus Forum in December 2018, the representative from Australia's largest professional indemnity insurer shared that no claims have been brought against NewLaw firms yet. This points to NewLaw firms being a permanent fixture of the Australian legal market for the foreseeable future.

IV. Australia's LegalTech firms growing in influence

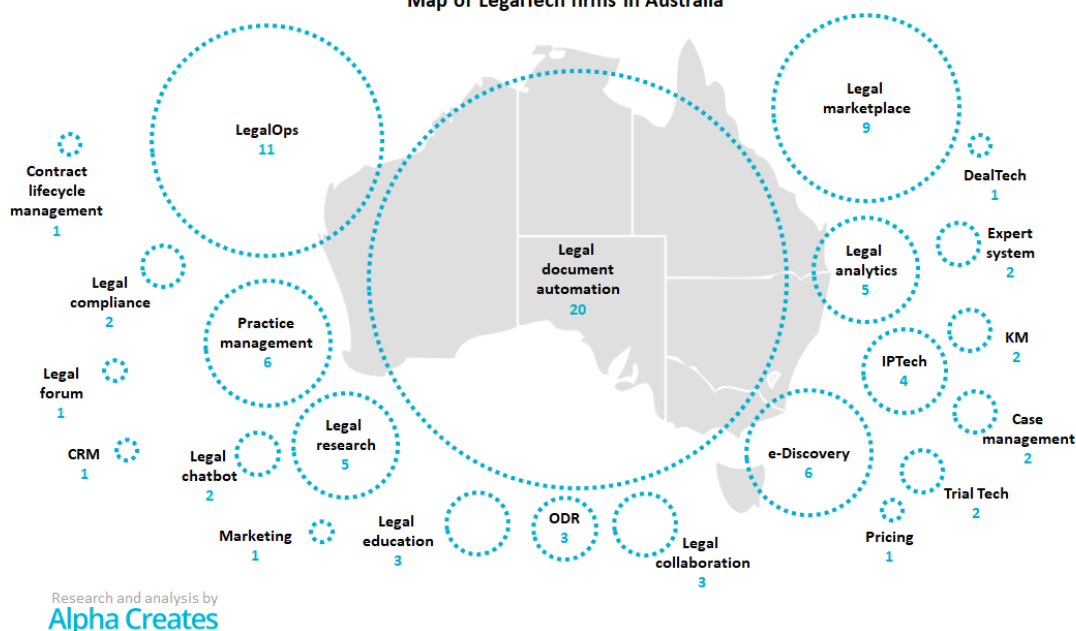
As one of the most competitively mature markets in the Asia-Pacific region, the Australian LegalTech market has been leading the way with the incubation of LegalTech start-ups and the adoption of LegalTech solutions. The LegalTech ecosystem in Australia has been driven by a strong grassroots movement that saw the launch of Legal Hackers chapters in Brisbane, Perth and Sydney in 2017 and Melbourne in 2018, and the launch of the Australian Legal Technology Association¹³ ("ALTA") in 2018.

¹³ For more information about the Australian Legal Technology Association, see their website at: <<https://alta.law/>> (accessed 29 January 2019).

Number of LegalTech firms founded (or entered the Australian market) by year in Australia



Map of LegalTech firms in Australia



LegalTech in Australia traces its origins back to 1988 when LawMaster, a legal practice management software provider, was founded. The market expanded rapidly between 2015 and 2018, as 49 new firms were established. As law firms grapple with challenges of innovating and adopting LegalTech solutions, education institutions like the Centre for Legal Innovation¹⁴ from the College of Law took centre stage to help law firm leaders navigate a highly fluid market.

General counsels are also supporting the emergence and growth of LegalTech. The Association of Corporate Counsel Australia has launched the Legal Tech Corner¹⁵ to provide general

¹⁴ For more information about the Centre for Legal Innovation, see their website at: <<https://www.cli.collaw.com/>> (accessed 29 January 2019).

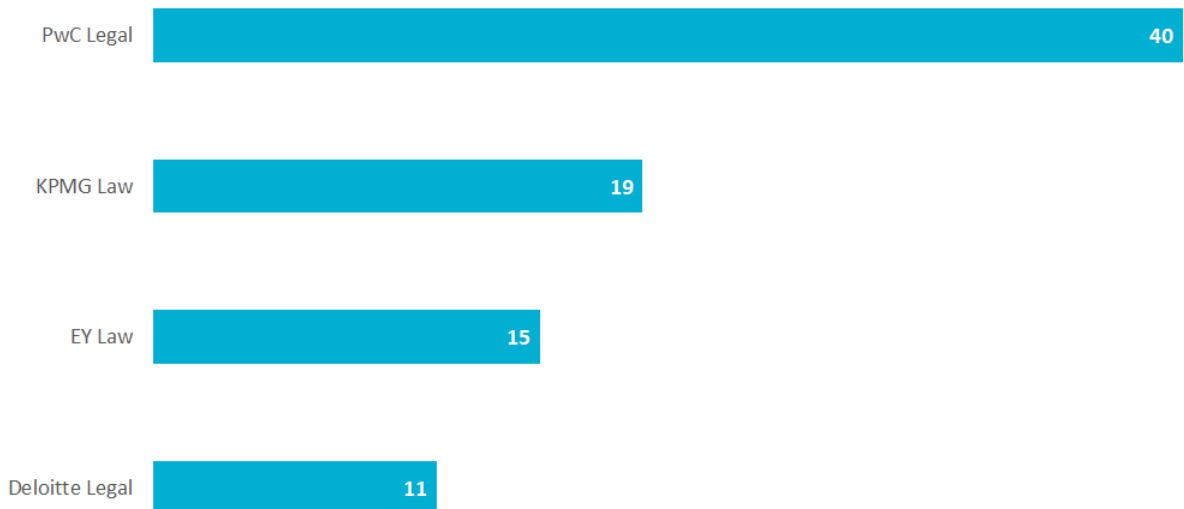
¹⁵ For more information about the Legal Tech Corner by the Association of Corporate Counsel Australia, see their website at: <<http://legaltechcorner.com.au/>> (accessed 29 January 2019).

counsels with simple and streamlined information on the ever-expanding LegalTech market. In addition, as mentioned earlier, CLOC has established a local presence in Australia for operations and technology professionals that work in legal departments to congregate and share best practices in legal operations functions.

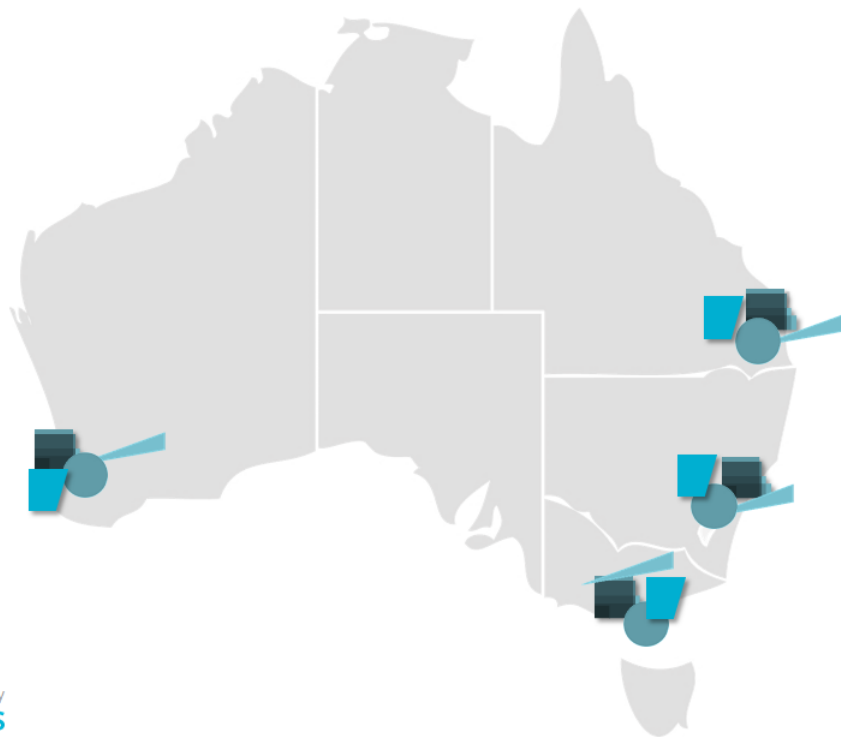
V. Re-entry of the Big Four accounting firms in Australia

Since the 2010s, the Big Four have announced their intention to grow their legal practice –this time with lessons learnt. Interestingly, if you rewind the clock back to the early 2000s before Sarbanes-Oxley was introduced, it was the Big Five accounting firms’ legal practices that were disrupting the legal market. In fact, Andersen Legal, before it was disbanded, had the highest number of lawyers globally, bigger than even Baker McKenzie (once the largest law firm in the world by that same metric).

Number of partners in the Big Four firms' legal practice



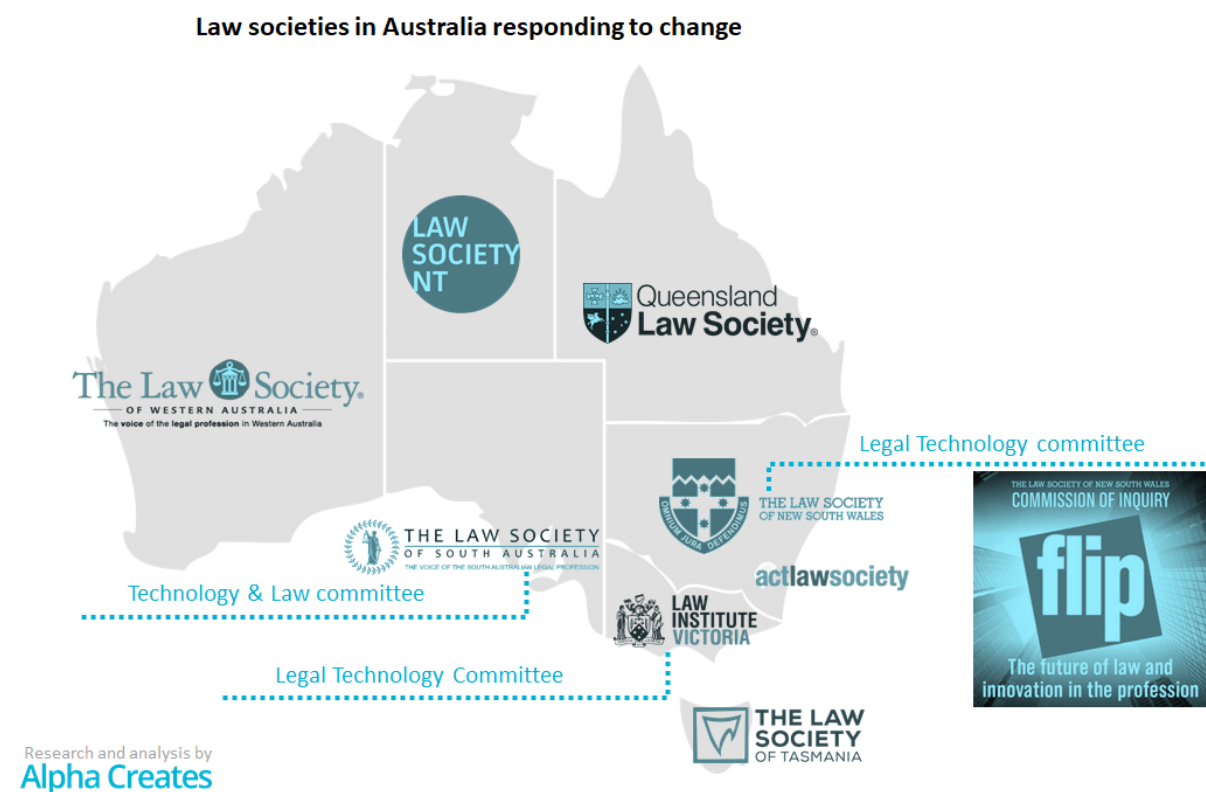
The Big Four accounting firms' legal presence in Australia



The Big Four accounting firms in Australia have re-established their legal arms by acquiring talent from law firms. By far the biggest, PwC Legal now has 40 partners, followed by KPMG Law's 19 partners, EY Law's 15 partners and Deloitte Legal's 11 partners. The Big Four accounting firms are leveraging their multidisciplinary capability and multijurisdictional presence to expand their legal practices. They are also expanding their offering in the NewLaw and LegalTech segments to diversify their revenue streams.

VI. Australian law associations responding to changing legal landscape

In recognition of the changing legal landscape, three of the eight law societies in Australia are responding. The Law Society of New South Wales conducted a yearlong study on the future of law and innovation in the profession in 2017 and has established its legal technology committee.



The Law Institute of Victoria has also established its legal technology committee and is drafting research papers on the future of legal services. The Law Society of South Australia has established its own technology and law committee to examine the intersection of LegalTech and the law, and implications on regulation and lawyers.

VII. Australian law schools preparing law graduates for the future

The market for legal education in Australia has also expanded rapidly in the last 25 years. In 1991, Australia was home to 11 law schools and that number has expanded to 41 institutions offering law degrees¹⁶ in 2018. Whilst some scholars have parsed the social constructs that gave rise to Australia's explosion of law faculties,¹⁷ others have made the more pragmatic

¹⁶ Thirty-nine law schools and two non-university institutions provide practical legal training. See Andrea Perry-Petersen & Michael Lacey, "Legal Innovation' – Education in Australian Law Schools" (13 September 2018) <<http://www.andreaperrypetersen.com.au/wp-content/uploads/2018/09/Legal-Innovation-Education-Sep-2018.pdf>> (accessed 31 December 2018).

¹⁷ Peter Woelert, Gwilym Croucher, "The Multiple Dynamics of Isomorphic Change: Australian Law Schools 1987–1996" *Minerva* 2018; 56(4): 479–503 <<https://doi.org/10.1007/s11024-018-9350-8>> (accessed 31 December 2018).

observation that, following reforms in the 1980's, Australian universities began to operate as businesses.^{18 19}

Whatever the reason, the result has been that we now have annual intakes of up to 16,000 law students at universities and other educational institutions in Australia.²⁰ To give context to that number we need to recall that, as mentioned at the outset of this paper, the entire legal profession within Australia (practising lawyers) currently numbers 76,773. The entire legal industry is, therefore, capable of being replaced by five intakes of law students.

A beneficial outcome of such a large law student cohort is that the student population has much greater variability than smaller class intakes (and less universities) would cater for. Additionally, many Australian law graduates pursue their degree as a dual-degree or as a second degree. These two facets of the Australian legal study experience mean that students are well prepared, and increasingly interested, to explore opportunities outside the parameters of a “traditional” legal career.

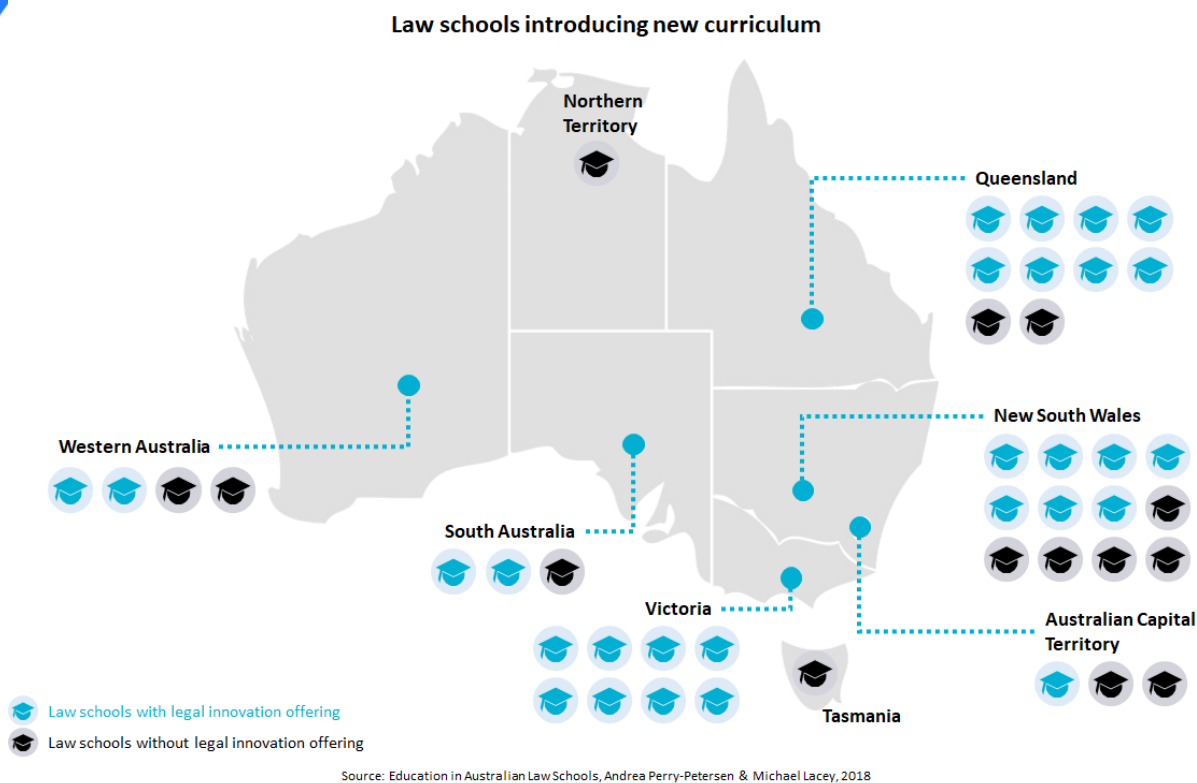
And universities are rising to this challenge, albeit not as a whole, and not with the same levels of commitment. As the graphic below illustrates, 25 of 41 legal education institutions in Australia now offer some form of legal innovation in their curriculum. The depth and breadth of courses on offer vary from none (16 universities sit within this category) or a single elective, through to minor degrees and even a major in “New Legal Futures and Technology”.²¹

¹⁸ David Barker, “An Avalanche of Law Schools: 1989–2013” (2013) 6 *Journal of the Australasian Law Teachers Association* 1 <<http://www.austlii.edu.au/au/journals/JLA/2013/15.pdf>> (accessed 31 December 2018).

¹⁹ In fairness to Mr. Barker, he does not himself suggest reasons for the surge of law faculties, but invites readers to make their own assessments with the help of quoted observations such as this one from the Australian Law Reform Commission Report No 89: “Law faculties are attractive propositions for universities, bringing prestige, professional links and excellent students, at a modest cost compared with professional programs such as medicine, dentistry, veterinary science, architecture or engineering.” See Australian Law Reform Commission, *Managing Justice: A Review of the Federal Civil Justice System* (Report No 89, 2000), at para 2.15.

²⁰ We say “up to” because it is not clear (to us, at least). Our media claims that about 15,000 students graduate law school each year (see Edmund Tadros, Katie Walsh, “Too Many Law Graduates and Not Enough Jobs” *The Australian Financial Review* (22 October 2015) <<https://www.afr.com/business/legal/too-many-law-graduates-and-not-enough-jobs-20151020-gkdbyx>> [accessed 21 January 2019]), while our Council of Australian Law Deans sharply retorts that the correct figure is only 7,500 (see Council of Australian Law Deans, “Data Regarding Law School Graduate Numbers and Outcomes” <https://cald.asn.au/wp-content/uploads/2017/11/Factsheet-Law_Students_in_Australia-1.pdf> [accessed 21 January 2019]). Whatever the number, it is, in either case, referring to graduates and not new enrollees, which is certain to be higher.

²¹ University of Technology Sydney, “New Legal Futures and Technology Major” (21 June 2017) <<https://www.uts.edu.au/future-students/law/course-experience/new-legal-futures-and-technology-major>> (accessed 31 December 2018).



VIII. Australian regulators creating the future of legal service

Many of Australia’s regulatory bodies, including Australian Securities and Investments Commission (“ASIC”), Australian Taxation Office (“ATO”), Australian Transaction Reports and Analysis Centre (“AUSTRAC”), are proactively engaging with new FinTech,²² LegalTech and RegTech²³ start-ups in a manner that embodies the Australian “give it a go” ethos.

ASIC, as an example, is fully committed to engaging stakeholders across the Australian community, and frequently presents at technology-themed events, hosts its own events (alone or together with regulators like AUSTRAC and ATO), has created licensing exemptions that permit FinTech start-ups to test services without an Australian Financial Services licence, and has created an innovation hub that assists start-ups to navigate Australian regulatory requirements.

To see whether Australia’s proactive regulatory stance to new technologies is paying dividends, we need look no further than the recently announced Australian National Blockchain (“ANB”), a collaborative endeavour by Commonwealth Scientific and Industrial Research Organisation’s (“CSIRO”) Data61, Herbert Smith Freehills, IBM, and King & Wood Mallesons to create an enterprise grade, legally binding digital platform for businesses in Australia.²⁴

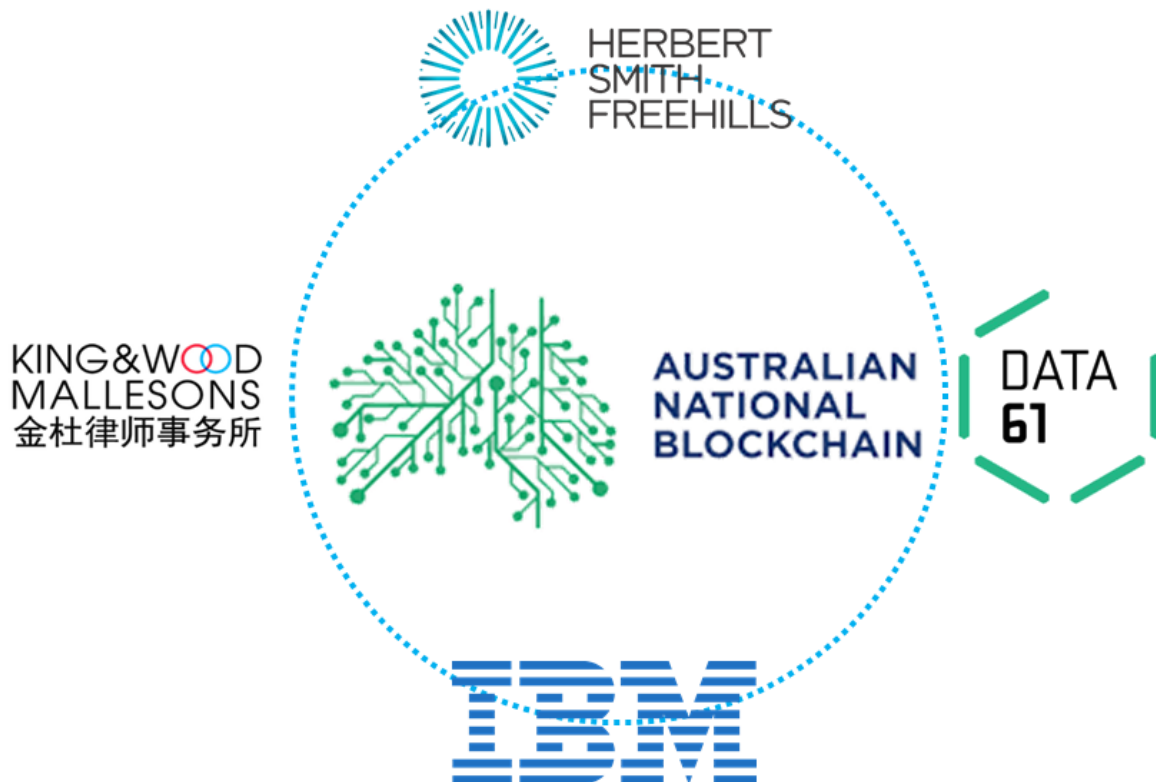
²² FinTech stands for financial technology. FinTech are technologies and solutions geared towards automating and creating more efficient ways of providing financial services to the client.

²³ RegTech stands for regulatory technology. RegTech are technologies and solutions that enhance the regulatory process for regulators.

²⁴ Australian National Blockchain website, <<https://www.australiannationalblockchain.com/>> (accessed 31 December 2018).

ANB, through a unique partnership between two of Australia's pre-eminent law firms, a global technology powerhouse, and Australia's leading data innovation group – itself part of Australian federal agency CSIRO – is drawing the best elements from law, technology, data and government to radically simplify the way that Australian businesses interact.

In ANB's own words, binding obligations form the backbone of business in Australia, and there are an estimated 1 million binding commercial contracts in the country at any one time. The scale of ANB's ambition is impressive – a utility-scale blockchain ecosystem for all Australian businesses – and the utility it will deliver to Australia, if successful, is immense.



IX. Conclusion

The conclusions we can draw about the state of legal innovation in the Australian market stem from the eight stakeholders we have canvassed.

- Buyers of legal services are increasingly sophisticated purchasers, thanks to swelling in-house counsel ranks and the application of business process improvement methodologies to legal processes.
- Law firms are innovating their business models in attempts to differentiate in a hyper-competitive market. Much of this activity has manifested in M&A activity between firms and with lateral partner movements. A notable exception to this has been two firms expanding from strictly legal services to adjacent competencies that align with their core services.

- NewLaw firms are disrupting the incumbents and are making steady headway into the wallet share of legal services clients. This has prompted many Australian law firms to create NewLaw style service offerings, most of which deliver legal services or personnel to clients on an as-needed basis.
- LegalTech firms are of strong interest to the market and are gaining good traction. This ecosystem has been driven by a strong grassroots movement that saw the emergence of Legal Hackers chapters in many capital cities in the last two years, as well as the launch of the ALTA.
- The Big Four accounting firms have firmly re-entered the legal market through lateral hires. They are also expanding into NewLaw and LegalTech segments quite rapidly.
- Australian law societies are aware of, and in some cases keeping pace with, legal innovation activities in their jurisdictions that are impacting the way legal services are delivered and consumed.
- Australian law schools are, similarly, acknowledging that change is afoot, and some are acting to align their curricula with the reality of legal practice in a post LegalTech environment.
- Australian regulators are also alive to the changes that technology is bringing to regulation and to the application of law more generally. Many are working to shape regulatory frameworks to foster innovation, and to ensure that the Australian start-up economy is competitive, all while maintaining safeguards that protect the Australian population.

Each of these stakeholder snapshots combine to deliver a view of legal innovation that is also unfolding in other jurisdictions across the world. Australia operates within a legal framework that is conservative in its approach to change: while some within our industry may have misinterpreted the need for prudence as a license for inaction, this view is under challenge and often directly rejected by the buyer of legal services.

As innovations from new market entrants continue to deliver benefits to the consumers of legal services, we are seeing an industry whose incumbents are beginning to feel compelled to make changes to their service delivery models in order to remain relevant to their clients.

CHINA

By Tan Hui Xin¹ and Rennie Whang²

I. Country overview

A. Legal system in brief

China employs what is known as a socialist legal system. The Constitution is the highest law of the land and appoints the National People's Congress as the highest organ of state power and legislative authority. In turn, the National People's Congress oversees four other political bodies, namely, the state administration (the State Council), the armed forces (the State Central Military Commission), the highest judicial organ (the Supreme People's Court), and the prosecutor's office (the Supreme People's Procuratorate).

Under the Supreme People's Court ("SPC"), there are four levels of courts: grassroots, intermediate, higher, and supreme people's courts. Existing alongside the people's courts are special courts such as military and maritime courts.³

B. Key stakeholders in the legal industry

The main legal service providers in China are local law firms, international law firms and increasingly, alternatives such as online legal service portals.⁴ The main regulatory authority is the Ministry of Justice, which oversees legislation drafting, sentencing, prosecution, public awareness educational programs, and participation in international treaties amongst other responsibilities. The Ministry comprises various agencies, including the Legal Aid Centre and the All China Lawyers Association, a self-regulatory organisation whose members include every licensed lawyer and law firm in the country.

C. Key statistics

Due to government policies to increase innovation, high-tech initiatives in China have been growing rapidly. Most notably, artificial intelligence ("AI") has been experiencing accelerated growth. In 2017, total investment in AI surpassed US\$9 billion, a hundred times higher than in 2012.⁵ The government has announced its intention to attain global leadership in the field of AI by 2030.

¹ Singapore Management University School of Law.

² Singapore Management University School of Law.

³ The Law Library of Congress, "Introduction to China's Legal System" (12 July 2016) <<https://www.loc.gov/law/help/legal-research-guide/china.php>> (accessed 20 January 2019).

⁴ Jing Li, "The Legal Profession of China in a Globalized World: Innovations and New Challenges" International Journal of the Legal Profession 2018.

⁵ Fa Chan, "法律科技内参: 中国瞄准人工智能强国目标; 杭州保姆纵火案原辩护律师被罚; 四中院掌上智慧法院平台上线运行" *BaijiaHao* (25 February 2018) < <https://baijiahao.baidu.com/s?id=1591569848973809029&wfr=spider&for=pc>> (accessed 9 March 2019).

The number of lawyers in China is low relative to its total population. A 2017 report by Xinhua places the number of law firms in China at 25,000, and the number of lawyers at 300,000.⁶ Relative to China's massive population size of 1.39 billion, lawyers comprise only 0.02% percent of the population. This has been viewed by observers as a major factor for the rise in alternative legal service providers and legal technology.

II. Technological innovation

Both private firms and public institutions have been actively developing legal technologies. Some important trends are AI, big data, and online legal service providers.

AI-enabled robots capable of providing basic legal advice have been installed in different parts of China. For example, in a Beijing court, an AI robot named XiaoFa dispenses advice to over 40,000 litigation questions and 30,000 legal issues.⁷ In Qinghai's legal service centres, another robot has been trained in a range of subjects such as marriage, labour, consumer rights, and mediation law.⁸ In Hangzhou, a robot named Faxiaotao can assist customers in dispute analysis and even recommend suitable attorneys.⁹

Apart from catering to the public, AI has also been utilised to assist judges. For example, the Shanghai High People's Court partnered with iFlytek Co Ltd to implement a case review system. The system will be able to review up to 79 types of cases, suggest appropriate sentences, and evaluate whether the available evidence is sufficient to justify a particular sentence. This sophisticated software is outfitted with numerous capabilities, such as incremental learning, knowledge mining, and voice recognition.¹⁰

Big data has also been used to increase the legal system's transparency. One prominent example is Legal Miner, whose products mine Chinese court decisions and offer solutions on risk assessments and strategy development.¹¹ Another example is the Chinese government's recently-compiled online database of 32 million judgments.¹²

In addition, internet-based legal service providers have had a positive impact on the market for legal services. For instance, the phone application Pocket Lawyer allows customers to purchase legal services from lawyers registered on the application. When a customer places an order, Pocket Lawyer transmits the order to selected lawyers located nearby. The lawyer with the fastest response or most competitive quote is then awarded the order. In this way, the application aims to increase the speed and affordability of legal services.¹³ Other platforms include the websites Yifatong and Yingle, which can identify issues in a customer's case and

⁶ Hua Xia, "China has 300,000 Lawyers" *Xinhua* (9 January 2017).

⁷ "Robot Gives Guidance in Beijing Court" *China Daily* (13 October 2017).

⁸ "Robots Help with Public Legal Services on Chinese Plateau" *China Daily* (25 July 2018).

⁹ "Robot Gives Guidance in Beijing Court" *China Daily* (13 October 2017).

¹⁰ Ma Si, "iFlytek Developing AI-enabled System for Legal Purposes" *China Daily* (7 March 2018).

¹¹ Legal Miner website <<http://www.legalminer.com/>> (accessed 20 January 2019).

¹² Chong Koh Ping, "China Shows How Tech Can Work in Court: CJ Menon" *The Straits Times* (23 August 2017).

¹³ Jing Li, "The Legal Profession of China in a Globalized World: Innovations and New Challenges" *International Journal of the Legal Profession* 2018.

recommend attorneys with the relevant expertise.¹⁴ Such websites are intended to help clients select reliable lawyers for their case, thereby reducing information asymmetry between clients and lawyers.

III. Regulatory innovation

Beginning with Premier Li Keqiang's announcement of the "Internet Plus" ("互联网+") initiative, the Chinese government has been actively promoting innovation in many sectors of the economy, not least the legal industry. The government's efforts have targeted most of the key stakeholders in the legal industry. For instance, Chinese courts at all levels have been directed by the SPC to experiment with how big data and AI can facilitate the litigation process.¹⁵ In 2016, law firms and technology firms received awards for excellent "Internet + Law" projects at the China Internet Rule of Law Conference organised by the Ministry of Justice.¹⁶

IV. Dispute resolution innovation

The SPC has since 2015 pushed for the use of multiple dispute resolution mechanisms in courts nationwide. By December 2016, the courts had established 2,338 centres for litigation and mediation,¹⁷ and approximately 13.617 million cases were handled via mediation in 2017.¹⁸ At the first meeting of the 13th National People's Congress on 9 March 2018, in the annual SPC Work Report, SPC President Zhou Qiang affirmed the continued promotion of, among others, the "Emei Mountain Experience". This refers to how courts at two levels in Meishan, Sichuan, solved 80.72% of disputes by means of alternative dispute resolution between 2014 and 2016, with only 7.06% of cases entering the judicial adjudication process. SPC President Zhou also said that the SPC will establish a national court online mediation platform, having since February 2017 carried out online mediation pilot projects in four provinces (Zhejiang, Hebei, Anhui and Sichuan), two cities (Beijing and Shanghai) and the Shanghai Maritime Court.¹⁹

In Zhejiang, for example, the WeChat phone messenger application has been used to build a mobile micro-court which allows, among others, online filings, inquiries, mediation, trials, and payment, and is expected to be able to cater to over 90% of court cases.²⁰ Parties enter through ID card-matching and face recognition authentication, and are able to directly communicate

¹⁴ Jing Li, "The Legal Profession of China in a Globalized World: Innovations and New Challenges" *International Journal of the Legal Profession* 2018.

¹⁵ "Robot Gives Guidance in Beijing Court" *China Daily* (13 October 2017).

¹⁶ Li Ji, "2016 年“优秀‘互联网+法律’创新项目”揭晓(老到)获奖" *Hexun* (16 October 2016).

¹⁷ The Supreme People's Court of the People's Republic of China, "2017 White Paper on Court Reform in China" (14 March 2017) <http://english.court.gov.cn/2017-03/14/content_28552928.htm> (accessed 22 December 2018).

¹⁸ The Supreme People's Court of the People's Republic of China, "Resolution on the Work Report of the Supreme People's Court" at the First Meeting of the 13th National People's Congress on March 20, 2018 <<http://gongbao.court.gov.cn/Details/69d3772d9e94aae3ea2af3165322a1.html>> (accessed 22 December 2018).

¹⁹ People's Court Mediation Platform, "The Supreme Court Initiated Pilot Programs for Some Provincial Online Mediation Platforms" (17 February 2017) <<http://tiaojie.court.gov.cn/bannerPage>> (accessed 23 December 2018); Fang Xuhui, "Recent ODR Developments in China" (2017) 4 *International Journal on Online Dispute Resolution* 2 at p 36.

²⁰ The Supreme People's Court of the People's Republic of China, "From Filing to the Execution of the Entire Online Transfer Process: Zhejiang Mobile Micro Court 4.0" (11 September 2018) <<http://www.court.gov.cn/zixun-xiangqing-117841.html>> (accessed 22 December 2018).

with judges via text, voice messages, pictures, and videos. Furthermore, court actions such as freezing, sealing, and enforcement are publicly disclosed.

A focus of the SPC has also been on establishing “smart courts.” This term, first mentioned by SPC President Zhou in 2016 and later reiterated in 2018, connotes informatisation, which may in turn be harnessed to enhance the transparency and standardisation of judicial processes.²¹ It involves improving centralised data management, strengthening the analysis of big data, promoting the standardisation of judicial treatment and sentencing, and making the litigation process a more electronic one. To this end, the SPC established the China Justice Big Data Institute on 10 November 2016 to promote the management of judicial big data resources and the use of AI technology in courts, engage in the training of personnel, and so on.²²

A forerunner in the electronic litigation process may be said to be the Hangzhou Internet Court, which was established in 2017 to explore using the Internet to adjudicate cases concerning the Internet.²³ Hangzhou was a natural choice as many of the country’s e-commerce companies, including Alibaba, are located there. Hangzhou was also the first cross-border e-commerce experimental zone in the country.²⁴ The court adjudicates contract and product liability disputes arising from online shopping, disputes concerning internet service contracts, loan disputes executed over the Internet, as well as online copyright infringement.²⁵ The entire court process takes place online, with just 20 days needed for a case to be taken from prosecution to resolution, including a 15-day period of proof. Trials may also be “asynchronous”: that is, parties may log into the platform at different times, as long as this is within prescribed time limits.²⁶ As of end-October, over a year into the establishment of the court, the 20 judges of the court had accepted a total of 14,233 cases, concluded 11,794 cases, and issued three white papers on e-commerce trials and intellectual property protection. Additionally, the average time and duration of trials were reduced by 65% and 25% respectively.²⁷ The Internet Court has also been addressing novel points of law involving new technologies, such as adjudication of the first Bitcoin “mining machine” dispute in October 2018.

²¹ The Supreme People’s Court of the People’s Republic of China, “Resolution on the Work Report of the Supreme People’s Court” at the Fourth Meeting of the 12th National People’s Congress on March 16, 2016 <<http://gongbao.court.gov.cn/Details/6ce239a82c31348f8856a986e9eb45.html>> (accessed 23 December 2018).

²² China Justice Big Data Service Platform, <http://data.court.gov.cn/pages/contact_us.html> (accessed 26 December 2018); People’s Court News Media Corporation, “China Judicial Big Data Research Institute Special Research and China Judicial Big Data Online Service Press Conference” (30 November 2017) <<http://www.court.gov.cn/zixun-xiangqing-71022.html>> (accessed 26 December 2018).

²³ New Blue Network, Zhejiang Network Radio and TV Station, “‘Online Dispute Online Trial’: The Country’s First Internet Court Established in Hangzhou” (19 August 2017) <<http://n.cztv.com/news/12641131.html>> (accessed 23 December 2018).

²⁴ China Net Wave News, “Hangzhou Cross-Border E-Commerce Comprehensive Test Area to Form a Unique ‘Hangzhou Model’” (9 March 2016) <<http://zjnews.china.com.cn/yuanchuan/2016-03-08/60617.html>> (accessed 23 December 2018).

²⁵ The Litigation Platform of Hangzhou Internet Court website <<https://www.netcourt.gov.cn/portal/main/en/index.htm>> (accessed 23 December 2018).

²⁶ People’s Daily, “Internet Court Demonstrates Judicial Governance of ‘Chinese Intelligence’” *Tencent* (10 December 2018) <<http://tech.qq.com/a/20181210/001187.htm>> (accessed 23 December 2018).

²⁷ Wang Shanshan, “Hangzhou Internet Court: ‘China’s Program’ for Internet Judicial Governance” *China Court Net* (25 November 2018) <<https://www.chinacourt.org/article/detail/2018/11/id/3585042.shtml>> (accessed 23 December 2018).

The Beijing Internet Court and Guangzhou Internet Courts were subsequently set up in September 2018, with the former receiving 5,497 applications for filing just within two months of its establishment.²⁸

Other technologies have been incorporated into the dispute resolution process. For example, the SPC has declared its acceptance of blockchain-based evidence after it was first accepted by the Hangzhou Internet Court in June 2018,²⁹ and in February 2018, the Guangzhou Arbitration Commission issued the first arbitral award based on the “Arbitration Chain.”³⁰ This was because Qianhai Weizhong Bank and the Commission jointly keep loan contract elements in a blockchain: once a loan is overdue, arbitration may be conducted based on information stored there. The Nanjing Arbitration Commission also launched an online arbitration platform in September 2018 that is based on blockchain technology, with participating nodes including depository institutions, financial institutions, and arbitration institutions.³¹ It is noted that blockchain technology has been extended to the notarisation of documents, with the country’s first judicial alliance chain legalXchain covering 11 courts, IP360 (a cloud-based intelligent system which monitors Internet data),³² judicial appraisal institutions, legal service companies, and other 11 authoritative judicial nodes.³³

Apart from blockchain technology, virtual reality technology was used in March 2018 to replicate a crime scene in Beijing’s No. 1 Intermediate People’s Court,³⁴ and intelligent speech recognition has been used in court trials.³⁵

V. Business innovation

The market size of China’s legal services reportedly reached 500 billion yuan in 2017, with online legal service platforms increasingly involved.³⁶ Indeed, a 2017 report on the online legal

²⁸ Sun Yahui, “Online Case Online Trial: Internet Court Opens New Litigation Experience” *People’s Daily Overseas Edition* (14 November 2018) <<https://www.chinacourt.org/article/detail/2018/11/id/3574642.shtml>> (accessed 23 December 2018).

²⁹ Supreme People’s Court Network, “Provisions of the Supreme People’s Court on Several Issues in the Trial of Internet Court Cases” (7 September 2018) <<http://www.court.gov.cn/zixun-xiangqing-116981.html>> (accessed 23 December 2018); Mark Barley, “Chinese Court Launches Blockchain Evidence Platform” *Ledger Insights* (September 2018) <<https://www.ledgerinsights.com/chinese-court-blockchain-evidence-platform/>> (accessed 23 December 2018).

³⁰ “How Far from Us Technology Network Companies Deploy the ‘Hot-selling’ Blockchain” *Xinhua* (29 March 2018) <http://www.xinhuanet.com/fortune/2018-03/29/c_1122607319.htm> (accessed 23 December 2018); Fang Xuhui, “Recent ODR Developments in China” (2017) 4 *International Journal on Online Dispute Resolution* 2 at p 33.

³¹ Nanjing Arbitration Commission, “Nanjing Arbitration Commission Online Trial Operation of Arbitration Platform” (27 September 2018) <http://ac.nanjing.gov.cn/zczx/gzdt/201809/t20180927_5801949.html> (accessed 23 December 2018); Wolfie Zhao, “Chinese Arbitrator Builds Online Ruling System on a Blockchain” *Coindesk* (28 September 2018) <<https://www.coindesk.com/chinese-arbitrator-builds-online-ruling-system-on-a-blockchain/>> (accessed 23 December 2018).

³² China Daily News, “Truth Technology’s IPO360 Internet Rule of Law Cloud Platform Wins Internet Law Innovation Project Award” (21 December 2017) <<https://item.btime.com/b4p36l9hgoc8usbo1q46rco3b76>> (accessed on 25 December, 2018).

³³ China Daily News, “Truth Technology’s Judicial Alliance Chain legalXchain Wins the Annual China Internet Legal Service Innovation Project” (29 November 2018) <<http://tech.chinadaily.com.cn/a/201811/29/WS5c048449a3101a87ca9469b1.html>> (accessed 25 December 2018).

³⁴ Xinhua, “Beijing Court Turns to Virtual Reality” (2 March 2018) <http://www.xinhuanet.com/english/2018-03/02/c_137009348.htm> (accessed 23 December 2018).

³⁵ China Economic Net, “Alibaba Cloud and Huayu Software Cooperate to Further Promote the Judicial Industry AI Upgrade” (22 December 2017) <http://www.ce.cn/cysc/tech/gd2012/201712/22/t20171222_27392657.shtml> (accessed 23 December 2018); Masha Borak, “China Embraces Tech in its Courtrooms” *TechNode* (24 October 2018) <<https://technode.com/2018/10/24/china-court-technology/>> (accessed 23 December 2018).

³⁶ People’s Network, “Click Law and Bank of Communications Join Hands to Realise a New “Internet+Law” Service (29 June 2017) <<http://sh.people.com.cn/n2/2017/0629/c134768-30399835.html>> (accessed 25 December 2018).

services industry by King & Capital Law Firm estimated that a total of 251 online legal organisations were in operation.³⁷

Types of business innovation observed include legal marketplaces and services targeted at the legal community. Under the former, models include the one-stop legal service, software-as-a-service (“SaaS”), and the online-to-offline (“O2O”) model. An example of the one-stop legal service is Ancun, which deals with electronic data storage. One of Ancun’s solutions, a platform for financial disputes, was recently selected as one of 20 outstanding services – a 2018 Annual China Internet Legal Service Innovation Project.³⁸ The platform helps financial institutions quickly file litigation and automates the trial process from beginning to end, such that judges only need to check the judgments before delivery. As a result, it takes an average of 15 minutes for a judge to handle a credit card case, from reviewing the documents to adjudication.

An example of an SaaS service provider is Jianfabang, which allows start-ups and early stage companies to generate their own legal documents, including documents relating to angel investing, equity options, day-to-day contracts, and company shareholding. Other online tools include a financing calculator, equity allocation calculator, and AI which helps to annotate and interpret a Letter of Intent.³⁹

Instances of O2O services abound, such as online services which connect clients with lawyers – including Pocket Lawyer, Yifatong and Yingle as mentioned previously. These “matchmaking” portals may also involve human intermediaries, who can jump in where a user needs advice on lawyer selection.⁴⁰ Notably, 51djl (“点击律”), a.k.a. ClickLaw, provides users with a visualisation of a lawyer’s success rate according to the level of court and type of case he or she was involved in, as well as links to the judgments of these cases.⁴¹ These portals may also offer other big data related services, such as Falvgu (“法律谷”) and Wusong which both enable users to evaluate the chances of litigation success.⁴²

Platforms with services targeted at the legal community include Legaltech.cc, which provides data management system solutions for the legal services industry. Additionally, Sujian Law provides legal financial technology services, including matching creditors, finance institutions and law firms, and enabling the quick processing of litigation financing.⁴³ Within the legal

³⁷ King & Capital Law Firm, “2017 Research Report on the Online Legal Services Industry”

<http://www.pkulaw.cn/LawFirmOikDetail/PDFReader.aspx?pdf=VB3Yd_a3jCYmCwWnwFMfhoKWd5cZHDYKEeSuczwOFcsgBeat3RlraFIFK0PtAwI2jm7Ptmwnzkw=> (accessed 25 December 2018).

³⁸ China Business Telecommunications, “Ancun’s Worry-Free Intelligence Platform was Selected for China Internet Legal Service Innovation Project” (29 November 2018) <<https://t.cj.sina.com.cn/articles/view/1670046122/638ae1aa0010015i1>> (accessed 25 December 2018).

³⁹ Jianfabang website, “Services” and “Service Process” <<https://www.jianfabang.com/website/index/footerInfo.html?id=11>>; <<https://www.jianfabang.com/website/index/footerInfo.html?id=12>> (both accessed 26 December 2018).

⁴⁰ Jing Li, “Platform Economy in Legal Profession: An Empirical Study of Online Legal Service Providers in China” (2018) 35 UCLA Pac Basin LJ 97 at p 120.

⁴¹ Click Law website, “Check Lawyers” <<http://www.51djl.com/lawyer/query>> (accessed 26 December 2018).

⁴² Falvgu website, “Check Case” <<http://www.falvgu.com/public/html/describe.html>> (accessed 26 December 2018); Wusong website <<https://www.wusong.com/>> (accessed 26 December 2018).

⁴³ Ebaoquan website, “Ebaoquan and Sujian Law Reaches Strategic Cooperation to Build a New Ecosystem of Financial Legal Services” (26 September 2017) <<https://www.ebaoquan.org/news/showNews?newsId=74>> (accessed 26 December 2018).

fraternity itself, Lawyers' Cloud is a mobile platform for lawyers to engage in practical discussions, communicate, and even share training videos.⁴⁴

VI. Education innovation

In light of the Chinese government's focus on strengthening research to establish laws, regulations and ethical frameworks for the healthy development of AI,⁴⁵ law schools and the private sector have responded by setting up new courses and even institutes.

For example, Tsinghua University Law School said in April 2018 that it will establish a Master of Laws in Law and Computing, and technical courses on the Internet, big data and AI.⁴⁶ In July 2018, the University also held its first computational law-themed summer camp for 46 undergraduate students from different schools and majors such as computer science, information and communications technology, and statistics. Among other activities, campers visited Alibaba's Beijing headquarters and met officials from the China Justice Big Data Institute.⁴⁷

Research centres and associations dedicated to law and technology innovation have been also created. For instance, the School of Big Data and Artificial Intelligence Law in the China University of Political Science and Law, the Law Artificial Intelligence Laboratory of Peking University, as well as the Research Center for Legal Artificial Intelligence of Peking University, were all established, on the same day, on 29 December 2017.⁴⁸

Academia is also working with technology companies. For example, Peking University Law School partnered with Gridsum Holding, a provider of cloud-based big data analytics and AI solutions, to set up the Peking University Legal AI Lab and Research Institute mentioned above.⁴⁹ In April 2018, the KoGuan School of Law at Shanghai Jiao Tong University and Shanghai Jiao Tong University Huigu Information Industry Co Ltd signed a strategic cooperation agreement with Shenzhen Tencent Computer System Co Ltd and Tencent Cloud Computing (Beijing) Co Ltd to research in fields including informatisation, judicial reform, and judicial application of big data.⁵⁰

⁴⁴ Lawyers' Cloud website <<http://www.lawyerscloud.cn/>> (accessed 26 December 2018); Zhihu website, "Lawyers' Cloud 3.0 Goes Online, Allows Some Lawyers to Benefit" <<https://zhuoanlan.zhihu.com/p/24629885>> (accessed 26 December 2018).

⁴⁵ State Council, "Notice of the New Generation Artificial Intelligence Development Plan" (July 2017) <http://www.gov.cn/zhengce/content/2017-07/20/content_5211996.htm> (accessed on 26 December 2018).

⁴⁶ Raincent, "The birth of Alibaba Law School! Tsinghua's Computational Law Master's! How to Keep Up with the Law+Technology Wave?" (19 April 2018) <<http://www.raincent.com/content-10-11276-1.html>> (accessed 26 December 2018).

⁴⁷ Tsinghua University School of Law, "Tsinghua University's First "Computational Law"-themed Summer Camp was Successfully Held" <http://www.law.tsinghua.edu.cn/publish/law/3567/2018/20180716144310660990896/20180716144310660990896_.html> (accessed 26 December 2018).

⁴⁸ Chinese Blogger, "2017 中国互联网法律政策最全大事件, 16 大热点记录行业变迁" (2 January 2018) <<http://bokeshuofa.blogchina.com/893223979.html>> (accessed 20 January 2018).

⁴⁹ "What Sparks When the Law and AI collide? Peking University Established Legal AI Laboratory to Explore Intelligent Justice" *Xinhua* (29 December 2017) <http://www.xinhuanet.com/2017-12/29/c_1122188211.htm> (accessed 26 December 2018).

⁵⁰ Lvxinweb.cn website, "Technology Companies have Rushed to Law School!" <<http://www.lvxinweb.com/detail.aspx?wid=35&aid=6656&openid=loseopenid>> (accessed 26 December 2018).

Legal education enterprises, such as Beijing Fangyuan Zhonghe Education Technology Co Ltd, have also been offering online law courses.⁵¹

VII. Conclusion

Given the SPC's strong push towards "smart courts" over the past two years, the technological innovation currently observed in the Chinese courts is just the tip of the iceberg, with more efficiencies and insights expected in coming years. It is hoped that these processes allow for increased judicial transparency and standardisation across judgments as envisioned. What is likely to be particularly interesting for observers are innovations in handling e-commerce cases, given the size of the Chinese market: thus, further developments among the Hangzhou, Beijing and Guangzhou Internet Courts are ones to watch. As for the private sector, the growth of new Internet legal organisations has slowed.⁵²

China has a sizeable head start when it comes to implementing ideas, while further improvements that the country can look forward to is finetuning the accuracy of some solutions, especially with regard to those using AI.

⁵¹ Zhonghe school website <<https://www.zhongheschool.com/fakao/>> (accessed 26 December 2018).

⁵² King & Capital Law Firm, "2017 Research Report on the Online Legal Services Industry" <http://www.pkulaw.cn/LawFirmOikDetail/PDFReader.aspx?pdf=VB3Yd_a3jCYmCwWnwFMfhoKWd5cZHDYKEeSuczwOFcsgBeat3RlraFIFK0PtAwI2jm7Ptmwnzkw=>> (accessed 25 December 2018).

HONG KONG

By Brian W Tang¹

I. Introduction

Legal innovation, newlaw, lawtech, legaltech, regtech, suptech and govtech are phrases that are increasingly (and often confusingly) being used interchangeably in deliberations and pronouncements about the confluence of emerging technologies (such as automation, artificial intelligence (“AI”), data analytics and distributed ledger technologies such as blockchain) and business models (such as outsourcing and online or software subscriptions) that is impacting the delivery of legal and regulatory services.

Whether such developments normatively constitute legal innovation or legal disruption is in the eye of the beholder, and depends on who the purported beneficiary or client is:

- (a) Law firm market – the beneficiary or customer is the law firm seeking to improve its delivery of services that augments or at least maintains the profitability of partners of those legal professional services firms (often associated with the term “Legaltech”, “NewLaw” and “alternative legal service providers”).
- (b) Corporate counsel and regulatory compliance market – the beneficiary or customer is the in-house lawyer and/or compliance officer who is also seeking such improvements, but at the same time often with priorities relating to internal efficiencies and cost savings, which could be detrimental to the profitability of lawyers in the first category (often associated with the term “Legaltech” and “Regtech”).
- (c) Governments, regulators and the judiciary – the ultimate beneficiary or customer is the ordinary citizen and/or small and medium enterprise who seeks to benefit from easy-to-use and low-cost governmental and regulatory services and access to justice (often associated with terms “Suptech” and “Govtech”). Such initiatives, as well as the emergence of certain legaltech providers, may well disintermediate some of the current service providers, similar to the way fintech is disintermediating large segments of the financial industry. In many cases, governments also have a national agenda to remain competitive in the global environment of cross-border trade that is increasingly online and where data and digital identity are key strategic components.

At its core, these discussions relate to the changing structure and composition of the legal profession and market, in circumstances where large corporate clients are increasingly unwilling to pay for the work of trainees and newly-qualified lawyers² and emerging

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² Stacy Zaretsky, “Trendspotting? Major U.K. Client Refuses to Pay Junior Biglaw Attorneys” *Above The Law* (22 May 2017) <<https://abovethelaw.com/2017/03/trendspotting-major-u-k-client-refuses-to-pay-junior-biglaw-attorneys/>> (accessed 18 December 2018).

technologies are narrowing the traditional law firm pyramid by replacing or at least changing the roles played by junior lawyers.

This report is a brief summary of the State of the Legal Profession and Innovation in Hong Kong in 2018, and is hoped to be the first in a series of annual reports that will increasingly analyse developments in this market.

II. Overview of the structure of the legal profession in Hong Kong

Hong Kong is a special administrative region of China that has operated in accordance with the Basic Law under the “one country, two systems” principle since 1 July 1997.³ This principle enables Hong Kong to retain autonomy in relation to its governmental system, legal, economic, and financial affairs at least until 2047, while the central government maintains control over the special administrative region’s foreign affairs and ultimate legal interpretation of the Basic Law. As a result, Hong Kong has retained its Westminster-style government and British common law system that was introduced after it became subject to British rule in 1841 as a British crown colony and British dependent territory.

A. *Hong Kong’s legal education and requisite qualifications to be admitted*

Hong Kong has three universities that offer bachelor of laws degrees, namely the University of Hong Kong (“HKU”), Chinese University of Hong Kong, and City University of Hong Kong. Graduates of these universities, and of any recognised tertiary institution under the common law jurisdiction (or who pass the Common Professional Examination of England and Wales for non-law graduates) must also obtain a Postgraduate Certificate in Law (“PCLL”) (run by these three universities) and:

- (i) in the case of a solicitor, undergo two years employment as a trainee solicitor; or
- (ii) in the case of a barrister, undergo six months pupillage under a pupilmaster before being called to the Bar, and another six months before he or she can commence full practice.

The Hong Kong Legislative Council has a Standing Committee on Legal Education and Training (“SCLET”) which stated in its 2017 Annual Report:⁴

- (i) 702 and 674 candidates took part in the PCLL Conversion Examination in eight different prerequisite subjects in January and June 2017 (as compared to 687 and 680 candidates respectively in the January and June 2016 Conversion Examinations).

³ The Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China (1990) Art 5.

⁴ Hong Kong Legislative Council Standing Committee on Legal Education and Training, “Annual Report 2017” (2017) <<https://www.legco.gov.hk/yr17-18/english/counmtg/papers/cm20180711-sp125-e.pdf>> (accessed 18 December 2018).

- (ii) The average pass rate of the subjects examined in January 2017 was 66.27% (as compared to 71.5% in the January 2016 results) and that in June 2017 was 55.32% (as compared to 70.2% in the June 2016 results).

In the landmark Comprehensive Review of Legal Education and Training in Hong Kong – Final Report of the SCLET Consultants in April 2018,⁵ it was estimated that the rate of training employment is 80-90%.

B. *Hong Kong's legal profession*

Hong Kong's legal profession is governed by the Legal Practitioners Ordinance (Chapter 159) and is mainly divided into:

- (i) solicitors (with limited rights of audience before the courts) who are regulated and licensed by the Law Society of Hong Kong; and
- (ii) barristers who are regulated and licensed by the Hong Kong Bar Association.

Solicitor firms are typically structured as sole practitioners and firms consisting partnerships or limited liability partnerships (available only for foreign law firms). Barristers operate as independent legal practitioners (i.e. sole proprietor) and are prohibited from entering into partnerships.

Foreign law firms comprising foreign registered lawyers can advise on the laws of their own jurisdictions or international law, but cannot advise on Hong Kong law. Overseas lawyers who have practiced as solicitors for at least two years may complete the Overseas Lawyers Qualification Examination to qualify as a Hong Kong solicitor. Similarly, there is a Barristers Qualification Examination for overseas barristers.

Associations of law firms may be established if there is a common solicitor, and a formal association is formed where there is a common equity partner. Groups practice amongst different sole practitioners or firms (akin to the barrister “chamber practice” model) is permitted, if premises, facilities and unqualified staff can be shared without creating a partnership.

Multi-disciplinary practices are not permitted.

According to the Law Society of Hong Kong, as of 31 December 2017:⁶

- (i) There were 9,463 solicitors with a current practising certificate.

⁵ Hong Kong Legislative Council Standing Committee on Legal Education and Training “Comprehensive Review of Legal Education and Training in Hong Kong – Final Report of the Consultants” (April 2018) <<https://www.sclet.gov.hk/eng/pdf/final2018.pdf>> (accessed 18 December 2018).

⁶ Hong Kong Law Society website <https://www.hklawsoc.org.hk/pub_e/about/> (accessed 15 December 2018).

- 6,951 solicitors were in private practice working in 892 Hong Kong law firms.
 - 2,696 solicitors were partners or sole practitioners.
 - 4,255 solicitors worked as assistant solicitors or consultants in Hong Kong law firms.
 - 2,512 solicitors held a current practising certificate but were not in private practice (mainly in-house corporate lawyers and government legal officers).
 - Approximately half of these solicitors hold an unconditional practicing certificate which allows him or her to practice on their own account or in a partnership.⁷
- (ii) Of the 892 Hong Kong Law firms, 423 of 47% were sole practitioners. Of all the sole practitioners, 44% did not employ any other legally qualified persons.
- (iii) Of all 9,463 practising solicitors, 52% were men and 48% were women. By comparison, of the 1,156 trainee solicitors, 40% were men and 60% were women.
- (iv) There were 84 foreign law firms. 1,018 foreign lawyers were employed in Hong Kong law firms and 415 foreign lawyers in foreign law firms.

According to the Bar Association of Hong Kong, as of July 2018, there were 1,489 practicing barristers, of which 104 are senior counsels and 1,385 are juniors.

Hong Kong recognises the role of notaries public for the preparation and authentication of documents for use abroad, which are licensed and regulated by the Hong Kong Society of Notaries. As of 30 April 2018, there are 372 members, all of whom are experienced solicitors, and majority have 15-20 years post-admission qualification.⁸

Under the Closer Economic Partnership Arrangement (“CEPA”), Hong Kong permanent residents with Chinese citizenship can sit the legal qualifying examination and acquire Mainland China (“Mainland”) legal professional qualifications and engage in non-litigation legal work in Mainland law firms.⁹ CEPA also allows for Hong Kong law firm representative offices to form non-partnership associations with Mainland law firms in the Guangdong province, and to form partnership associations in Qianhai in Shenzhen, Nansha in Guangzhou, and Hengqin in Zhuhai, with further geographic expansions pending Mainland legislation and

⁷Heidi Chu, “Unconditional Practising Certificate” *Hong Kong Lawyer* (February 2017)

<<http://www.hk-lawyer.org/content/unconditional-practising-certificate>> (accessed 14 December 2018).

⁸ Hong Kong Society of Notaries website <<http://www.notaries.org.hk/en/AboutUs/index.aspx>> (accessed 17 December 2018).

⁹ Trade and Industry Department, “Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) – Agreement on Services in Trade” <https://www.tid.gov.hk/english/cepa/tradeservices/leg_liberalization.html#3> (accessed 18 December 2018).

regulation amendment.¹⁰ The Hong Kong Trade Council reports that as of the end of February 2015, there were 22 approved Hong Kong Service Supplier (HKSS) applications in the legal services sector that enjoyed preferred treatment offered by the Mainland, with 14 Hong Kong firms having association arrangements with mainland counterparts.¹¹

Many corporate or in-house lawyers based in Hong Kong are not registered with the Law Society of Hong Kong, especially those that work for multi-national corporations and financial institutions. The Association of Corporate Counsel – Hong Kong (formerly Hong Kong Corporate Counsel Association) is the pioneer association representing in-house lawyers which has over 800 members.¹²

C. *Judiciary*

Since 1997, the Court of Final Appeal replaced the Judicial Committee of the Privy Council as Hong Kong's final appellate court, with the power of final interpretation of the Basic Law vested in the Standing Committee of the National People's Congress of China.

Under the Basic Law, Hong Kong maintains the separation of an independent judiciary, and judicial appointments are made by the Chief Executive upon nomination and recommendation of the Judicial Officers' Recommendation Commission (headed by the Chief Justice and composing local judges, persons from the legal profession and other reputable persons) in consultation with the judiciary and the legal profession and endorsed by the Legislative Council by way of resolution. All judges and magistrates must have been qualified as legal practitioners either in Hong Kong or in another common law jurisdiction and have had substantial professional experience.

Currently, the Court of Final Appeal consists of three Hong Kong permanent judges and 15 non-permanent judges (12 of whom are from overseas).¹³

III. Hong Kong's legal market

Hong Kong has long been known to have a sizeable legal market as a global financial centre and common law jurisdiction. This relates to Hong Kong-based lawyers assisting with cross-

¹⁰ Trade and Industry Department, "Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) – Frequently Asked Questions" (June 2018) <https://www.tid.gov.hk/english/aboutus/faq/files/faq_legal.pdf> (accessed 18 December 2018).

¹¹ Hong Kong Trade Development Council Research, "CEPA 2015 – Free Trade with Guangdong in Professional Services" (31 March 2015) <<https://hkmb.hktdc.com/en/1x0a1yrf/hktdc-research/cepa-2015-%E2%80%93-free-trade-with-guangdong-in-professional-services>> (accessed 15 December 2018).

As of 30 November 2018, 24 HKSS certificates for legal services have been issued. See Trade and Industry Department, "Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) – Statistics and Research" <https://www.tid.gov.hk/english/cepa/statistics/hkss_statistics.html> (accessed 15 December 2018).

¹² Association of Corporate Counsel website <<https://www.hkcca.net/membership>> (accessed 15 December 2018).

¹³ Bernard Chan, "Hong Kong's Top Court Appointments Sent a Signal that the Rule of Law Remains Strong" *South China Morning Post* (29 March 2018) <<https://www.scmp.com/comment/insight-opinion/article/2139320/hong-kongs-latest-top-court-appointments-send-signal-rule>> (accessed 15 December 2018).

border transactions and dispute resolution, including arbitration and mediation (although it should be noted that neither arbitrators nor mediators need to be lawyers although a majority of them are).

Hong Kong has consistently been ranked as one of the five most preferred seats of arbitration, alongside London, Paris, Singapore, and Geneva.¹⁴

According to Hong Kong Trade and Development Council Research:¹⁵

- In 2016, Hong Kong's exports of legal services amounted to US\$321 million (HK\$2.5 billion), up 8.6% from the year-earlier period.
- In 2017, Hong Kong International Arbitration Centre (“HKIAC”) handled 532 dispute resolutions (including arbitration and mediation), with the total disputed amount increasing from HK\$19.4 billion in 2016 to HK\$39.3 billion in 2017. Of the 297 arbitrations, 217 were international and 80 were domestic.

Accordingly, Hong Kong has played host to many international legal industry conferences such as International Chamber of Commerce’s Asia Conference on International Arbitration, iTechLaw’s (International Technology Law Association) Asia Pacific Conference and ALM and International Legal Technology Association’s LegalTech Asia Technology Summit. Legal innovation is increasingly a focus, with the 2019 Association of Corporate Counsel Asia-Pacific Annual Meeting to be held in Hong Kong, and having an Innovation and LegalTech Stream.¹⁶

IV. Growth of alternative legal service providers in Hong Kong

A 2016 survey by the In-House Congress Hong Kong showed that 82.1% of in-house legal counsel have used or would be willing to use an alternative legal service provider or NewLaw.¹⁷ Flexible work arrangements contributed to this growth of “law’s third way” of retaining and deploying talent compared with traditional law firm and in-house careers by providing for secondment opportunities into legal departments of large companies or to work remotely from home.¹⁸

¹⁴ School of International Arbitration, Queen Mary University of London, White & Case, “2018 International Arbitration Survey: The Evolution of International Arbitration” <[http://www.arbitration.qmul.ac.uk/media/arbitration/docs/2018-International-Arbitration-Survey---The-Evolution-of-International-Arbitration-\(2\).PDF](http://www.arbitration.qmul.ac.uk/media/arbitration/docs/2018-International-Arbitration-Survey---The-Evolution-of-International-Arbitration-(2).PDF)> (accessed 18 December 2018).

¹⁵ Hong Kong Trade and Development Council Research, “Legal Services Industry in Hong Kong” (30 August 2018) <<http://hong-kong-economy-research.hktdc.com/business-news/article/Hong-Kong-Industry-Profiles/Legal-Services-Industry-in-Hong-Kong/hkip/en/1/1X000000/1X003UYK.htm>> (accessed 18 December 2018).

¹⁶ Association of Corporate Counsel, “2019 Annual General Meeting Program” <<https://www.acc.com/education/apac19/program/#>> (accessed 18 December 2018).

¹⁷ Hong Kong Law Society, “What’s Driving the Trend of “On-Demand” Lawyers for Hong Kong Corporates?” *Hong Kong Lawyer* (December 2016) <<http://www.hk-lawyer.org/content/what%E2%80%99s-driving-trend-%E2%80%98-demand%E2%80%99-lawyers-hong-kong-corporates>> (accessed 18 December 2018).

¹⁸ Elizabeth Beattie, “Law’s Third Way” *Asian Legal Business* (24 October 2018) <<https://www.legalbusinessonline.com/features/laws-third-way/76642>> (accessed 18 December 2018).

Currently, NewLaw providers in Hong Kong include Axiom, KorumLegal, Lawyers On Demand (previously AdventBalance), Cognatio Law as well as from law firms Allen & Overy's Peerpoint and Eversheds Agile. Traditional legal recruitment firms also operate contract lawyer units.

Legal operations have increasingly emerged as a growing driver of efficiency and cost savings in legal departments,¹⁹ with the appointment of legal department chief operating officers and the involvement of procurement.²⁰ For example, KorumLegal is expanding services in this area.

LegalTech is also emerging, with cloud legal software solution provider Zegal (formerly Dragon Law) growing ever since being founded in 2013 in Hong Kong and now expanding into Singapore, Australia, New Zealand, and the United Kingdom.

Yet, it is important to note that the Acritas Asia Pacific Alternative Legal Brand Index²¹ shows that the top five brands recognised in a survey of 221 senior counsel collectively responsible for US\$1.2 billion of legal spending consists of three Big Four accounting firms and the two longstanding legal research vendors: PwC Legal, EY (Ernst & Young), KPMG, LexisNexis and Thomson Reuters.

Tiang & Co in Hong Kong is associated with PwC Legal International, the Big Four's licensed foreign law practice in Singapore and part of its global legal network. LC Lawyers LLP in Hong Kong is part of the EY global network of law firms. Both Deloitte and KPMG are reported to be opening their Hong Kong legal practices by 2019.²²

There is an argument that the Big Four are creating an option in the event that the Hong Kong rules relating to law firm ownership and structures follow other jurisdictions (such as the United Kingdom after the Clementi report)²³ and change accordingly.²⁴

In the aftermath of the sale of 55% of its financial and risk business (now known as Refinitiv) to a consortium led by Blackstone for approximately US\$17 billion, Thomson Reuters is geared to invest more heavily into its legal product lines of legal research and know-how (adding AI to Westlaw Edge and Practical Law), business and practice management, litigation support,

¹⁹ See eg, the various initiatives of the Corporate Legal Operations Consortium (CLOC). CLOC website, "Get Ahead for CLOC Initiatives" <<https://cloc.org/achieve/#initiatives>> (accessed 18 December 2018).

²⁰ See eg, Buying Legal Council, "2018 Buying Legal Services Survey – Insights into Legal Procurement" <<http://www.buyinglegal.com/?p=14740>> (accessed 18 December 2018). This is focussed on North America and Europe, not Asia.

²¹ Acritas, "Asia Pacific Alternative Legal Brand Index 2018" <<https://www.acritas.com/asia-pacific-alternative-legal-brand-index-2018>> (accessed 18 December 2018).

²² John Kang, "Big Four's Deloitte to Launch 25-Lawyer Hong Kong Law Firm" *The American Lawyer Law.com* (29 November 2018) <<https://www.law.com/international/2018/11/29/big-fours-deloitte-to-launch-25-lawyer-hong-kong-law-firm/>> (accessed 18 December 2018).

²³ David Clementi, "Review of the Regulatory Framework for Legal Services in England and Wales – Final Report" (December 2004) <http://www.avocatsparis.org/Presence_Internationale/Droit_homme/PDF/Rapport_Clementi.pdf> (accessed 30 December 2018).

²⁴ Ryan Swift, Enoch Yiu, "As Big Four Move into Legal Sector, Hong Kong Firms Left to Independence, Fair Competition" *South China Morning Post* (27 December 2018) <<https://www.scmp.com/business/banking-finance/article/2179541/big-four-move-legal-sector-hong-kong-firms-left-ponder>> (accessed 18 December 2018).

conducting investigations and mitigating risk (e.g. CLEAR, a product offering) and fast-track drafting (e.g. Contract Express).

Similarly, RELX Group's Lexis-Nexis has been launching new products, such as Integrated Web Search and Context (which turns legal language from judicial decisions and expert witness documents into analytics) and will be launching Lexis Advance Hong Kong for legal research in 2019.

In the meantime, eDiscovery has been a burgeoning business in Hong Kong, where recent local securities regulatory and the United States Foreign Corrupt Practices Act investigations have driven its adoption, as have cross-border data transfer issues.²⁵ One report estimates that the Asia-Pacific region will have the world's highest compound annual growth rate by 2023.²⁶

Software and services have been ever improving, such as Relativity offering custom text analytics and machine learning applications by language.ai built on kCura's platform.

V. Hong Kong's innovation and technology policy priority as it relates to the legal sector

Hong Kong Chief Executive Carrie Lam has stated that “[m]y Government has made innovation and technology a policy priority, which I believe will benefit all sectors, including the legal sector” and “[a]part from fintech, lawtech is also becoming increasingly important”.²⁷

In the 2018-19 budget, the Hong Kong government outlined four areas of technological innovation which will be given substantial financial support: biotechnology, AI, smart city and financial technology.²⁸ The focus on funding for AI research and development, startups, and the Technology Talent Admission Scheme can benefit the growing of the ecosystem for legal innovation. The development and growth of Zegal (formerly Dragon Law) benefitted from being an incubator in Cyberport that is owned by the Hong Kong government.

The Chief Executive's 2018 policy address²⁹ was expanded upon by the Secretary of Innovation and Technology,³⁰ who announced that a Smart Government Innovation Lab will be established by the Office of the Government Chief Information Officer, as well as more chatbot

²⁵ John Kang, “The Era of E-discovery” *Asian Legal Business* (12 May 2017)

<<https://www.legalbusinessonline.com/features/era-e-discovery/74412>> (accessed 18 December 2018).

²⁶ PR Newswire, “\$17.3 Billion eDiscovery Market – Global Forecast to 2023” (19 June 2018) <<https://www.prnewswire.com/news-releases/17-3-billion-ediscovery-market---global-forecast-to-2023--300668568.html>> (accessed 18 December 2018).

²⁷ The Government of Hong Kong SAR, “Speech by CE [Chief Executive Carrie Lam] at Belt and Road Conference Opening Ceremony” (28 September 2018) <<https://www.info.gov.hk/gia/general/201809/28/P2018092800450.htm>> (accessed 18 December 2018).

²⁸ The Government of Hong Kong SAR, “The 2018-2019 Budget, Budget Speech” Financial Secretary Paul Chan Mo-po (28 February 2018) Items 63–75 <<https://www.budget.gov.hk/2018/eng/budget13.html>> (accessed 18 December 2018).

²⁹ The Government of Hong Kong SAR, “Hong Kong SAR, The Chief Executive 2018 Policy Address – Policy Agenda” (11 October 2018) <<https://www.policyaddress.gov.hk/2018/eng/pdf/Agenda.pdf>> (accessed 18 December 2018).

³⁰ The Government of Hong Kong SAR, “Opening Remarks by S for IT [Secretary of Innovation and Technology Nicholas Yang] at Press Conference on Innovation and Technology Initiatives in Chief Executive's 2018 Policy Address” (11 October 2018) <<https://www.info.gov.hk/gia/general/201810/11/P2018101100833.htm>> (accessed 18 December 2018).

functions in the GovHK portal for search and use of e-Government services, and the rollout of eID to access e-Government services and submit government forms electronically.³¹

Separately, the judiciary has been developing in phases its Informational Technology Strategy Plan to provide an electronic option for the handling of court-related documents, including an Integrated Court Case Management System, and will seek the requisite legislative amendments.³²

VI. Hong Kong's role in dispute resolution for Belt and Road Initiative and online dispute resolution

China's Belt and Road Initiative ("BRI") seeks to enhance connectivity through a Silk Road Economic Belt land corridor as well as a maritime silk road that originally envisioned encompassing Asia, Africa, the Middle East and Europe, and now extends to Latin America.

On 14 December 2017, the Chief Executive signed the Arrangement with the National Development and Reform Commission for Advancing Hong Kong's Full Participation in and Contribution to the BRI,³³ with a "blueprint"³⁴ focusing on six key areas, namely: finance and investment; infrastructure and maritime services; economic and trade facilitation; people-to-people bonds; taking forward the Guangdong-Hong Kong-Macao Bay Area Development; and enhancing collaboration in project interfacing and dispute resolution services.

Relevantly, the arrangement seeks "to support Hong Kong in establishing itself as a centre for international legal and dispute resolution services in the Asia-Pacific region to provide relevant services for the Belt and Road Initiative."

In addition to promoting Hong Kong's common law and international dispute resolution credentials at the 2018 Colloquium on International Law, Chief Executive Carrie Lam also reported that "the legal profession and the dispute resolution professional sector, with the policy support of the Government, are actively establishing an online dispute resolution platform."³⁵

³¹ Legislative Council Panel on Information Technology and Broadcasting, "The Chief Executive Policy Address – Policy Initiatives of Innovation and Technology Bureau" (23 October 2018) *LC Paper No. CB(4)24/18-19(01)*, at [5] <https://www.ogcio.gov.hk/en/news/legco_briefs/2018/10/doc/lb_20181023.pdf> (accessed 18 December 2018).

³² Legislative Council of Hong Kong, "Legislative Council Panel on Administration of Justice and Legal Services – List of Outstanding Items for Discussion" (13 December 2018) <<https://www.legco.gov.hk/yr18-19/english/panels/ajls/papers/ajls20181219cb4-323-1-e.pdf>> (accessed 18 December 2018); Legislative Council of Hong Kong, "Legislative Council Panel on Administration of Justice and Legal Services – Reducing the Use of Paper in the Judiciary" (October 2018) <<https://www.legco.gov.hk/yr17-18/english/panels/ajls/papers/ajlscb4-1602-1-e.pdf>> (accessed 18 December 2018).

³³ Government of Hong Kong SAR, "Arrangement between the National Development and Reform Commission [NDRC] and the Government of Hong Kong Special Administrative Region for Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative (Courtesy Translation)" (14 December 2017) <http://gia.info.gov.hk/general/201712/14/P2017121400551_274123_1_1513241987560.pdf> (accessed 18 December 2018).

³⁴ Government of Hong Kong SAR, "Arrangement between NDRC and HKSAR Government on Advancing Hong Kong's Full Participation in and Contribution to Belt and Road Initiative Signed (with photos/video)" *Press Release* (14 December 2017) <<https://www.info.gov.hk/gia/general/201712/14/P2017121400551.htm>> (accessed 18 December 2018).

³⁵ Government of Hong Kong SAR, "Speech by CE [Chief Executive Carrie Lam] at 2018 Colloquium on International Law (English only) (with photos/video)" (6 July 2018) <<https://www.info.gov.hk/gia/general/201807/06/P2018070600325.htm>> (accessed 18 December 2018).

The eBelt and Road Arbitration and Mediation (“eBRAM”) platform was originally spearheaded by Teresa Cheng SC³⁶ before she assumed the role of Hong Kong’s Secretary of Justice in January 2018. eBRAM was described by Teresa Cheng at the 2017 Belt and Road Summit as having the following features:³⁷

- (i) online arbitration and mediation services to support services provided by registered arbitrators and mediators from BRI countries with HKIAC as the default appointing authority in Hong Kong;
- (ii) secure video conference for virtual face-to-face meetings between claimant, respondent and/or arbitrator; and
- (iii) all documents uploaded (including final decisions) will be encrypted before transmission online and stored on the platform in Hong Kong, which will be protected by its data privacy laws.

At the 2018 Belt and Road Summit, Nick Chan, Chairman of the eBRAM Centre and co-chair of the Law Society’s InnoTech and Belt and Road Committees, focussed on eBRAM’s role in deal-making, and added more details, including real-time translation to break language barriers, as well as blockchain for sharing of authenticated and time-stamped documents securely stored in Hong Kong.³⁸

Online dispute resolution remains a high priority of the Department of Justice (“DOJ”). In its 2018 Policy Initiatives presented to the Legislative Council Panel on Administration of Justice and Legal Services in October 2018,³⁹ the DOJ resolved to:

- (i) encourage the development of online dispute resolution and give policy support to the development of a Belt and Road e-arbitration and e-mediation platform by non-governmental organisation, so that Hong Kong will be able to provide efficient and cost-effective online dispute resolution services; and
- (ii) give policy support to the development of a smart contract platform for use by enterprises of countries along the Belt and Road through exploiting developments in LawTech to facilitate transactions and resolve disputes.

³⁶ Thomas So, “President’s Message: Online Dispute Resolution” *Hong Kong Lawyer* (November 2017) <<http://www.hk-lawyer.org/content/online-dispute-resolution>> (accessed 18 December 2018).

³⁷ Teresa Cheng, “Belt and Road – E-arbitration and E-mediation” (11 September 2017) *Asian Academy of International Law, Presentation Slides* <http://www.beltandroadsummit.hk/pdf/Programme/DOJ_Ms_Teresa_Cheng.pdf> (accessed 18 December 2018).

³⁸ Nick Chan, “How eBRAM Can Use Technology to Help with Deal-making and Deal Resolving” *Presentation Slides presented at the Belt and Road Summit 2018, Hong Kong*, at slide 23 <http://www.beltandroadsummit.hk/2018/pdf/Programme/Mr_Nick_Chan.pdf> (accessed 18 December 2018).

³⁹ Legislative Council Panel on Administration of Justice and Legal Service, “2018 Policy Initiatives of the Department of Justice” (October 2018) CB(4)20/18-19(01), at [40] <<https://www.legco.gov.hk/yr18-19/english/panels/ajls/papers/ajlscb4-20-1-e.pdf>> (accessed 18 December 2018). DOJ also resolved to “continue to enhance Hong Kong e-Legislation (HKeL) to facilitate quicker and more convenient access to legislation.”

Through its work at the Asia Pacific Economic Cooperation (“APEC”) Economic Committee’s Friends of the Chair group on Strengthening Economic Legal Infrastructure, Hong Kong DOJ chaired the Work Plan on Online Dispute Resolution Workshop on the Use of Modern Technology for Dispute Resolution and Electronic Agreement Management Particularly Online Dispute Resolution,⁴⁰ with reference to the UNCITRAL Technical Notes on Online Dispute Resolution,⁴¹ and a Collaborative Framework for Online Dispute Resolution is being proposed.⁴²

These online dispute resolution initiatives correspond with the developments in Mainland China, where the Hangzhou Internet Court was created in August 2017 with jurisdiction over disputes relating to (i) online shopping contracts; (ii) network service contracts; (iii) online shopping products liabilities; (iv) ownership of network copyright and infringement; (v) Internet domain name; (vi) Internet microfinance loan contracts; and (vii) infringements upon others’ personality right.⁴³ Since being created, the court has reportedly handled more than 11,000 cases with 9,600 concluded within 38 days (twice as fast as the regular courts).⁴⁴ In September 2018, the Beijing and Guangzhou Internet Courts were established which include features such as identity confirmation by facial recognition and real-name authentication technology.⁴⁵ The Supreme People’s Court has allowed evidence stored and verified on blockchain platforms to be used in legal disputes.⁴⁶

VII. Facilitation of Regtech and Supotech adoption in Hong Kong

The Hong Kong Monetary Authority (“HKMA”) has signalled its support to “work with the banking industry and the technology community to further facilitate the adoption of Regtech”, namely the “use of innovative technologies by banks to achieve regulatory compliance or better risk management in a more effective and automated manner”, through its Banking Made Easy initiative, focusing on four areas:

⁴⁰ Asia Pacific Economic Cooperation, “APEC Workshop on the Use of Modern Technology for Dispute Resolution and Electronic Agreement Management” (2018) *APEC Project Database, Project EC 03 2018S* [particularly Online Dispute Resolution (ODR)] <<https://aimp2.apec.org/sites/PDB/Lists/Proposals/DispForm.aspx?ID=2076>>; APEC, “APEC Workshop on the SELI ODR Workplan” (2018) *APEC Project Database, Project EC 02 2018S* <<https://aimp2.apec.org/sites/PDB/Lists/Proposals/DispForm.aspx?ID=2245>> (accessed 18 December 2018).

⁴¹ United Nations Commission on International Trade Law, “UNCITRAL Technical Notes on Online Dispute Resolution” (2017) <http://www.uncitral.org/pdf/english/texts/odr/V1700382_English_Technical_Notes_on_ODR.pdf> (accessed 18 December 2018).

⁴² See eg, APEC, “APEC Workshop on Developing a Collaborative Framework for Online Dispute Resolution” (2018) *APEC Project Database, Project EC 05 2018A* <<https://aimp2.apec.org/sites/PDB/Lists/Proposals/DispForm.aspx?ID=2265>> (accessed 18 December 2018).

⁴³ The Litigation Platform of Hangzhou Internet Court, “The Operational Process” <<https://www.netcourt.gov.cn/portal/main/en/index.htm>> (accessed 18 December 2018).

⁴⁴ Xinhua, “China First Internet Court Handles over 10,000 Cases” *China Daily* (18 August 2018) <<http://www.chinadaily.com.cn/a/201808/18/WS5b77c8f4a310add14f386801.html>> (accessed 18 December 2018).

⁴⁵ See eg, Cao Yin, “Second Internet Court Set Up in Beijing” *China Daily* (10 September 2018) <<http://www.chinadaily.com.cn/a/201809/10/WS5b95b8e4a31033b4f46550e9.html>> (accessed 18 December 2018); Cao Yin, “China’s Third Internet Court Opens in Guangzhou” (28 September 2018) *China Daily* <<http://www.chinadaily.com.cn/a/201809/28/WS5badf326a310eff3032801a8.html>> (accessed 18 December 2018).

⁴⁶ See eg, Library of Congress, “Global Legal Monitor, China: Supreme Court Issues Rules on Internet Courts, Allowing for Blockchain Evidence” (21 September 2018) <<http://www.loc.gov/law/foreign-news/article/china-supreme-court-issues-rules-on-internet-courts-allowing-for-blockchain-evidence/>> (accessed 18 December 2018).

- (a) anti-money laundering (“AML”) and Combating Financing of Terrorism surveillance technologies;
- (b) Regtech for prudential risk management and compliance;
- (c) studies on machine-readable regulations; and
- (d) HKMA’s exploration of Suptech (supervisory technology).⁴⁷

This corresponds with the ongoing initiatives by regulators in other jurisdictions such as the United Kingdom’s Financial Conduct Authority,⁴⁸ the Australian Securities and Investments Commission,⁴⁹ and the Monetary Authority of Singapore.⁵⁰

The Fintech Association of Hong Kong convenes a RegTech Committee that comprises of financial institutions, fintechs, regtechs, large traditional vendors, consultants and lawyers. The Committee organised its inaugural Regtech Live! event that showcased four companies recognised as part of the RegTech 100⁵¹ with solutions to address the know-your-customer and AML concerns to combat financial crime.⁵²

RegTech also features prominently in Asia’s first fintech Massive Open Online Course (“MOOC”) that was led by HKU on edX which has had than 35,000 learners worldwide (January 2019).⁵³ The success of MOOC has led to Asia’s first interdisciplinary Professional Certificate Program in Fintech on edX⁵⁴ with courses on “Fintech Ethics and Risks, and Blockchain and Fintech: Basics, Applications and Limitations” to follow.

VIII. Ecosystem building and innovation in legal education

The University of Hong Kong’s Law and Technology Centre (a centre jointly established by the Faculty of Law and the Department of Computer Science) and the Legal Hackers Hong Kong chapter organised a Legal Innovation Panel Series in 2017 comprising a LegalTech Day⁵⁵ and a TechLegal Day⁵⁶ that brought together academics, practitioners, and policy-makers.

⁴⁷ Arthur Yuen, HKMA Deputy Chief Executive, “RegTech in the Smart Banking Era – A Supervisor’s Perspective” (27 September 2018) <<https://www.hkma.gov.hk/eng/key-information/speech-speakers/akhyuen/20180927-1.shtml>> (accessed 18 December 2018).

⁴⁸ See eg, Financial Conduct Authority, “Our Work Programme” <<https://www.fca.org.uk/firms/regtech/our-work-programme>> (accessed 18 December 2018).

⁴⁹ See eg, Australia Securities and Investments Commission, “RegTech” <<https://asic.gov.au/for-business/your-business/innovation-hub/regtech/>> (accessed 18 December 2018).

⁵⁰ See eg, Monetary Authority of Singapore et al, and “Global FinTech Hackcelerator: Industry Problem Standards” (21 May 2018) *Singapore Fintech Festival* <https://fintechfestival.sg/wp-content/uploads/2018/05/MAS-Hackcelerator_Problem-statements-catalogue-2018_2105.pdf> (accessed 18 December 2018).

⁵¹ Fintech.global, “Regtech 100” <<http://fintech.global/regtech100/>> (accessed 18 December 2018).

⁵² See eg, Fintech Association of Hong Kong, “FTAHK RegTechLive! 2018” *Video* <<https://youtu.be/JgNXpfhuJao>> (accessed 18 December 2018).

⁵³ See eg, edX, “Introduction to Fintech – About this Course” <<https://www.edx.org/course/introduction-to-fintech>> (accessed 18 December 2018).

⁵⁴ FinTech HKU, “Asia’s First Interdisciplinary Fintech Professional Certificate Program from HKU” (4 May 2018) *Blog on E-learning* <<https://tl.hku.hk/2018/05/asias-first-interdisciplinary-fintech-professional-certificate-program-from-hku/>> (accessed 18 December 2018).

⁵⁵ University of Hong Kong, Law and Technology Centre, “Legal Innovation Panel Series 2017 – LegalTechDay” <<https://www.lawtech.hk/legal-innovation-panel-series-2017-legaltech-day/>> (accessed 18 December 2018).

⁵⁶ University of Hong Kong, Law and Technology Centre, “Innovation Panel Series 2017 – TechLegalDay” <<https://www.lawtech.hk/2017-techlegal-day/>> (accessed 18 December 2018).

The Chinese University of Hong Kong's Centre for Financial Regulation and Economic Development set up the Machine Lawyering Blog in December 2017, whereby 2018 has proven to be pivotal in the development of legal innovation in Hong Kong.⁵⁷

In February, Hong Kong held its first legaltech and regtech hackathon hosted by Asia Capital Markets Institute and Thomson Reuters, where teams of law students, lawyers, and compliance officers worked with computer science students, data analysts, programmers, technologists, and AI researchers to create solutions to address legal business and access to justice.⁵⁸ The top Hong Kong team won the public sector category at the Global Legal Hackathon final in New York.⁵⁹

In March, the Legal Hackers Hong Kong chapter organised the Hong Kong Node of the global Computational Law and Blockchain Policy Festival, where panel discussions on legaltech, blockchain, and access to justice were held together with a workshop on smart contract drafting. The Blockchain Innovation and Policy Panel included a representative of the HKMA's Fintech Facilitation Office and was featured in the inaugural Stanford Journal of Blockchain Law and Policy.⁶⁰

In April and September, the Law Society of Hong Kong's Innotech Committee organised an Access to Justice Hackathon⁶¹ and a Belt and Road Justice Challenge,⁶² and the latter was held on the same day as the Law Society's "The ABC to Building a Smart Belt and Road: Law and Artificial Intelligence, Blockchain and Cloud" Conference.

In October, as part of Hong Kong Fintech Week and HKU Fintech Day, HKU soft-launched its Law, Innovation, Technology and Entrepreneurship ("LITE") programme.⁶³ LITE Lab@HKU is an interdisciplinary and experiential programme that is supported by the HKU Asian Institute of International Financial Law and the HKU Law and Technology Centre that will make a professional joint-appointment in collaboration with the Faculty of Law and the

⁵⁷ See eg, Brian Tang, Sebastian Ko, David Lam, "Jumpstarting Hong Kong's LegalTech and RegTech Ecosystem" *Chinese University of Hong Kong, Centre for Financial Regulation and Economic Development, Machine Lawyering Blog* (21 February 2018)

<<https://www.legalanalytics.law.cuhk.edu.hk/single-post/2018/02/21/Jumpstarting-Hong-Kong%E2%80%99s-LegalTech-and-RegTech-Ecosystem>> (accessed 18 December 2018).

⁵⁸ See eg, Brian Tang, "Decoding Law Wins Hong Kong's First LegalTech and RegTech Hackathon" *Asian Legal Business* (7 March 2018) <<https://www.legalbusinessonline.com/news/decoding-law-wins-hong-kong%E2%80%99s-first-legaltech-and-regtech-hackathon/75583>>; video at <<https://youtu.be/-wIgAPX28HM>> (accessed 18 December 2018).

⁵⁹ See eg, Jason Tashea, "Global Legal Hackathon Announces Winners" *American Bar Association Journal* (24 April 2018) <http://www.abajournal.com/news/article/global_legal_hackathon_announces_winners>; Alvin Lum, "Hong Kong Students Develop Web Browser Chatbot that Helps You Decode Complex Legislation" *South China Morning Post* (12 May 2018) <<https://www.scmp.com/news/hong-kong/community/article/2145843/hong-kong-students-develop-web-browser-chatbot-helps-you>> (accessed 18 December 2018).

⁶⁰ David Lam, "2018 Computational Law and Blockchain Festival DISCUSS Symposium Reports – Hong Kong Node" *Stanford Journal of Blockchain Law & Policy*, Vol. 1, No. 1 (24 June 2018) <<https://stanford-jblp.pubpub.org/pub/hong-kong>> (accessed 18 December 2018).

⁶¹ See eg, Sebastian Ko, "Access to Justice Hackathon: Lessons in Promoting Legal Innovation" *Asian Legal Business* (7 May 2018) <<https://www.legalbusinessonline.com/news/access-justice-hackathon-lessons-promoting-legal-innovation/75747>> (accessed 18 December 2018).

⁶² "InnoTech Law Hackathon: Belt & Road Justice Challenge" *Hong Kong Lawyer* (September 2018) <<http://www.hk-lawyer.org/content/innotech-law-hackathon-belt-road-justice-challenge>> (accessed 18 December 2018).

⁶³ See eg, Fintech Hong Kong, "Hong Kong Fintech Week 2018 – Day 1 Highlights" *Fintech Hong Kong News* (30 October 2018) <<http://fintechnews.hk/7416/various/hong-kong-fintech-week-2018-day-1-highlights/>> (accessed 18 December 2018).

Department of Computer Science. In addition to the courses that are part of two new interdisciplinary Bachelor of Arts and Science (“BASc”) streams, namely BASc in Financial Technology (led by the Department of Computer Science and Faculty of Business and Economics)⁶⁴ and the BASc in Design+ (led by the Faculty of Architecture),⁶⁵ LITE Lab@HKU⁶⁶ has already created a community that has supported student teams at hackathons (where HKU teams won the first and second prizes of the Law Society’s Belt and Road Justice Challenge), has commenced an AI and autonomous driving initiative using the Duckietown platform originally developed by the Massachusetts Institute of Technology⁶⁷ and is supporting the creation of a student-led HKU Blockchain and Crypto Club.⁶⁸

IX. Ongoing evolutionary journey of Hong Kong’s legal profession and market

Europe’s colonial expansion which began in the early 15th century effectively resulted in the creation of the legal profession seen across many parts of the world. This was perhaps due to a combination of the colonial export and evolution of the guilds formed by university educated jurists in Roman and canon law in Medieval Western Europe,⁶⁹ together with the Inns of Court system which housed, trained and disciplined all barristers from which came the English judges who laid out the common law.

Lawyers worldwide have generally retained the trust of society to regulate their own professional standards to serve the best interests of clients over their own. However, independent regulatory oversight is a trend being seen in other professions, such as auditors of publicly listed companies,⁷⁰ and also in the legal profession.⁷¹

The recent SCLET Comprehensive Review of Legal Education and Training in Hong Kong final report observed:

⁶⁴ For more information on HKU BASc in Financial Technology curriculum, see: The University of Hong Kong, Bachelor of Arts and Sciences, Financial Technology website, “Regulations, Syllabus & Timetables” <<https://fintech.cs.hku.hk/Curriculum/CDetails>> (accessed 9 March 2019).

⁶⁵ For more information on HKU BASc in Design+ syllabus, see: The University of Hong Kong, Bachelor of Arts and Sciences in Design+ website, “Regulations, Syllabus & Timetables” <<https://www.arch.hku.hk/programmes/design/bachelor-of-arts-sciences-in-design-plus/regulations-syllabus-timetables/>> (accessed 9 March 2019).

⁶⁶ For more information on LITE Lab@HKU, see their website at: <<https://lite.law.hku.hk/>> (accessed 9 March 2019).

⁶⁷ For more information on Duckietown, see their website: <<https://www.duckietown.org/>>.

⁶⁸ See eg, HKU Blockchain and Crypto Club inaugural event “Decrypting Blockchain”, Poster <<http://wp.cedars.hku.hk/fileupload/files/ca/1022cc.pdf>> (accessed 9 March 2019).

⁶⁹ See eg, James Brundage, *The Medieval Origins of the Legal Profession, Volume 1* (The University of Chicago Press, 16th Ed, 2010).

⁷⁰ For example, the US Public Company Accounting Oversight Board (PBAOB) was established by the Sarbanes-Oxley Act of 2002 to oversee accounting professionals who provide independent audits for publicly-traded companies after the bankruptcies of WorldCom and Enron and the collapse of Arthur Andersen. Similarly, in Hong Kong, the Financial Reporting Council was created to conduct independent investigations into possible auditing and reporting irregularities in relation to listed entities, with a bill currently in the Hong Kong Legislative Council to regulate auditors of listed entities over the Hong Kong Institute of Practising Certified Public Accountants: see eg, Legislative Council, “Legislative Council Legal Service Division Report on Financial Reporting Council (Amendment) Bill 2018” (26 January 2018) (*LC Paper No. LS25/17-18*) <<https://www.legco.gov.hk/yr17-18/english/hc/papers/hc20180126ls-25-e.pdf>>; “Legislative Council Brief – Financial Reporting Council Ordinance (Chapter 588), Financial Reporting Council (Amendment) Bill 2018” (*File Ref: ACCT/2/1/2C*) <https://www.legco.gov.hk/yr17-18/english/bills/brief/b201801191_brf.pdf> (accessed 18 December 2018).

⁷¹ See eg, the UK Legal Services Act that resulted from the 2004 Clementi Review of the Regulatory Framework for Legal Services in English and Wales.

Technological and associated organisational disruption of legal services has important implications for access to justice, the business of “doing” law, the skills required of new lawyers, and, perhaps, the demand for new lawyers as well. These developments require both new knowledge and skills... and, it is argued, potentially a different mindset.⁷²

It will be interesting to continue to research how legal innovation and emerging technologies and business models evolve in Hong Kong, and how different stakeholders (from law firms to corporate clients, from the government, regulators and the judiciary, to start-ups and law schools) react to, collaborate and drive these changes.

⁷² Hong Kong Legislative Council Standing Committee on Legal Education and Training “Comprehensive Review of Legal Education and Training in Hong Kong – Final Report of the Consultants” (April 2018) <<https://www.scler.gov.hk/eng/pdf/final2018.pdf>> (accessed 18 December 2018).

REPUBLIC OF KOREA

By Narae Lee¹ & Haebin Lee²

I. Country overview

A. Legal system in brief

(1) General introduction

The Republic of Korea (“Korea”) is a civil law-based country. Written laws and regulations are the primary sources of law in Korea. The Korean legislative framework consists of the Constitution, Acts and subordinate statutes such as orders and rules of local governments, etc. The Constitution, which is the prime law in the Korean legal system, stipulates the basic rights of citizens as well as the power and balance among the legislative, executive and judicial branches. The Korean Constitution was first enacted in 1948 and has been revised nine times since then. Revised in 1988 as a result of a pro-democracy movement against dictatorship, the current Constitution regulates a five-year single-term presidency. As there has been a call for a revision of the Constitution to reflect the changes in society, a revision bill of the Constitution was submitted by the incumbent President Moon Jae-in, which did not pass the quorum in the Congress in 2017.

As the legislative branch, the Congress may pass Acts or amendments to Acts to realise the constitutional rights, which become effective upon proclamation by the President. The President, Prime Minister and Ministries may issue the Orders as administrative legislations to stipulate specific details to execute and implement the Acts properly to the extent delegated by the Acts.

Furthermore, a constitutional adjudication system has been adopted in Korea since 1988. Under this system, the Constitutional Court is empowered by the Constitution to decide constitutional cases, including decisions on whether any Act or Order is in violation of the Constitution, whether a certain political party is in violation of the Constitution, disputes between constitutional organisations, and impeachment cases against the President, Prime Ministers, Ministries or Judges. In 2014, the Constitutional Court ordered the United Liberal

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² Haebin Lee is a researcher at Block Crafters, where she conducts analysis of blockchain innovation and the related regulatory environment. She is also a co-organizer of Legal Hackers’ Seoul chapter, a global organization to explore legal innovation. Haebin has previously worked with leading firms including the Boston Consulting Group, LG CNS, and Cheil Worldwide (a marketing agency of Samsung) as a researcher. Her recent research article on stablecoin and its economic implications has appeared in Altcoin Magazine. She holds B.A in Business Administration from Yonsei University and is expecting M.A. in International Business from Yonsei University.

Party to be dissolved due to the unconstitutionality of the party for the first time. In December 2016, the Constitutional Court made a historical decision to impeach then-president Park Geun-hye for violation of the President's obligations to preserve the rights of the citizens pursuant to the Constitution.

(2) *Judicial system*

The Korean judicial system is based on a three-instance trial system, which grants the right to anyone to receive judgments no less than three times for the same case in the District court, Appellate court and Supreme court. There are special courts such as the patent court, family court and administrative court to deal with specific types of cases.³ While the Korean legal system is based on codes, precedents decided by the Justices of the Supreme court are binding on later cases, which requires agreements of majority of the Justices to revise the precedents with two-thirds of the Justices in quorum.

The jury system has been partially adopted in Korea in criminal cases from 2008 for when the defendants wish to receive jury trials. However, jury trials have been implemented in only a limited scope in Korea. According to the statistics, merely 0.04% out of all criminal cases have proceeded to jury trials, while 1.4% out of the total subject cases for jury trials prescribed in the Act have been tried in jury trials for the last six years from 2008.⁴

(3) *Education system for legal professionals*

From 1964 to 2017, the education system for legal professionals in Korea had been based on a state national bar exam called "Sabup-gosi". Regardless of whether he/she has a bachelors' degree, anyone who has acquired 35 credits in legal courses and passed an English aptitude test should pass Sabup-gosi, which is structured in three steps, and anyone who passes Sabup-gosi should receive a two-year mandatory professional training at the Judicial Research and Training Institute ("JRTI"), which is a sub-organisation of Supreme court. After completing the two-year training at JRTI, he/she becomes a judge, public prosecutor or attorney-at-law.

However, as some argued for a change in legal education under the traditional system and the necessity of revamping legal education in a changing world, a law school system modeled after that of the USA and Japan was adopted in Korea in March 2009. Under this system, he/she who attains a bachelor's degree should enter law school and receive a three-year training in law. After the completion of his/her training, he/she should pass the bar exam, and if he/she passes it, he/she becomes a lawyer, public prosecutor or a law clerk at court.

By the time the last Sabup-gosi took place in 2017, Sabup-gosi and the law school system had co-existed in Korea, causing a sharp increase in the number of lawyers in Korea, which had been tightly controlled by the government before the adoption of the law school system. The number of newly-entered legal professionals, including attorneys, public prosecutors and

³ Supreme Court of Korea website <<https://eng.scourt.go.kr/eng/judiciary/introduction.jsp>> (accessed 18 January 2019).

⁴ Kim Jae-jung, "A Study on the Present Condition and Measures of Civil Participation in Criminal Trial in Korea" (2016) Law Review vol 49, Law Research Institute of Chonbuk National University at p 196 and 199.

judges, during the period from 2012 to 2014 (7,818) occupies 65% of the total number of attorneys-at-law who were active as of 2011 (10,976).⁵

Currently, there are 25 law schools authorised in Korea, and the total number of students who are accepted in the law schools are about 2,106 each year.⁶ As several problems in the law school system have been pointed out, such as fairness and objectivity of student recruitment procedures,⁷ as well as too much focus on the bar exams in the law school curriculum,⁸ controversial debates are going on to request changes to be made to legal education in the law schools.

<Table 1. The Number of Total/Newly Registered Korean Licensed Attorneys>⁹

Year	2011	2012	2013	2014	2015	2016	2017	2018
Total number of attorneys	12,607	14,534	16,604	18,708	20,531	22,318	24,015	25,451
Newly-registered attorneys	847	2,057	2,074	2,148	1,888	1,839	1,778	N/A

Introducing the law school system also affected the bar exam. The bar pass rate for law school graduates has increased to 87% in 2012, which was striking given that the rate was only under 2% in Sabup-gosi. With the criticism and concerns toward the sudden increase in the number of attorneys, the pass rate has declined from 87.2% in 2012 to 49.4% in 2018.

(4) Legal market opening to foreign law firms

The FTA (Free Trade Agreement) has provided a regulatory framework for Korean legal market liberalisation in three phases. Phase 1 permitted foreign law firms to establish branch offices in Korea (so-called “Foreign Legal Consultant Office”) and to advise their clients only on foreign law. In phase 2, the Foreign Legal Consultant Offices were permitted to make a partnership and a fee arrangement with Korean law firms for cases in which both Korean and foreign laws are applied. Lastly, in phase 3, foreign and Korean law firms were permitted to establish a joint venture that may hire Korean attorneys and handle either Korean or foreign legal matters. Starting from phase 1 in 2012, phase 3 has been applied to EU law firms from July 2016, and to US law firms from March 2017.

Statistics show, however, that despite the Korean legal market liberalisation, the rate of foreign law firms entering the Korean market is relatively low. There are 29 branch offices of Foreign

⁵ Korea Bar Association, “Work Manual for In-house Counsel” (February 2015) at p 16.

⁶ Korean Association of Law Schools website <<http://info.leet.or.kr/introduce/present.htm>> (accessed 18 January 2019).

⁷ Lee Sueon, “로스쿨 교수가 폭로한 입시 비리 의혹” *Sisa IN* (3 May 2016) <<https://www.sisain.co.kr/?mod=news&act=articleView&idxno=25901>> (accessed 9 March 2019).

⁸ Park Suyeon, “[로스쿨 10년 성과와 과제] ② 커리큘럼 개선” *Law Times Korea* (10 May 2018) <<https://www.lawtimes.co.kr/Legal-News/Legal-News-View?serial=142735>> (accessed 9 March 2019).

⁹ Ministry of Justice, “Monthly Statistics of Korean Licensed Attorneys” <http://m.moj.go.kr/HP/COM/bbs_M/BoardList.do?strNbodCd=noti0044&strRtnURL=MWEB402010&strOrgGbnCd=100000&strThisPage=1&strSrchGbn=1&strSrchWord=%BA%AF%C8%A3%BB%E7%20%C7%F6%C8%B2> (accessed 18 January 2018).

Legal Consultant Offices in Korea, among which 6 are from the UK, 1 is from China, and 22 are from the United States, as of 30 November 2018. Except the initial year of 2012, there is no striking increase in the number of new Foreign Legal Consultant Offices. The statistics also demonstrate limited entry of foreign legal consultants, which refers to attorneys licensed to practice laws in foreign nations and whose status is approved by the Ministry of Justice to provide legal services in Korea. There are 164 of foreign legal consultants in total as of 30 November 2018 without a noticeable increase in its number during the last seven years.

<Table 2: The number of registrations for Foreign Legal Consultant / Office in Korea>^{10 11}

Year	2012	2013	2014	2015	2016	2017	2018	Total
The number of newly registered Foreign Legal Consultants	34	30	18	12	35	21	14	164
The number of newly registered Foreign Legal Consultant Offices	13*	5	4	5	1	0	2	29
Note	*Korean office of Simpson Thacher & Bartlett LLP Foreign Legal Consultant Office (US) which had opened in 2012 is now closed as of 30 November 2018.							

Even after phase 3 fully went into effect in 2017, there has been not been a single joint venture established by Korean and foreign law firms. It is often pointed out that the Foreign Legal Consultant Act obstructs legal market liberalisation by limiting partnership between foreign and Korean law firms, as opposed to its original purpose of promoting legal market liberalisation by setting rules.¹² Pursuant to Article 35(16) of this Act, a foreign participant of a joint venture shall not hold more than 49% of shares of the joint venture law firm. As foreign law firms with limited portion of shares cannot exercise decisive power in the joint ventures and are subject to unlimited liability for any professional negligence, this restriction partially reduces an incentive for foreign law firms to enter into the Korean legal market.

B. Key stakeholders in the legal industry

(1) Main types of legal services providers

Legal services are mainly provided by law firms in Korea. Just like attorneys, the total number of law firms operating in Korea has been increasing for the last eight years after the adoption of the law school system. Table 3 shows the number of law firms according to size. We define large law firms as firms with more than 100 attorneys, while medium firms have 25 to 100

¹⁰ Ministry of Justice, “List of Foreign Legal Consultants” <http://m.moj.go.kr/HP/COM/bbs_M/ListShowData.do?strNbodCd=noti2501&strWrtNo=58&strAnsNo=A&strFilePath=moj/&strRtnURL=MWEB407020&strOrgGbnCd=100000> (accessed 18 January 2019).

¹¹ *Ibid.*

¹² Kim Duol, “Policy Issues on Legal Market Liberalization, Legal Market Trend, and Its International Expansion” (2017) National Assembly Research Service Congressional Research Service Report at p 67–69.

attorneys, and small firms have less than 25 attorneys. The number of large and medium law firms has been consistent over the years. The number of large law firms has been ranging from 7 to 9, while that of medium law firms ranges from 2 to 4 with a slight exception in 2011. On the other hand, the number of small law firms has increased significantly by 241% in 2018 since 2011.

<Table 3. The Number of Korean Law Firms>¹³

Year	2011	2012	2013	2014	2015	2016	2017	2018
Large law firms	7	7	8	9	9	9	9	7
Medium law firms	8	4	3	2	2	2	2	4
Small law firms	466	619	720	837	915	979	1037	1124
Total	481	630	731	848	926	990	1048	1135

Table 4 and Table 5 show more aspects of the law firm industry growth in Korea. While the number of large law firms has been steady, the number of attorneys hired by those firms doubled in the last eight years. However, Table 5 shows that the attorneys working at large law firms occupy ten to twelve percent without much fluctuation, suggesting that large law firms have hired new attorneys in proportion to the increasing number of attorneys. Table 5 also indicates that the massive influx of new attorneys in the market did not bring substantial changes to the legal service industry. The group of large law firms still stays large, while small firms remain small and has only become greater in number. According to the news, Korean legal market share is concentrated in a few large law firms. Kim and Chang, which is one of the biggest law firms in Korea, recorded over one trillion KRW total yearly revenue in 2017, which occupies 49.9% of the total yearly revenues of the major six law firms that exceeded 100 billion KRW yearly revenue respectively.¹⁴

<Table 4. The Number of Attorneys at Korean Law Firms>¹⁵

Year	2011	2012	2013	2014	2015	2016	2017	2018
The number of attorneys at Large law firms	1,457	1,773	2,066	2,394	2,539	2,660	2,839	2,719

¹³ Ministry of Justice, "Monthly Statistics of Korean Attorneys" <http://m.moj.go.kr/HP/COM/bbs_M/BoardList.do?strNbodCd=noti0044&strRtnURL=MWEB402010&strOrgGbnCd=100000&strThisPage=1&strSrchGbn=1&strSrchWord=%BA%AF%C8%A3%BB%E7%20%C7%F6%C8%B2> (accessed 18 January 2019).

¹⁴ Lee Seungho, "김앤장, 국내로펌 최초 연매출액 1 조원 시대... 2 위는 태평양" *Joongang Daily* (13 February 2018) <<https://news.joins.com/article/22368300#none>>.

¹⁵ Ministry of Justice, "Monthly Statistics of Korean Attorneys" <http://m.moj.go.kr/HP/COM/bbs_M/BoardList.do?strNbodCd=noti0044&strRtnURL=MWEB402010&strOrgGbnCd=100000&strThisPage=1&strSrchGbn=1&strSrchWord=%BA%AF%C8%A3%BB%E7%20%C7%F6%C8%B2> (accessed 12 December 2018).

The number of attorneys at Medium law firms	353	361	285	156	161	157	138	244
The number of attorneys at Small law firms	10,018	10,398	14,196	16,158	17,831	19,501	21,038	22,488
Total	12,607	14,534	16,604	18,708	20,531	22,318	24,015	25,451

<Table 5. The Percentage of Number of Attorneys at Korean Law Firms>¹⁶

Year	2011	2012	2013	2014	2015	2016	2017	2018
Percentage of attorneys at Large law firms	11.6%	12.2%	12.4%	12.8%	12.4%	11.9%	11.8%	10.7%
Percentage of attorneys at Medium law firms	2.8%	2.5%	1.7%	0.8%	0.8%	0.7%	0.6%	1.0%
Percentage of attorneys at Small law firms	85.6%	85.3%	85.8%	86.4%	86.8%	87.4%	87.6%	88.4%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Besides law firms, in-house attorneys are also providing legal services to corporations. Many companies are hiring in-house attorneys by internalising the legal services inside the firms. As the number of lawyers increase upon the adoption of the law school system, barriers to hiring attorneys as in-house counsel have been lowered. Moreover, after the IMF financial crisis in Korea, it has been emphasised that companies should manage their businesses in compliance with the laws and regulations, which resulted in an increasing number of in-house counsel. There are 1,825 in-house counsel registered in Korea In-house Counsel Association as of 31 December 2017.

(2) *Main regulatory body of legal industry*

The Ministry of Justice is the main government organisation which regulates and supervises the legal industry in Korea. The Ministry of Justice supervises and monitors the legitimacy of attorneys' practices and has the authority to review any cases imposing penalties on attorneys in violation of the Attorneys' Act as an appellate body of the Korean Bar Association's decision.

¹⁶ *Ibid.*

Furthermore, the Ministry of Justice takes the lead in negotiating about the legal services sector in Free Trade Agreements with regards to legal market opening as well. Many public prosecutors work in the Ministry of Justice for a relatively short span of two to three years, and the Minister of the Ministry of Justice had usually been appointed from people with a lot of experience in practicing law as public prosecutors, until the incumbent Minister, Sanggi Park, inaugurated in July 2017. After Minister Park's inauguration, several senior positions in the Ministry of Justice have been opened for non-public prosecutors in an effort to reform the organisation into that of non-public prosecutors.¹⁷

(3) *Legal tech startups and the funds they have raised*

In Korea, legal technology is at its early stages, exploring its possibilities in a limited scope due to regulatory limitations. Since there are no credible statistics on the number of legal tech startups or its market size, this paper will list only a handful of legal tech startups through media/online research. The list includes Intellicon, LawTalk, Help Me, Amicus Lex and DLN Company, the five most prominent and seemingly the only legal tech startups in Korea.

Intellicon, a tech startup established in 2013, aims to develop an Artificial Intelligence (“AI”) system focused on intuitive legal search, legal inference, and legal Q&A optimised for continental law. LawTalk provides an AI chatbot which helps clients identify legal issues through online conversation and finds similar cases with their problems. This service also provides a marketplace where clients efficiently search for attorneys. Help Me is a startup that features a legal writing automation service for corporate registration and inheritance. It also provides a platform which helps clients find suitable attorneys, which is similar to that of LawTalk. Amicus Lex is another startup that provides extensive legal contract writing automation services. DLN Company declared in December 2018 that it rolled out a beta version of its service called “Comake”, which is an online contract service based on blockchain technology, and is planning to launch a formal service in 1Q 2019.¹⁸

Recently, it was reported that Amicus Lex has hosted 15 billion KRW from the Korea Credit Guarantee Fund and will be additionally hosting up to 10 billion KRW from the government and private funds pursuant to Tech Incubator Program for Startup (TIPS), a startup incubator and investment program hosted by the Small and Medium Business Administration of Korea.¹⁹ Besides this startup, funding status for the other legal tech startups are not disclosed to the public.

¹⁷ Lim Myeongchan, “법무부 검찰국도 ‘탈검사회’... “과장급에 일반직 가능”” *MBC News* (24 December 2018) <http://imnews.imbc.com/news/2018/society/article/5083883_22673.html> (accessed 9 March 2018).

¹⁸ Bang Eunjoo, “블록체인 기반 온라인 계약서비스 ‘코메이 x 크’ 선보여” *ZD Net Korea* (6 December 2018) <<http://www.zdnet.co.kr/view/?no=20181206000322>>.

¹⁹ Lee Seokwon, “팁스 선정된 ‘제법아는언니’” *Venture Square* (27 December 2018) <<https://www.venturesquare.net/772604>>.

(4) *Specific obstacles faced by industry players seeking to innovate*

First, we can point out lots of restrictions on the ways to practice law in the Attorneys' Act. Pursuant to the Act, any person who is not licensed to practice as an attorney in Korea ("non-attorney") is prohibited from practicing law, including advising or representing clients in lawsuits or arbitration in exchange of any economic profits, and a criminal penalty of up to seven years in prison shall be imposed on anyone in violation of this prohibition (Article 109(1) of Attorneys' Act). Whenever a new way of providing legal services is introduced, it usually becomes an issue whether the new service is in violation of this article. Specifically, when it comes to a machine-learning based legal database which automatically finds legal issues for the users, the question of whether this service is in violation of this article would be argued.

Moreover, attorneys-at-law are not allowed to be hired as an employee of any commercial corporations or entities without permission from the Korean Bar Association ("KBA") according to the Attorney's Act (Article 38). Originally, this article was designed to prevent any situation where attorneys are hired by brokers who illegally connect attorneys to clients. Due to the broad wording of this Article which makes various interpretations possible, many legal issues have been raised. For example, KBA's sub-committee had opined in 2014 that working as in-house legal counsel in corporations could be interpreted as a violation of Article 38 of the Attorney's Act. Having encountered strong opposition from Korea In-house Counsel Association, the sub-committee did not publicly declare its opinion.

In addition, attorneys are not allowed to operate their business in partnership with non-attorneys according to the Attorneys' Act (Article 34). Due to this restriction, consulting firms which advise corporate entities on operations including strategies and HR matters cannot provide legal advisory services to the corporate entities in Korea.

Furthermore, the ways that the attorneys advertise themselves are strictly restricted according to the Act (Article 23(1)). Unless the attorneys receive approval from KBA on professional areas of legal expertise, they are not allowed to indicate their professional areas of legal expertise in the advertisements. There have been several cases where the KBA's Ethics Committee imposed penalties on attorneys for violating regulations on advertisements.

II. Technological innovation

Legal technologies in Korea are found mainly in three domains: searching for a lawyer, legal writing automation, and legal research. First, legal tech startups such as LawTalk are noticeable in the lawyer-search segment. Based on AI chatbot technology, these firms provide clients with a list of attorneys and their work experience and clients' reviews on the platform, and even recommend attorneys suited to the user's case by analysing online chats. With the service, users can even make a reservation for a legal consultation with the attorneys online. Established in 2012, there are more than 1,200 attorneys registered on the platform, and more

than 157,615 matches have taken place through the platform as of December 2018.²⁰ In a legal service market which presents severe information asymmetry, clients have a hard time finding suitable attorneys due to the lack of information on the attorneys' career backgrounds and fee estimates. New technologies are lowering the barriers for the public to access legal services.

Legal writing automation is another domain where legal tech startups have started to flourish. With a service such as Amicus Lex, clients can write legal documents online using the pre-designed format in just a few minutes, without getting help from a licensed professional. Amicus Lex explained that the time and costs for legal documentation can be reduced by 80% with its service. This service is now provided free-of-charge, unless the users request online document review services by the attorneys.

“LawnB” is one of the most popular legal research database platforms in Korea, which provides keyword-searching services and databases for relevant statutes, cases and recent legal news and updates.²¹ After being acquired by Thomson Reuters in 2012, LawnB has updated its platform several times to provide better services to the legal professionals. Recently, LawnB also launched a contract automation service called “Contract Express” which helps attorneys to draft documents with reduced legal risks in a short time.²²

AI technology is also frequently used in legal research. Legal research is known as one of the most time- and cost-consuming steps in the legal service. Statistics also show that attorneys spend 20% of their time on case research while law firms spend immense expenses on legal research.²³ Intellicon has developed “i-LIS”, which is claimed to be the first Korean legal AI system. i-LIS is an advanced legal search engine, combining AI, big data, and cognitive visualisation technologies. In 2018, DR & AJU, one of the largest law firms in Korea, announced that it adopted U-Lex, a legal search engine based on the i-LIS system, which marks the first case where a major law firm officially adopted a legal technology developed by a startup.²⁴ The interview with DR & AJU revealed that attorneys could easily find complicated special acts and orders through i-LIS in just a few seconds.²⁵

The Korean government has tried to apply AI technology to public legal research service. The Ministry of Justice has launched “Bubbi”, an AI chatbot service for legal Q&A and legal research for the public in 2017, which was built based on a database of Supreme Court precedents, legal counseling cases, and applied examples.²⁶ Users can access the service at any time and easily search for legal information focused on real estate leases, labor affairs and the law of inheritance through internet and Kakao Talk, the most widely-used messaging platform

²⁰ These statistics may be found on the homepage of LawTalk Korea's official website at <<https://www.lawtalk.co.kr/>> (accessed December 2018).

²¹ LawnB website <<http://www.lawnb.com/>> (accessed 9 March 2019).

²² Contract Express website <<http://company.lawnb.com/Products/ContractExpress>> (accessed 9 March 2019).

²³ “State of Legal Tech Industry and Implications”, Hyundai Research Institute, 2016, p 6.

²⁴ Ah Hyeri, “[논설위원이 간다]로펌 간 한국 첫 AI 변호사...검사도 놓친 분석 '단 20 초' [출처: 중앙일보] [논설위원이 간다]로펌 간 한국 첫 AI 변호사... 검사도 놓친 분석 '단 20 초'” *JoongAng Daily* (6 April 2019) <<https://news.joins.com/article/22508494>>.

²⁵ *Ibid.*

²⁶ “인공지능 생활법률상담 '버비', 상속 분야도 답변해 드립니다” *Yeonhab News* (27 February 2018) <<https://www.yna.co.kr/view/AKR20180227060200004?input=1195m>>.

in Korea. Through this service, the public can easily research legal matters in an efficient manner.

III. Regulatory innovation

Recently, with the assistance of Korean Bar Association, the rules on perusing and copying of judgments of criminal cases have been revised so as to allow anyone to be able to peruse and copy decisions on criminal cases from January 2019. Until now, judgments of civil and criminal cases were only partially disclosed due to privacy concerns, and attorneys had difficulties finding other cases for reference when preparing their cases through legal research. This change is a big step forward from the current situation, which may help the development of legal technology based on machine learning.

With regards to the stringent restrictions on attorneys pursuant to the Attorneys' Act, substantial regulatory revisions have not been put in place yet. However, many agree on the necessity to revise the stringent regulations in the legal service market in line with the changing environment. In May 2018, Sung Ho Chung, a congressman of the ruling party, hosted a discussion session regarding the revision of the regulatory framework for technological innovation to enhance efficiency in the legal service market.²⁷ In the session, Byung Chul Oh, a professor in the Department of Law in Yonsei University, quoted an opinion saying that if only law firms and attorneys are allowed to provide legal services based on AI technology due to the Attorneys' Act, the entry barrier to the legal technology will become too high.²⁸

The regulatory sandbox which will be effective from the first half of 2019 can be an opportunity for some legal technology startups to be granted exemption from the current regulations to a limited extent. Although the regulatory sandbox is not particularly designed for the legal technology sector, legal technology startups can apply their services to the regulatory sandbox, which grants ad-hoc permission to the innovative service providers to provide their services in a limited scope for up to two years.

²⁷ Lee Jiwon, "AI 변호사 등장... "리걸테크 산업 육성 필요"" *Korean Bar Association* (7 May 2018) <<http://news.koreanbar.or.kr/news/articleView.html?idxno=18094>>.

²⁸ Lee Seung-yun, "AI 법률서비스등 '리걸테크' 발전 위해 변호사법 개정해야" *Lawtimes* (4 May 2018) <<https://www.lawtimes.co.kr/Legal-News/Legal-News-View?serial=142740&page=6>>.

IV. Dispute resolution innovation

To bring innovation to the dispute resolution system, an electronic case filing system and e-discovery rules have been adopted in Korea. From 2010, an electronic case filing system has been used for any legal case except criminal cases, which will be adopted in 2020. Through this system, litigants can file lawsuits online, and the courts can promptly deliver official notices and documents to the person involved in the case via the internet. According to a recent statistic in the judicial yearbook published by National Court Administration in 2017, 65.7% of total civil lawsuits filed were processed through electronic case filing system, while more than 80% of civil lawsuits were filed online in southern and central district courts in Seoul.²⁹ The courts can effectively manage the cases by digitising documents involved in lawsuits, and the parties can easily submit required documents to the courts in a timely manner with reduced costs. In line with the adoption of the e-filing system, the courts also adopted electronic courtrooms for civil lawsuits beginning from 2010, which are equipped with digital facilities to access the online lawsuit records anytime and to share documents with the judges, lawyers and the parties at the same time. There are now 450 electronic courtrooms equipped with these facilities across the nation in high courts and district courts.³⁰

The e-discovery system has been partially adopted in criminal cases through the revision of the Criminal Procedure Act in 2007. Unlike in common law countries, discovery is only adopted in criminal cases to preserve the right of the defendants to defend themselves with equal evidence in Korea. Defendants have been able to request public prosecutors to provide evidence and relevant documents in their hands pursuant to the Criminal Procedure Act, and through the revision of the Act in 2007, defendants are able to request public prosecutors to provide any online documents in digital formats as well (Article 266(3) of the Criminal Procedure Act). However, specific procedures and scope for the e-discovery have not been put in place, and it is hard to find any cases where the defendants or their attorneys exercised e-discovery on public prosecutors so far since 2007.³¹ Public prosecutors express concerns that the investigation information leakage may lead to an unjust criminal penalty, while the defendants, accusers, and attorneys claim that the current e-discovery system is not clear enough.

V. Business innovation

Many law firms use case management software which helps them manage cases and clients in an efficient manner managed by tech companies. For example, due dates for appeals or petitions submission, which are exemplary peremptory periods that render the appeals or petitions void in case of a lapse, used to require extra attention from attorneys and officers working in the attorneys' office to count appropriately and not to miss the date. This case management system helps them manage due dates in an efficient manner. Lawtop³² and

²⁹ National Court Administration, "Judicial Yearbook 2017" at p 738-739.

³⁰ Court of Korea website, <<http://www.scourt.go.kr/judiciary/information/etrial/index.html>> (accessed 18 January 2019).

³¹ Kwon Yangsub, "Study on Digital Discovery (E-discovery) System on Criminal Procedure", (2016) 16 Law Review 2, Korean Law Association, p 422.

³² Lawtop website, <<http://lawtop.co.kr/>> (accessed 9 March 2019).

Lawffice³³ are two well-known case management software that several law firms or offices have adopted in Korea.

In addition, some in-house legal teams adopted a software to efficiently manage internal legal matters as well as outside legal counsel, while others have developed their own management system for legal issues which is connected to a groupware used by the corporations. Law.ai is one of the representative companies which provides management solutions for legal issues to in-house legal teams.³⁴

VI. Education innovation

There have not been any changes in the ways of educating or training current or future legal professions with new methods or techniques. As the laws and legal practices have remained the same despite the emergence of new technologies, legal education and training have not changed much. However, there has been a trial to adopt new technology in legal education in 2015 when Professor Soonkoo Myung, a civil law professor from Korea University, taught a civil law class to his students via a Massively Open Online Course. He mentioned that it helped him prepare the classes in detail and that the students gave positive feedback, saying that they could take initiative over their study and could focus on the class very well.³⁵

VII. Future developments

To develop legal technology further in Korea, it is necessary to revise the Attorneys' Act which builds high entry barriers for those interested in this market. Moreover, the restrictions on attorneys building a partnership with non-attorneys should be changed as well to open up various possibilities of cooperation between attorneys and non-attorneys. Introducing desirable cases of legal technology from other countries would help the public understand correctly the concept of legal technology and the benefits from it, such as easy access to justice. In this way, legal technology may provide new opportunities to the attorneys and work as a catalyst to reform Korean legal system to be more transparent and open to the public.

³³ Lawffice website <<http://lawffice.kr/Htmlmain/index.html>> (accessed 9 March 2019). Lawffice is provided by Thomson Reuters.

³⁴ Law.ai website <<https://www.law365ai.com/>> (accessed 9 March 2019).

³⁵ Myung Soonkoo, "Education in Civil Law through Mooc: An Experience and Assessment – Based on an Example of Korea University", (2016) Korea University Law Review vol 80, Legal Study Institute of Korea University.

MALAYSIA

By Pang Jofan¹ and Sanjev Sharma²

I. Country overview

A. *Legal system in brief*

Malaysia is a common law jurisdiction which adopts a Westminster-modelled constitution and a constitutional monarchy. The Yang di-Pertuan Agong, also known as the Supreme Head or the King, is the monarch and head of state of Malaysia. The constitution specifies that the executive power of the Federal government is vested in the Yang di-Pertuan Agong. However, he is bound to exercise this power on the advice of the Executive or a minister acting under the Executive's authority. The Executive is headed by the Prime Minister, appointed by the Yang di-Pertuan Agong from among the elected members of Parliament. The Legislature is a bicameral Parliament comprising the 222 Members of Parliament in the Dewan Rakyat - the lower house, and 70 Senators in the Dewan Negara - the upper house; and is tasked with making laws, checking on government actions and policies, and financial scrutiny of the government.

As a federation of 13 states and 3 federal territories, each state in Malaysia also has its own Monarch and Executive arms. The Federal Constitution of Malaysia provides for different areas of powers which fall under the jurisdiction of the Federal Government and State Government respectively. The Judiciary is led by the Chief Justice and comprises the Superior Courts – The Federal Court, Court of Appeal, and High Courts - and the Subordinate Courts consisting of the Sessions Court and Magistrates Court.

B. *Key stakeholders in the legal industry*

The Attorney General of Malaysia (position currently held by Tommy Thomas) is the main legal adviser to consult the Government of Malaysia on the nation's legal matters as well as leading public prosecutorial cases. Further, the Federal Constitution of Malaysia provides for the Public Prosecutor's statutory powers, which extend to instituting, conducting or discontinuing any proceedings for an offence so long as it stays within the ambit of the civil/criminal courts, and does not interfere with the jurisdiction of the Syariah courts.

Next, the Malaysian Bar is a statutory legal entity established under the former Advocates and Solicitors' Ordinance 1947, which was subsequently replaced by the Legal Profession Act 1976 ("LPA"). The Bar is an independent body whose aim is to uphold the rule of law and the cause of justice, and protect the interest of the legal profession as well as that of the public. The legal profession in Malaysia is a fused one with a membership of approximately 16,000 members.

¹ Legal Hackers Kuala Lumpur.

² Legal Hackers Kuala Lumpur.

Each advocate and solicitor is automatically a member of the Malaysian Bar as long as he/she holds a valid Practising Certificate.

Foreign law firms, on the other hand, are defined as firms which provide legal services in foreign law and include a corporation duly constituted for the purpose of practicing law established or licensed to provide legal services by the appropriate licensing authority of a state or territory other than Malaysia, under Section 40A of the LPA. Albeit allowed to practice in Malaysia (provided that the requirements and application for a license are fulfilled), these firms can only practise in the permitted practice areas, which expressly excludes, *inter alia*, constitutional and administrative law, criminal law, and conveyancing procedures. The admission of foreign law firms is governed by Part IVA of the LPA. Only up to five licences will be granted for foreign law firms, as this avenue has been created to support the Malaysian Government's Malaysian International Islamic Finance Centre ("MIFC") initiative. These licences will therefore only be granted to firms that have proven expertise in international Islamic finance, and which would be able to support and contribute to the MIFC.

Law schools in Malaysia have the great responsibility of bringing students up to competent levels in both secular and Islamic law, as well as of equipping them for long-term careers in the law. Thus, the foundations set in school must adhere to proper guidelines and have a view of producing future legal practitioners. This is where industry-based administration of law courses, legal research, and industrial training come in to successfully meet the students' academic targets and career aspirations in a fast-paced business world. The local Bachelor of Laws (LL.B) programme is offered by public universities (e.g University of Malaya, National University of Malaysia, International Islamic University Malaysia etc) and private institutions (Multimedia University), and there are also alternatives for students who opt to undertake the UK LL.B program which include Taylor's University and HELP University's UK Degree Transfer (2+1/1+2) programmes, which is typically governed by the University of London.

C. Key statistics

Particularly for West Malaysia and the Federal Territory of Labuan, the Bar Council has released the confirmed number of active legal practitioners as of October 2018 which amounts to a total 18,915 members, of which the largest portion (8,217) comes from legal practitioners located in the Federal Territories. In contrast, the least number of practitioners is recorded in the state of Perlis. The same pattern is seen in the amount of registered law firms in Malaysia, which extends to 7,953 law firms across the Peninsula. In East Malaysia, the Advocates Association of Sarawak reported a total of 1,390 active practitioners followed by 251 law firms registered in the state. It is to be noted however that this report was accurate as of 2016 and the number is expected to have grown over the span of two years. The Sabah Law Society, on the other hand, reported fewer lawyers (719 people) practicing in the state of Sabah but boasts a larger number of 333 registered law firms. Relative to Malaysia's considerably large population size of 32,276,919 people, lawyers comprise only 0.065% of the population. This has been viewed by observers as a major factor for the rise in alternative legal service providers and legal technology.

II. Technological innovation

Both private firms and public institutions have been actively developing legal technologies. Some important trends are artificial intelligence, big data, and online legal service providers. As indicated in the Chief Justice of Malaysia Richard Malanjum's speech at the 2019 Opening of the Legal Year, the legal sector has been actively (yet cautiously) moving towards technological innovation in the industry. These efforts have targeted most of the key stakeholders in the legal industry. In the speech, CJ Malanjum had underlined some key points that are very relevant to the regulatory part of the legal industry when it comes to the application of technology.

The problems faced by lawyers such as the inconvenience of being present physically to keep up with the status of their cases has been tackled by the introduction of e-Review, where all case management at the appellate levels is done online. Furthermore, the option of video conferencing will be made available in Kuala Lumpur, Penang and Shah Alam, which all experience heavy traffic flow daily. This innovation will allow case hearings to be conducted on a timely basis and concluded significantly faster than it would have been if conducted traditionally. Next, the Queue Management System was phased in to allow lawyers to be notified of their place in line through their mobile phones, instead of having to be present and wait for their turn to present their cases. Another effort by the judiciary that has notably developed is the Complaint Mechanism provided via hotlines and social media to receive public complaints and suggestions on their performance. Finally, the CJ teased the attendees with the possibility of the Malaysian courts going paperless by June 2019.

Apart from the initiatives mentioned above, legal firms and practitioners have also jumped on the bandwagon towards adopting more tech-savvy methods of solving real life issues. The Current Law Journal is an independent legal publishing company employing the Internet as its medium of delivery. They were one of the first online publishers in South-East Asia and specialise in the provision of Internet services and use of Extensible Markup Language ("XML"). Its subscription database stores numerous legislations, articles and cases, all easily accessible for its users. A similar service used in Malaysia is the LexisNexis database which delivers powerful, new decision tools to customers by applying machine learning, natural language processing, visualization, and artificial intelligence to their global legal database. These recently-compiled databases have been a breakthrough in law practice as lawyers no longer have to spend hours flipping pages in search of one particular part of the law to refer to or apply to their case.

Legal firms have also benefited from CoreMatter, which is a legal practice management system. The team has spent over 20 years providing legal software solutions and services to law with a focus on providing solutions in document management, cost recovery, and IT services. The service helps SME-type law firms gain profitability and efficiency while doing their best for clients. The market has also seen SpiderLaw, which caters to small to medium sized law firms by providing them with the necessary tools to run their practice efficiently. This platform integrates AI in processing client accounts and details, office accounts, financial reports, billing, and payroll for the subscriber. In addition, the Denning Law Office established in Malaysia

offers a revolutionary Auto Document Drafting system. The user simply has to choose from a range of preloaded templates to auto-draft any letters/forms/agreements/bank/court documents they need with a single click. The system automatically fills in all required particulars into templates to produce completed documents in seconds.

Due to the demand for technological alternatives to the conventional legal sector, multiple new startups have emerged in Malaysia, all market their services competitively:

- **EasyLaw** is a calculator phone app which automates fees calculation on Sale & Purchase Agreement (SPA), Loan & Tenancy Agreement on your phone and promises instant results within 9 seconds.
- Landlords, tenants, and agents can utilise **Lesys Tenancy** to manage tenancy agreements using templates that are carefully drafted by the company's panel of lawyers and vetted by qualified lawyers, to ensure adequate protection in Tenancy Agreements.
- **Locum Legalis** allows lawyers to communicate privately with counterparties, manage multiple hearings, exchange documents, and make payments for outstation hearings.
- **Contract Hero** may appeal to law firms as it boasts web-based professional firm management software assisting firms in storing documents, matter status, and client information, and allows access from anywhere. It also reminds the user of upcoming works and important dates at the same time.

There have also been startups in the past five years with compelling concepts, but which have since permanently closed. This includes BurgieLaw, which adopted hotel booking sites' ethos of letting users filter lawyers by specialty and geography, then connecting them to the lawyers for an estimate and track record. CanLaw, on the other hand, provided a lawyer discovery platform on which the public could post their legal needs, and subsequently compare quotations and experience from lawyers who responded to the request. Last but not least, Answers-in-Law is a legal expenses indemnity service offered via an interactive legal and public services directory that provides immediate and affordable access to legal service providers, specialising in the area of law that assistance is required, from the network of independent law firms registered with the Malaysian Bar. Answers-in-Law indemnifies the cost of the initial legal services extended by the network of independent law firms.

III. Regulatory innovation

Over the years, there have been discussions on whether the services offered by legal tech platforms are legal, with particular attention given to Section 37 of the LPA. The section stipulates that no one is authorised to act as an advocate or solicitor or an agent for any party to proceedings or in any capacity, other than as a party to an action which he is himself a party. Under Section 37, legal tech companies could be considered as providing legal services on behalf of a lawyer due to the fact that it uses technology such as AI to simplify and offer legal

advice and solutions to the user. From a practitioner's point of view, this may be a threat to the profession, apart from it being unethical as mentioned. Debates on the legality of such services have been rising in light of a constantly increasing number of startups entering the market.

A landmark case concerning the permissibility of legal tech is *Bar Malaysia v Index Continent Sdn Bhd*.³ Here, the defendant was an online service provider that offered a public service directory of lawyers to the general public under the name of Answers-in-Law. In addition, they actively and resolutely advertised their services by sending out electronic mails to law firms and individual lawyers. As a result, legal practitioners who were involved complained to the Bar, which then initiated an action for an injunction to further prevent the defendant from profiting from the service of which legality was highly questionable. The Kuala Lumpur High Court found that the defendant had *prima facie* committed a breach of the Act and that its action was intolerable, as it sought to provide services of a legal nature to the “unsuspecting and gullible” members of the public.⁴

On appeal, the Court decided that the Bar did not have the *locus standi* to forward the claim and failed to comprehensively address the issue of breach of section 37 of the LPA.⁵ However, the apex court (Federal Court of Malaysia) ultimately put an end to the saga which carried on for five years by overturning the judgment of the Court of Appeal and giving ss. 37, 41, 42 and 57 of the LPA a narrow and restricted interpretation.⁶ It held that to appreciate the extent of the objective and purpose of the LPA, and the roles and functions of the appellant in the context of the wider interest of the legal profession and the public at large, a purposive interpretation promoting the purpose behind the enactment of the aforesaid provisions must be accorded; otherwise it would create an absurd situation which would defeat the appellant's statutory purpose of protecting the public, including the members of the Bar from violations of the LPA. The appellant, as the governing body for the legal profession, was empowered to bring a civil action to seek legal redress, including injunctive relief against the respondent who had acted in contravention of the LPA.

The judgment caused fear and hesitation among existing tech companies which had been trying to enter the legal tech market with their products. The Bar's position of taking a very strict interpretation of Section 37 may cause future legal tech startups to be reluctant to make their services available in Malaysia and cause a disruption in the market. On the matter, former Malaysian Bar President, George Varughese, mentioned that the Bar is not against technology *per se*. He further explained, “[It is out of the] need to protect the legal profession from unscrupulous vendors and/or access to products and services that flout the LPA and related legislation, or violate the rules and ruling of the Bar Council. It is also due to the need to ensure that access to legal services is properly regulated so that the general public is protected in terms of their access, including with reference to the quality of legal services.”

³ [2012] 4 MLJ 90.

⁴ *Id*, at [30].

⁵ [2014] 6 MLJ 451.

⁶ [2016] 1 MLJ 445.

This leads us to believe that there is quite possibly a plan existing to liberalise the provisions of the LPA in the near future. The Bar Council guaranteed that it would recommend the necessary amendments to the LPA which could include a specific provision on legal tech to encourage technology and innovation in the industry. Once proper vetting of providers and their product and services is done, Malaysia will be able to catch up on the legal tech trend and emerge as one of the leading markets in the future. Educational institutions also have a part to play in the regulatory innovation, as can be seen from the creation of numerous dedicated research centres and associations.

IV. Dispute resolution innovation

A domain name dispute generally arises from the conflict between the registration and use of a particular domain name online. Such disputes are closely connected to intellectual property rights and a regulatory body is thus needed to enforce and arbitrate domain name issues. In Malaysia, the Asian International Arbitration Centre (“AIAC”) has been directly appointed by the Malaysian Network Information Centre (“MNIC”) to administer said disputes. MNIC is the body that handles the registration of .my domain names and this is the only country code that can be registered by MNIC, considering that its jurisdiction lies within Malaysia. For the purposes of this discussion, we will look at the role of AIAC in attending to the aforementioned dispute, not focusing as much on domain name dispute resolution on a transnational level. Following this, the centre has come up with several rules and model laws that may be used by parties to the dispute in resolving their issues. Among the policies introduced in domain name dispute resolution proceedings consist of the application of MNIC’s Domain Name Dispute Resolution Policy (“MYDRP”), the Rules of the MYDRP, and AIAC Supplemental Rules. This is specifically seen to be an innovation, as parties no longer strictly conform to the traditional means of resolving disputes and are becoming more open to accepting novel approaches in issues concerning the usage of technology.

As of 30th September 2017, the number of registered domain names with “.my” was 327,109, according to the data offered by MYNIC, the sole administrator for web addresses with “.my” in Malaysia. This represents a steady increase of 2% over the same date of the previous year, which had a total of 320,619 registered domain names. In addition, the number of registrations has continued to expand at a determined and relentless pace. Since the first official record of registered “.my” of January 2008 to the present, registrations have grown by an outstanding 426.3%. At the same time, the number of cases handled by alternative dispute resolution centres continues to grow. For instance, 2016 was a year of records for domain name disputes under the Uniform Domain Name Dispute Resolution Policy (“UDRP”).⁷ The World Intellectual Property Organisation (“WIPO”), as a UDRP service provider, registered 3,022 cases in 2016, nearly a 10% increase from the preceding year. The Asian Domain Name Dispute Resolution Centre (“ADNDRC”), with four operating offices at the Chinese International Economic and Trade Arbitration Commission, Hong Kong International Arbitration Centre, Korean Internet Address Dispute Resolution Committee, and Kuala Lumpur Regional Centre for Arbitration,

⁷ Asian International Arbitration Centre, “The Rise of Domain Names: How to Protect Them?” (19 October 2017) <<https://www.aiac.world/news/204/The-Rise-of-Domain-Names:-How-to-Protect-Them?>> (accessed 16 February 2019).

in 2014 handled 226 cases under UDRP of a total of 246. The total number of cases of ADNDRC also represented an increase of 41% from 2013.

V. Business innovation

As regulations remain strict on how legal services can be rendered, the models in which legal services are provided remains limited. Apart from the traditional partnership system practiced by almost all law firms in Malaysia, there has recently been an introduction of Group Law Practice. The Legal Profession (Group Law Practice) Rules 2018, which came into operation on 30 June 2018, is a culmination of the Bar Council's initiative over the years — through its Small Firms Practice Committee — to introduce rules to permit small law firms to operate through a Group Law Practice while maintain their individuality and remaining as separate entities. Under these rules, up to five small firms are allowed to operate as a Group Law Practice, from common premises with shared facilities, resources and infrastructure. By operating as a group, the small firms can reduce their operating costs, increase their skill sets, and maximise their potential, marketability, and competitiveness in an increasingly competitive legal environment. By operating from common premises and sharing facilities and resources — such as furnishings, equipment, subscriptions, library, and staff — it is believed that small firms will be able to reduce their operating costs. Other than that, small firms will be able to promote themselves as a larger “firm”, become more attractive to clients, and draw higher fee-earning work.

With a generally conservative legal industry, there are only a very few innovation services targeted at the legal community. Locum Legalis is marketed as an app that allows lawyers to get in touch with each other to call in favours, like running mentions on behalf of each other and other routine attendances in court. According to its website, the app allows lawyers to communicate privately with counter-parties, manage multiple hearings, exchange documents, and make payments. This is especially useful in jurisdictions like Malaysia, where lawyers may have cases in different states and cities around the peninsular. EasyLaw, on the other hand, also provides services for conveyancing lawyers to do land searches nationwide from their website, with a starting price of RM 20.⁸ Through a simple form on their website which captures the request of a particular lawyer, they have a team that operationalizes these tasks and a network of runners to undertake these searches at the relevant land offices, which results they subsequently deliver back to the lawyers digitally.

VI. Education innovation

The Prime Minister of Malaysia, Mahathir Mohamad, has drawn special attention to the importance of Artificial Intelligence (“AI”) through education in the Q&A session with Malaysian students that was a part of his first official visit to Singapore as the 7th Prime Minister in November 2018. As he said, “for productivity, they must be well-educated and they must have new skills. They must understand new technology.” Thus he urged young people to actively acquire this fundamental knowledge. For this to happen, the current education system

⁸ EasyLaw website <<https://www.easylaw.com.my/>> (accessed 05 March 2019). Note that this EasyLaw differs from the Russian EasyLaw later mentioned in the Russia chapter.

needs to be revolutionised, he added. His remarks were made following his observation of new businesses, not only in Malaysia, but in most economically booming countries across the globe, focusing and operating primarily on AI. This sentiment has been shared by the Education Minister, Maszlee Malik, who has assured that the Education Ministry is working towards revamping the system by incorporating AI and coding into future syllabi in schools. It is undeniable that the government is gearing towards producing more graduates with technological expertise to stay relevant in this era.

In light of the Malaysian Government's focus on strengthening research to establish laws, regulations and ethical frameworks for the healthy development of AI, law schools and the private sector have responded by setting up new courses and even institutes. Brickfields Asia College ("BAC") is one of the first educational establishments that is starting to look into legal innovation and technology. The Asia Developer Academy ("ADA"), which is an initiative of BAC together with Established Education Providers and iTrain Malaysia, was established with the aim of teaching students to code in three months. This academy promises that its graduates will learn the semantics of code to be able to pick up new and ever-evolving programming languages (or frameworks) easily later on in life, on top of learning how to troubleshoot code. In addition, they will possess the skills to develop their own applications with a focus on first building a strong foundation in problem solving, which is key to building competence, confidence, and independence.

Besides that, Legal Hackers Kuala Lumpur - a local chapter of the global non-profit Legal Hackers movement - also aims to play a role in educating the market on the benefits of legal innovation not just for the industry, but also for society at large. It is an informal community with an active online and offline presence, and which organizes monthly meetup sessions in the form of workshops, panel discussions, or dinner-table discussions with relevant topics on legal innovation, with the hopes of bridging the gap between tech entrepreneurs, innovators, regulators, students, and lawyers. They also organized Malaysia's very first Law Tech Hackathon in October 2018, which saw participants from all around the country coming together to undertake problems in legal services through technological solutions.

VII. Conclusion

Legal innovation is still in its infancy in Malaysia, and the legal tech industry has found it very difficult to drive it beyond this stage, with some resistance from within the industry as well as the regulators. As a result, the market has not been able to enjoy the full benefits of innovation in accessing legal services.

While some of this resistance may be attributed to the knee-jerk aversion that lawyers may have towards technology, arguably a bigger reason has been cost considerations: the cost of labour is much lower than that required to adopt many of these tools and technology available in the market.

That said, with various educational initiatives being rolled out, and calls from segments of the profession as well as the judiciary to move on with the times and stay competitive, there has

been an increase in pressure for the legal industry to progress. Perhaps it will be the judiciary that will lead the way in innovation in Malaysia, and it is up to the rest to catch up and hop on-board the wave of change.

RUSSIA

By Anton Pronin¹ and Margarita Divina²

Legal innovation in Russia is currently focussed on delivering new tools for lawyers and increasing their efficiency rather than substituting lawyers themselves, which is not its aim in any case.

Two factors have been encouraging legal innovation and the development of legal technology (“LegalTech”) solutions. First, Russia generally does not have any regulatory barriers against the provision of legal services by non-lawyers³ or against external investment into law firms at present. Second, the Russian government has been consistently improving IT infrastructure, thereby facilitating the dispute resolution process and the provision of governmental services and dispute resolution.

Although LegalTech in Russia remains in its early stages today, the abovementioned factors constitute favourable conditions for the further development of legal innovation in general, and LegalTech in particular.

I. Country overview

The Russian Federation is a civil law country. Its legislation includes a number of codes (codified laws). Other laws, as a general rule, must be consistent with the codified legislation. International agreements have precedence over national legislation, but the decisions of international judicial bodies (e.g. the European Court for Human Rights) are not always nationally binding.⁴

A significant feature of the Russian legal system that distinguishes it from other markets is that the Russian laws and subordinate legislation are constantly changing, in all areas and at a very fast pace.⁵ This is one of the factors that has promoted the fast adoption of legal databases across the country. Today the developers of such products remain major stakeholders on the legal technology market and are among those who constantly innovate by adding new services to their product portfolios.

¹ LegalTech Director at Skolkovo Innovation Center.

² Partner, Baker Mackenzie.

³ Some reservations apply.

⁴ “Russia Passes Law to Overrule European Human Rights Court” *BBC* (4 December 2015) <<https://www.bbc.com/news/world-europe-35007059>> (accessed 05 March 2019).

⁵ State Duma website, “Statistics of the Legislative Process for 2019” <<http://www.gosduma.net/legislative/statistics/>> (accessed 05 March 2019).

A. Overview of the legal market

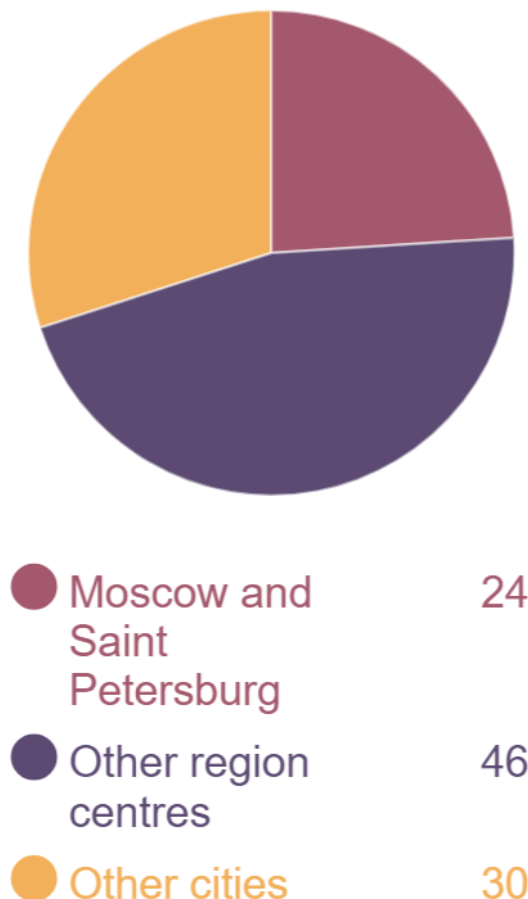
The Russian legal services industry is a US\$3.4 billion market⁶ with approximately 47,000 law firms registered every year.⁷

The Russian legal market is rather small in terms of revenue, but has a substantial number of qualified lawyers.

Large law firms with more than 100 lawyers constitute only 0.2% of all legal service providers and are primarily located in Moscow and Saint Petersburg. The legal market is heavily centralized, as almost 1/4 of all law firms that practice in Russia are located either in Moscow or Saint Petersburg.⁸

Landscape of Russian legal services industry

in %



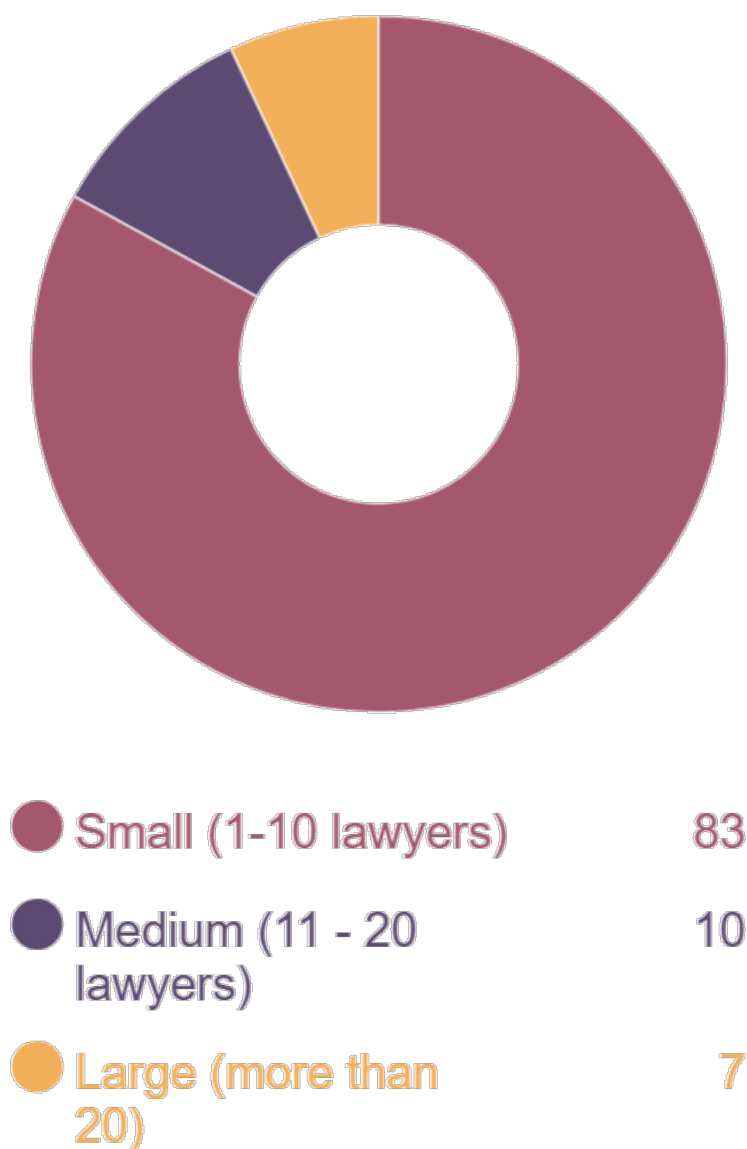
⁶ RAPSИ website, “Глава ФПА оценил количество выпускников с дипломами юристов как чрезмерное” (06 October 2017) <http://rapsinews.ru/incident_news/20171006/280408218.html> (accessed 05 March 2019).

⁷ PRAVO TECH website, “Крупные компании составляют только 0,2% от зарегистрированных в России юрфирм” (07 December 2017) <<https://pravo.ru/news/view/146457/>> (accessed 05 March 2019).

⁸ Екатерина Моисеева & Дмитрий Скугаревский, “Рынок юридических услуг в России: что говорит статистика” (2016) <http://www.enforce.spb.ru/images/lawfirms_report_e_version.pdf> (accessed 05 March 2019).

The Russian legal services industry is generally represented by non-regulated law firms. The number of attorneys-at-law, who are subject to special rules established by both legislation and their self-regulating association, constitute only 15% of the market.⁹

Number of small, medium and large law firms in %

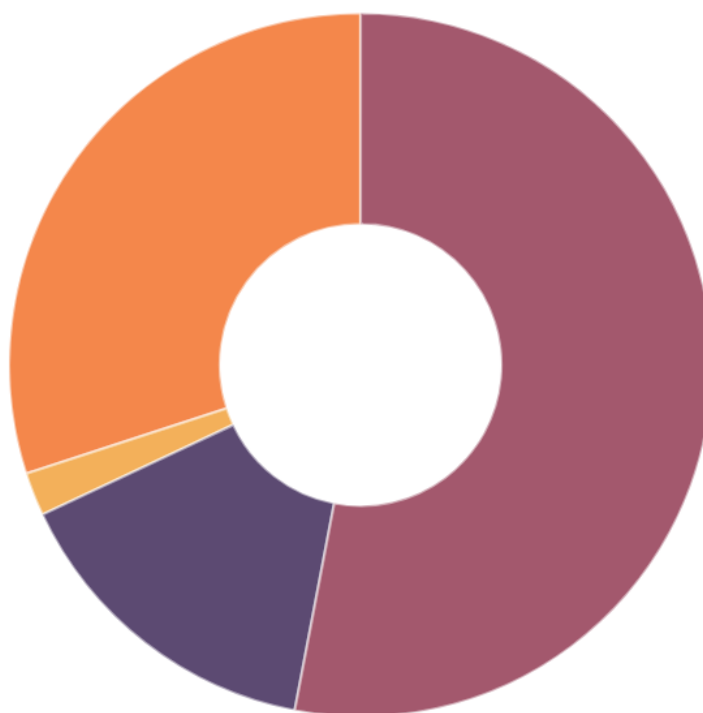


⁹ *Ibid.*

According to the limited publicly available statistics, small law firms with less than 10 lawyers are the most common category of law firms in the Russian market.¹⁰

Main types of legal service providers

in %



● Law firms	53	● Attorney organisation	15
● Non-for-profit organisations	2	● Self-employed entrepreneurs	30

¹⁰ *Ibid.*

Information about the revenues of law firms is also limited, as only 30% of respondents among law firms agreed to disclose the relevant figures when polled.¹¹

Types of law firms depending on annual revenue

in %



● No income	30
● Income of \$2,500	20
● Income of up to \$15,000	30
● Income of more than \$75,000	20

¹¹ PRAVO TECH website <<https://pravo.ru/news/view/146457/>> (accessed 05 March 2019).

The most competitive areas of the Russian legal market according to a survey by Thomson Reuters currently are:

- Civil Law;
- Government relations;
- Bankruptcy;
- M&A; and
- Taxation.¹²

However, the situation may change dramatically in the future, if Russia takes the approach proposed by the Department of Justice of the Russian Federation on regulating legal services.¹³

The first group of initiatives proposes restricting the provision of legal services in certain areas for non-attorneys-at-law. The second group of initiatives targets international law firms by imposing restrictions on the ownership of legal service providers. However, these initiatives remain on hold for an indefinite period for the time being.

Considering the above, Russian legal market may be described as a relatively small market that lacks regulation and restrictions on the types of legal service providers. This lack of restriction on investments into legal service providers opens wide opportunities for the growth of LegalTech and alternative legal service providers.

II. Technological innovation

A. Overview of the most prominent players

The past few years have seen a rise in the number of LegalTech companies and acceleration in the adoption of LegalTech solutions and services among legal service providers.

However, as compared to other markets, the overall number of legal technology service providers remains relatively small and the technology offered by many startups is usually not very sophisticated.

Some of the key LegalTech areas in the Russian market, as well as notable players in these areas include:¹⁴

¹² PRAVO TECH website, “Thomson Reuters назвала самые конкурентные сферы российского юррынка” (09 January 2018) <<https://pravo.ru/news/view/147055/>> (accessed 05 March 2019).

¹³ PRAVO TECH website, “Компромиссный вариант”: эксперты оценили новый вариант регулирования юррынка” (26 October 2018) <<https://pravo.ru/news/view/145384/>> (accessed 05 March 2019).

¹⁴ The list is not limited to local technology service providers and includes a number of foreign solutions that are prominent on the local market.

(1) *Document automation management solutions which generate drafts from automated templates*

- **ContractExpress** is an intuitive, natural language mark-up solution for Microsoft Word by Thomson Reuters. All configurations can be made by lawyers within Microsoft Word.
- **TurboContract** comprises cloud-based document workflow, template-based document creation tools and allows real-time multi-user document editing.¹⁵
- **Doc.one** offers interactive templates integrated with Microsoft Office 365.¹⁶
- **Legium** is a tool for creating, signing and verification of documents, which is based on blockchain.¹⁷
- **Doczilla**,¹⁸ **EasyLaw**,¹⁹ **FreshDoc**, and **ProstoDocs**²⁰ offer databases with ready document templates. Freshdoc has announced its development of a vast user database exceeding 1,400,000 users.²¹
- **Soica** is a Russian product allowing for the digitization of paper documents, the recognition and extraction of data from paper and digitized media, and the inputting of the recognized data into target IT systems.²²

(2) *Lawyer search / marketplaces and online legal services which are designed for obtaining legal advice online or finding information on practicing lawyers, including ratings, reviews and profiles.*

- **Marketplaces:** Pravoved.ru,²³ LawStock,²⁴ Justiva,²⁵ Yurbee.²⁶

¹⁵ TurboContract website <<https://turbocontract.ru/>> (accessed 05 March 2019).

¹⁶ Doc.one website <<https://doc.one/>> (accessed 05 March 2019).

¹⁷ Legium website <<https://legium.ru/>> (accessed 05 March 2019).

¹⁸ Doczilla website <<https://doczilla.ru/>> (accessed 05 March 2019).

¹⁹ EasyLaw website <http://myeasylaw.ru/> (accessed 05 March 2019). Note that this EasyLaw differs from the EasyLaw earlier mentioned in the Malaysia chapter.

²⁰ Prostdocs website <<https://prostodocs.com/>> (accessed 05 March 2019).

²¹ Freshdoc has more than 1,400,000 users.

²² Soica website <<https://soica.ru/>> (accessed 06 March 2019).

²³ Pravoved website <<https://pravoved.ru/>> (accessed 05 March 2019).

²⁴ LawStock website <<https://lawstock.ru/>> (accessed 05 March 2019).

²⁵ Justiva website <<https://justiva.ru/>> (accessed 05 March 2019).

²⁶ YurBee website <<https://yurbee.ru/>> (accessed 05 March 2019).

- **Online legal support:** Pravoved.ru, European Legal Service (“ELS”),²⁷ Pravocard,²⁸ Amulex.²⁹
- **Online legal services (examples):**
 - Online Patent is an online platform for patent and trademark application management.³⁰
 - Nalogia is an Internet service for the online preparation and online submission of tax returns and tax refund documents for individuals, with remote support available.³¹
 - B-152³² and Legal Box³³ offer online-services and assistance in preparing the necessary documents for compliance with Russian and EU data protection laws.
- **Chatbots and AI** offer legal advice and respond to client requests:
 - Pravoved.ru – A Skolkovo resident startup working on machine learning and AI to instruct chat-bots, further directing customers to real lawyers to provide legal advice online.
 - FastLaw.io is a startup working on smart legal assistants (chatbots) based on natural language processing technology. The startup is a resident of the Skolkovo technopark.³⁴

(3) *Online dispute resolution - online alternative dispute resolution services based on the submission of electronic documents*

- Online Arbitration serves to facilitate the independent, impartial and efficient resolution of commercial disputes arising out of contractual and non-contractual relations and is administered by the Association for the Promotion of Arbitration.³⁵
- DI’S PUT is a new platform being developed for online arbitration in the area of intellectual property.³⁶

(4) *Law practice management software which offers ecosystems for law firms and law departments that simplify billing processes, task management and case analysis.*

²⁷ European Legal Service website <<https://els24.com/>> (accessed 06 March 2019).

²⁸ Pravocard website <<https://pravocard.ru/>> (accessed 06 March 2019).

²⁹ Amulex website <<https://amulex.ru/>> (accessed 06 March 2019).

³⁰ Online Patent website <<https://onlinepatent.ru/>> (accessed 06 March 2019).

³¹ Nalogia website <<https://www.nalogia.ru/>> (accessed 06 March 2019).

³² B-152 website <<https://b-152.ru/>> (accessed 06 March 2019).

³³ Legal Box website <<https://legal-box.ru/>> (accessed 06 March 2019).

³⁴ FastLaw.io website <<https://fastlaw.io/>> (accessed 06 March 2019).

³⁵ Online Arbitration website <<http://online.arbitrations.ru/en/>> (accessed 05 March 2019).

³⁶ IPChain website <<https://ipchain.ru/association/services/>> (accessed 05 March 2019).

- **Case.pro** - provides a project management ecosystem integrated with Microsoft Office, Dropbox, Gmail and other platforms.³⁷
- **Jeffit** is a time and task management tool for the whole firm or in-house legal department that also enables clients to check task fulfilment, with real-time remote and transparent access to a law firm's billing details.³⁸
- **XSUD**,³⁹ **ProjectMate**,⁴⁰ and **You-right.ru**⁴¹ offer court case and claim management software solutions.
- **Legal Research** solutions comprise databases of legislation, case law and other materials based on text recognition that facilitate legal research (ConsultantPlus, Garant, Pravo.ru, kad.arbitr, GAS Pravosudie).

In sum, legal innovation in Russia is currently largely based on online marketplaces, document automation and similar low-tech solutions. Just a few players have adopted blockchain or sophisticated AI for natural language processing as the core for their innovative solutions.

The Russian market also has only a few prominent international LegalTech solutions, probably in part due to language barriers. Russia has only one state language on the federal level (Russian), and the majority of legal documents do not have official English translations.

According to Skolkovo, LegalTech startups in Russia generally do not raise more than US\$150,000. However, there are certain exceptions: for instance, Pravoved.ru managed to raise US\$2 million and OnlinePatent.ru about US\$800,000.

In general, experts highlight the following trends with respect to adoption of the legal technology in Russia:

- legal tech startups are starting to raise investments;
- the number of strategic alliances and mutual projects is growing; and
- there is increasing interest from in-house law departments and support for LegalTech from the Russian government.⁴²

³⁷ Case.pro website <<https://casepro.pro/>> (accessed 05 March 2019).

³⁸ Jeffit website <<https://jeffit.ru/>> (accessed 05 March 2019).

³⁹ XSUD website <<https://xsud.ru/>> (accessed 06 March 2019).

⁴⁰ ProjectMate website <<https://www.projectmate.ru/>> (accessed 06 March 2019).

⁴¹ You-right.ru website <<https://you-right.ru/>> (accessed 06 March 2019).

⁴² РwС в России, "Legal tech шагает по России: как изменился рынок за последний год?" (2018) <https://www.advgazeta.ru/upload/medialibrary/653/Itogi_oprosa_Arutyunyan_TSshayge.pdf> (accessed 05 March 2019).

B. *Underlying legal technology*

LegalTech in Russia in both B2B and B2C segments can be divided into hi-tech and relatively simple automation technologies. There are four main technologies used for legal innovation in Russia:

- **Machine Learning / AI (including chat-bots).** The most known project based on machine learning is "**Pravoved.ru**". The lawyers of "Pravoved.ru" trained their tool using a great number of cases and it can now provide users with automated answers in natural language.

Another well-known system is "Caselook," which can help predict the outcome of a dispute based on existing case law.

- **Text recognition.** Russia differs from many markets in terms of its availability of publicly available and free databases containing legislation and court practice notes (such as the kad.arbitr.ru IT system used by commercial courts and GAS Pravosudie used by courts of the general jurisdiction). The majority of documents in such systems are in machine-readable format.

Such government-based text recognition is an important infrastructural foundation that can aid the development of more sophisticated commercial services over time.

- **Cloud Computing** is extensively used for document automation, the provision of access to various databases and data rooms, and the delivery of web browser-based services.

TurboContract is a good example of a legal startup based on cloud technologies. Its core idea is to store contracts and other legal documents in the cloud for real-time multi-user document editing. TurboContract indicates that its solution helps reduce the time spent on a contract by up to 30%.

- **Blockchain** is primarily used in LegalTech for the verification of documents and data certification. However, we have seen some other applications apart from verification and certification.

One of the most well-known local startups in this area is "IPChain" – an association for intellectual property use and protection in digital sphere. IPChain is a decentralized network (distributed register) that automatically records all transactions related to IP rights and objects. It was created to facilitate the development and usage of leading-edge technological solutions, and ensures the evolution of the practice of intellectual property for the general good.

IPChain stores information on intellectual property-related rights and other intangibles, as well as information on atomic transactions, which are recorded by the distributed IPChain registry – these being the most significant for all participants in the IP sphere, and reflecting key facts and types of publicly-available information

Another prominent player in this area is “Legium”. It helps to sign documents at the single click of a button and helps with contractor verification as well as the usage of electronic documents for dispute resolution.

III. Regulatory innovation

The Government of the Russian Federation has adopted a policy of promoting innovation. In recognition of the changing technology landscape, the Russian Government adopted in 2017 its Digital Economy program that aims to foster innovation in all spheres of the economy.

One of the purposes of this new policy is the development of LegalTech. This program has sparked various discussions in many institutions such as the Skolkovo Innovation Center, which has identified LegalTech development as a priority area, and which has been holding LegalTech Conferences annually from 2017.

Additionally, to promote innovation, the Government created the Unified System of Identification and Authentication (“ESIA”). While it was originally designed for providing governmental services, it is also now starting to be used to enhance electronic document management.

Moreover, Russia has relatively modern regulation on the use of electronic signatures, which are utilized by a great number of LegalTech startups (Federal Law of 2011 “On electronic signature”). Russia also plans to permit cloud-based qualified e-signatures⁴³ and increase propagation of this technology among the population in Russia,⁴⁴ which may significantly increase the use of e-documents in all spheres.

These measures have relevantly small impact on the regulation of legal innovation. However, governmental policy creates a foundation for new technology-based services and business models, inspires respect for innovation and enhances debates about new regulation and attitudes towards the economy of the future.

Finally, emerging legislation on remote medical services and debates about regulatory sandboxes in Russia may be said to exemplify Russia’s open-mindedness towards regulatory innovation.

⁴³ RIA website, “Законопроект об электронной подписи внесут в Госдуму в январе-феврале” (14 January 2019) <<https://ria.ru/20190114/1549322722.html>> (accessed 05 March 2019).

⁴⁴ PROVA TECH news, “ТПП предложила выдавать цифровые подписи всему населению страны” (26 February 2019) <https://pravo.ru/news/209447/?desc_news_1=> (accessed 05 March 2019).

IV. Dispute resolution innovation

Governmental initiatives on free electronic databases of case law (kad.arbitr, GAS Pravosudie) simplified legal research and created a good foundation for further legal innovation in the area of machine learning and electronic document management. It is now possible to file procedural documents online (“Moi arbitr”) and remotely participate in legal proceedings.

Innovation has also been taking place in the area of alternative dispute resolution.

(1) *Online arbitration*

Russian Arbitration Association developed its Online Arbitration Rules (available in English).⁴⁵ Online arbitration under these Rules shall be conducted via the RAA Information System that is used to file, process, store, and transfer documents. Online arbitration is conducted only on the basis of copies of documents uploaded to the RAA System. Previously there were no advanced online dispute resolution systems in Russia.

(2) *Blockchain for state courts and online dispute resolution in the area of intellectual property (IPChain)*

In April 2018, IPChain - which, as mentioned above, is developing a blockchain solution for recording intellectual property rights - and the Russian Court for Intellectual Property Rights announced an agreement to cooperate.⁴⁶ In December 2018, they publicly confirmed that the IP Court had made a number of records to the blockchain solution developed by IPChain to confirm transfers of trademark rights resulting from its judicial decisions.⁴⁷

In addition to innovation in the area of litigation, IPChain also launched a blockchain-based alternative dispute resolution project “DI'S PUT” - a platform for online dispute resolution in relation to IP rights infringement. This platform is intended to unite arbitrators, experts and parties.⁴⁸

V. Education innovation

The market for legal education in Russia has expanded rapidly in the last 20 years. Bachelor's and Master's in Law programs have become popular education pathways and produce more than 150,000 graduates every year. Additionally, many Russian law graduates pursue their degree as part of a dual-degree program, or as a second degree.

⁴⁵ Russian Arbitration Association, “Russian Arbitration Association Online Arbitration Rules” (15 September 2015) <https://arbitration.ru/upload/medialibrary/21a/arbitraj_block_01_20_fin.pdf> (accessed 05 March 2019).

⁴⁶ IPC Magazine website, “Суд по интеллектуальным правам стал узлом сети интеллектуального блокчейн IPChain” (20 April 2018) <<http://ipcmagazine.ru/news/4411-news3153>> (accessed 05 March 2019).

⁴⁷ Rossiyskaya Gazeta website, “Суд переходит в блокчейн” (05 December 2018) <<https://rg.ru/2018/12/05/sud-perehudit-v-blokchejn.html>> (accessed 05 March 2019).

⁴⁸ IPChain website, “СЕРВИСЫ ЦИФРОВОЙ ЭКОНОМИКИ ПРАВ” <<https://ipchain.ru/association/services/>> (accessed 05 March 2019).

Still, most Russian universities do not prepare law graduates for the future. Only a few of them have introduced a technology-focussed curriculum.

Plekhanov Russian University of Economics offers courses about blockchain and cryptocurrencies, including a program called “Blockchain Lawyers.”⁴⁹

The Kutafin Moscow State Law University has launched “LegalTech Director” postgraduate courses.⁵⁰ The impact of such courses on legal services industry is not yet clear.

The National Research University Higher School of Economics has developed a Master’s program in “Law of Information Technologies and Intellectual Property” that aims to help law graduates adapt to today’s trend towards digitalization.⁵¹

Russian State Academy of Intellectual Property with the support of IPChain and Federation of Intellectual Property launched a new Digital Economy academic department within the Academy, to focus on innovative technologies in the area of intellectual property and intangibles management, and their role in the development of the digital economy.

There are also a number of LegalTech conferences that unite students, law school professors, and practitioners. One of the most renowned ones is Skolkovo LegalTech that also conducts pitching sessions and the LegalTech Awards. Other famous conferences are Moscow LegalTech, Legal Expert Awards, and a number of conferences from Pravo.ru.

To summarize, universities have risen to the challenge of new technologies, albeit not as a whole, and not with the same levels of commitment.

VI. Conclusion

Generally, LegalTech is an embryonic market in Russia, but it also appears to have large potential customer base. It is currently difficult to forecast when this market is likely to mature. Legal innovation in Russia has certain drivers for development and certain obstacles standing on its way; and both may be explained by the peculiarities of the Russian legal services market.

First, the predominance of small law firms located far from technological centres explains the low penetration of technologies at the moment. However, this can also be a driver for innovation in future, as the demand for efficiency and more affordable technologies may lead to a further adoption of LegalTech solutions. An increasing client demand for cost reduction may also drive law firms to innovation in the most competitive spheres of legal industry. The application of cloud computing and transparent blockchain solutions may be an answer to this challenge.

⁴⁹ Blockchain Lawyers website <<https://bc-lawyers.ru/>> (accessed 05 March 2019).

⁵⁰ Institute of Advanced Studies at MSLA website, “LegalTech Директор” <<http://msal-idop.ru/legaltech-direktor/>> (accessed 05 March 2019).

⁵¹ National Research University Higher School of Economics, “Master’s Programme ‘Intellectual Property and IT Law’” <<https://www.hse.ru/ma/legalinfo/>> (accessed 06 March 2019).

Second, the attitude of the Government and regulators towards the digital economy in general is expected to foster the emergence of LegalTech startups.

Finally, the general technological environment is also influencing the education system. Certain universities have started contributing to the changing legal market, primarily with less sophisticated programs. However, we anticipate the introduction of more comprehensive programs in the future to respond to market needs.

SINGAPORE

By Dylan Mah¹

I. Country overview

A. *Legal system in brief*

Singapore is a Common Law jurisdiction which adopts a Westminster-modelled constitution. The Executive is charged with administering the law and includes the President, the Attorney-General, and the 19-member Cabinet² which is led by the Prime Minister. The Legislature, which comprises the 100-member,³ unicameral Parliament and the President, is tasked with making laws, checking on government actions and policies, and financial scrutiny of the government. The Judiciary comprise the Supreme Court, the State Courts, and the Family Justice Courts (the “Singapore Courts”). Led by the Honourable the Chief Justice Sundaresh Menon (“Menon CJ”), there are currently 20 Judges, including four Judges of Appeal and Menon CJ, six Judicial Commissioners, and four Senior Judges on the Supreme Court Bench.⁴

B. *Key stakeholders in the legal industry*

In addition to the Singapore Courts, key stakeholders of the legal industry include the Ministry of Law (“MinLaw”), the Law Society of Singapore (“LawSoc”), the Attorney-General’s Chambers (“AGC”), and the Singapore Academy of Law (“SAL”). MinLaw regulates legal services by licensing law practices and registering foreign-qualified lawyers and regulated non-practitioners; LawSoc administers the licensing regime applicable to Singapore law practitioners and regulates the conduct of the legal profession in Singapore; AGC functions as the legal adviser to the government, the public prosecutor, and the drafter of laws; and SAL leads the development and promotion of the legal industry, including driving legal innovation.

Other stakeholders include the three law schools housed in National University of Singapore (“NUS”), Singapore Management University (“SMU”), and Singapore University of Social Sciences (“SUSS”) respectively.

C. *Key statistics*

As of 31 August 2018, there are 922 law practices and 5,336 law practitioners in Singapore.⁵ Of the 922 law practices, most practices (751) comprise one to five lawyers, 151 practices comprise

¹ Singapore Management University School of Law.

² Prime Minister’s Office website, “The Government” <<https://www.pmo.gov.sg/the-government>> (accessed 29 December 2018).

³ Parliament of Singapore website, “Members of Parliament” <<https://www.parliament.gov.sg/about-us/structure/members-of-parliament>> (accessed 29 December 2018).

⁴ Supreme Court of Singapore website, “Justices” <<https://www.supremecourt.gov.sg/about-us/the-supreme-court-bench/justices>> (accessed 29 December 2018).

⁵ Law Society website, “General Statistics – As of 31 August 2018” <<https://www.lawsociety.org.sg/About-Us/General-Statistics>> (accessed 29 December 2018).

six to 30 lawyers and 20 comprise more than 31 or more lawyers.⁶ As regards law practitioners, a majority (2,354) have more than 15 years of experience, 1,821 have less than five years of experience and 1,161 have between five to 15 years of experience.⁷

D. Legal innovation at a glance

Legal innovation in Singapore can be traced back to as early as the 1990s.⁸ In 1990, SAL launched LawNet, a platform for legal research where users can retrieve materials such as law reports, unreported judgments, journal articles, and legal news.⁹ Today, LawNet also provides content from other common law jurisdictions such as English, Malaysian, and Indian judgments.¹⁰

In 1995, the first technology court was launched in the Supreme Court. It was equipped with audio-visual capabilities and allowed information to be accessed through the click of a mouse, oral testimony to be digitally recorded and litigation to incorporate video conferencing. The initiative was described as a success, with much time and costs saved as video conferencing was used to connect with jurisdictions such as the UK, Australia, and Switzerland.¹¹ In addition, it was noted to be particularly useful in criminal trials where vulnerable witnesses could give evidence remotely.¹² In 1997, an electronic filing system was implemented, allowing court documents to be prepared, filed, processed, stored, retrieved, updated, and served electronically.

Legal innovation received another impetus in recent years when Parliament debated the importance of the legal industry embracing technology.¹³ Today, initiatives such as the Legal Technology Vision crafted by SAL provide the framework for legal innovation and more efficient legal service delivery.¹⁴ In brief, the Legal Technology Vision advances a four-pronged model to achieve this. The first prong encourages adopting baseline legal technologies. The second prong focuses on improving the baseline. The third prong seeks to adapt emerging technologies for application to the legal industry and the fourth prong strives to create a landscape viable for developing legal technologies. In 2018, SAL launched the Future Law Innovation Programme (“FLIP”) to lead an industry-wide effort to encourage the adoption of

⁶ *Ibid.*

⁷ *Ibid.*

⁸ Tan Ken Hwee, “Re-Engineering Online Case Law: Legal Research in Singapore” (2002) 4 University of Technology Sydney Law Review 55.

⁹ Singapore Academy of Law website, “LawNet”

<<https://www.sal.org.sg/Resources-Tools/LawNet>> (accessed 29 December 2018).

¹⁰ *Ibid.*

¹¹ Tan Boon Heng, “E-Litigation: the Singapore Experience” *Law Gazette* (November 2001)

<<http://v1.lawgazette.com.sg/2001-11/Nov01-focus2.htm>> (accessed 07 January 2019).

¹² *Ibid.*

¹³ See, eg, *Singapore Parliamentary Debates, Official Report* (03 March 2017) vol 94 (K Shanmugam, Minister for Law).

¹⁴ Legal Technology Cluster Committee, Singapore Academy of Law, *Legal Technology Vision* (2017) (Chairman: Justice Lee Sieu Kin).

technology, drive innovation, and create a vibrant ecosystem for legal technology.^{15, 16} To this end, FLIP organises a range of activities such as workshops to introduce legal technologies, networking sessions, hackathons, and conferences.¹⁷

II. Technological innovation

Technology innovation in Singapore is primarily driven by legal technology companies seeking to solve problems in the legal industry which they have identified. Prominent innovative technologies that have been developed are practice management software and document assembly, legal research, and legal analytics systems.

Asia Law Network developed Tesseract, a practice management software, which contains functionalities such as billing and expense tracking, creation and storage of case templates, and optical character recognition for extraction of text from documents.¹⁸ Tesseract was created as a response to feedback from lawyers that they had too many cases from Asia Law Network to handle.¹⁹ As further detailed below,²⁰ Asia Law Network is a marketing platform that connects lawyers with parties seeking legal advice.

Various firms have also aimed to increase lawyers' efficiency in their services by working on document assembly software. They include Vanilla Law LLC, the developer of Vanilla Law Docs, a document assembly software that allows its clients to create a first draft of a document by themselves before the lawyer reviews it, thereby quickening the process of document review.²¹ Another company working on document assembly software is Legalese, a legal technology startup which aims to allow legal documents to be drafted in the manner software is coded.²² To that end, it is developing a domain-specific programming language for law – L4. L4 is designed to be able to capture legal semantics and logic such that all laws and legal documents will share a common programming language. If achieved, the various language editions of a contract – whether in English, Chinese, or German, for example – will all produce an identical translation in L4. The first product that they have launched creates, automates and executes workflows for fundraising.²³ Recently, OCBC Bank also ventured into the development of document assembly systems. It launched a free will writing service, aiming to

¹⁵ FLIP website, “Singapore Formally Launches its FLIP Legal Innovation Programme” (16 January 2018) <<https://www.flip.org.sg/blog/singapore-formally-launches-its-flip-legal-innovation-programme>> (accessed 29 December 2018).

¹⁶ Disclosure: Persons involved in the management and operation of the FLIP programme were involved in conceptualising and supporting this report. However, they were not involved in writing the report and did not in particular write this chapter.

¹⁷ FLIP website, “Events” <<https://www.flip.org.sg/events>> (accessed 29 December 2018).

¹⁸ Tesseract website <<https://tesseract.io/>> (accessed 29 December 2018).

¹⁹ LawTech.Asia website, “Asia Law Network Launches Practice Management Software” (08 October 2018) <<https://lawtech.asia/asia-law-network-launches-practice-management-software/>> (accessed 29 December 2018).

²⁰ See *infra* Part V.

²¹ Channel NewsAsia website, “Vanilla Law – Brand New Flavour” (13 September 2016) <<https://www.channelnewsasia.com/news/startup/articles/known-your-law/vanilla-law-brand-new-flavour-8875698>> (accessed 06 January 2019).

²² Legalese website <<https://legalese.com/aboutus.html>> (accessed 06 January 2019).

²³ Legalese website <<https://legalese.com/product/fundraising/>> (accessed 06 January 2019).

benefit senior citizens in particular. After inputting the required details online, the user can print, sign before two witnesses and register the will with the National Wills Registry.²⁴

Furthermore, INTELLEX is a legal technology startup which aims to manage the knowledge base of law firms more efficiently by organising and storing completed work for future use.²⁵ Its enterprise product uses AI to categorise documents and allows the lawyers within a law firm to upload, retrieve and share resources among themselves. Thereafter, its search algorithm strives to understand the legal context in order to retrieve more relevant search results.

Initially started by NUS students wanting to learn how AI would impact the legal industry, Lex Quanta²⁶ is a legal technology startup that provides legal analytics services for organisations to interpret cases quantitatively.²⁷ In early 2018, Lex Quanta was reported to be piloting a programme that predicts the division of matrimonial assets in a divorce. Subsequently, it aims to extend its outcome simulator to other practice areas such as contractual and intellectual property disputes and personal injury claims.

An automated document review and analysis software is being developed by Pactly.²⁸ The software uses a machine learning algorithm to identify key terms in contracts, accelerating the process of risk assessment. Presently, it is able to analyse non-disclosure agreements.²⁹

While legal technology companies are driving innovation, law firms are also increasingly adopting technology products in their services. This comes following a push in 2017 by MinLaw, LawSoc, and SPRING Singapore (now known as Enterprise Singapore) to encourage law firms, particularly the small- and medium-sized firms, to embrace basic technologies in their practices by allocating S\$2.8 million to subsidise the cost of implementing such technologies.³⁰ The scheme, known as Tech Start for Law, saw over 90 approved applications, largely from small firms, for the funding support by the end of 2017.³¹ Tech Start for Law concluded in February 2018.³²

²⁴ Victor Loh, “OCBC Bank Launches Free Online Will Writing Service” *TODAY Online* (27 December 2018) <<https://www.todayonline.com/singapore/ocbc-bank-launches-free-online-will-writing-service>> (accessed 06 January 2019).

²⁵ Isabelle Minasian, “‘This is Our Conviction,’ says INTELLEX CEO Chang ZI Qian” *LexBlog* (23 August 2018) <<https://www.lexblog.com/2018/08/23/this-is-our-conviction-says-intellex-ceo-chang-zi-qian/>> (accessed 07 January 2019).

²⁶ **Disclosure:** One of this report’s editors, Jerrold Soh, is one of Lex Quanta’s founders and still has, at the time of this writing, an interest in the startup.

²⁷ Fabian Koh, “NUS Law and Economics Student, Along with Three Peers, Creates Case Outcome Simulator” *The Straits Times* (07 January 2018) <<https://www.straitstimes.com/singapore/nus-law-and-economics-student-along-with-three-peers-creates-case-outcome-simulator>> (accessed 07 January 2019).

²⁸ TechLaw.Fest website, “Pactly – Exhibitor” <<https://techlawfest.com/pactly.html>> (accessed 07 January 2019).

²⁹ Pactly website, <<https://pactly.ai/>> (accessed 07 January 2019).

³⁰ Ng Huiwen, “\$2.8m Scheme Launched to Help Law Firms Adopt Technology” *The Straits Times* (27 February 2017) <<https://www.straitstimes.com/singapore/28m-scheme-launched-to-help-law-firms-adopt-technology>> (accessed 06 January 2019)

³¹ Gregory Vijayendran, “Opening of the Legal Year 2018 – Speech by the President of the Law Society” (08 January 2018) <<https://www.sal.org.sg/Portals/0/Opening%20of%20the%20Legal%20Year%202018%20-%20Address%20by%20the%20President%20of%20the%20Law%20Society.pdf?ver=2018-01-09-121353-093>> at para 12 (accessed 08 January 2019).

³² Law Society website, “Tech Start for Law Programme” <<https://www.lawsociety.org.sg/For-Lawyers/Running-Your-Practice/Practice-Support/Tech-Start-for-Law-Programme>> (accessed 08 January 2019).

Larger law firms have also been adopting legal technologies. For example, WongPartnership LLP has been using Luminance's AI software when carrying out due diligence³³ while Dentons Rodyk & Davidson LLP uses the AI-enabled Contract Companion, which is meant to make reviewing and documents more efficient.³⁴ In addition, innovation hubs are also being set up. In December 2018, Clifford Chance launched Create+65, an initiative that aims to gather venture capitalists, start-ups, and relevant stakeholders to develop legal technologies.³⁵ Participants in Create+65 can, among other things, gain insights from Clifford Chance on problem areas and access to "cleaned" data sets.

Initially created by a team of law students and graduates, LawTech.Asia is a leading law and technology review that aims to be a thought leader in legal technology in Asia.³⁶ It features a wide variety of articles ranging from interviews with frontrunners of legal innovation³⁷ to highlights of major legal technology events,³⁸ including an evergreen document that provides a helpful overview of the legal technology space in Singapore.³⁹

III. Regulatory innovation

The Legal Profession Act (Cap. 161) ("LPA") regulates the provision of legal services in Singapore and is administered by the Legal Services Regulatory Authority ("LSRA"). Law firms can be registered under one of the following six entities by the LSRA:⁴⁰ Singapore Law Practice; Qualifying Foreign Law Practice;⁴¹ Joint Law Venture; Formal Law Alliance; Group Practice; and Representative Office ("Registered Legal Entities").

In 2015, amendments were made to the LPA to allow, among other things, law practices to form legal disciplinary practices ("LDPs"). LDPs are a form of alternative business structure ("ABS") that provide *only legal services* where non-lawyers can become partners, directors, shareholders, or have a share in the profits of the law practice, subject to prescribed limits; the non-lawyers in LDPs will be regulated as non-practitioners by LSRA. While the LDP was an innovation to allow non-lawyers to participate as employees of the firm and to own equity

³³ WongPartnership LLP website, "WongPartnership is the First Singapore Law Firm to Harness Artificial Intelligence" (06 September 2017) <<https://wongpartnership.com/index.php/wongpartnership/news/view/wongpartnership-is-the-first-singapore-law-firm-to-harness-artificial-intelligence>> (accessed 06 January 2019).

³⁴ Dentons Rodyk & Davidson LLP website, "Dentons Rodyk Enhances Document Review with Litera Microsystem's Artificial Document Intelligence™ (ADI)" (19 July 2018) <<https://dentons.rodyk.com/en/about-dentons-rodyk/news/2018/july/dentons-rodyk-enhances-document-review-with-litera-microsystem-artificial-document-intelligence>> (06 January 2019).

³⁵ Clifford Chance website, "Clifford Chance Launches Its First Innovation Lab, Create+65" (18 December 2018) <<https://www.cliffordchance.com/news/news/2018/12/clifford-chance-launches-its-first-innovation-lab--create-65.html>> (accessed 06 January 2019).

³⁶ LawTech.Asia website, "About Us" <<https://lawtech.asia/about-us/>> (accessed 31 March 2019).

³⁷ LawTech.Asia website, "Categories: Interviews" <<https://lawtech.asia/category/interviews/>> (accessed 31 March 2019).

³⁸ LawTech.Asia website, "Categories: Events" <<https://lawtech.asia/category/events/>> (accessed 31 March 2019).

³⁹ Amelia Chew, Jennifer Lim Wei Zhen, Josh Lee Kok Thong, and Tristan Koh, "Legal Technology in Singapore" (21 October 2018) <<https://lawtech.asia/legal-technology-in-singapore/>> (accessed 31 March 2019).

⁴⁰ Ministry of Law website, "Types of Licence or Registration" <<https://www.mlaw.gov.sg/content/minlaw/en/legal-industry/licensing-or-registration-of-law-practice-entities0/types-of-licence-or-registration.html>> (accessed 29 December 2018).

⁴¹ The Qualifying Foreign Law Practice scheme is presently not open for application: see *ibid.*

and/or share in the profit of the LDP, it was decided that ABS entities should not be permitted to provide *both* legal services and extra-legal services.⁴²

In recent years, new law firms were established to offer legal services in close association with the “Big Four” accountancy firms.⁴³ For example, in 2018, Rachel Eng, former Deputy Chairman of WongPartnership LLP, a “Big Four” law firm in Singapore, started Eng and Co LLC, an independent law firm that is now a member of the PwC network.⁴⁴ Meanwhile, Deloitte Legal International Pte Ltd was established as a licensed Foreign Law Practice and is part of Deloitte’s legal network.⁴⁵

Another recent legal innovation of interest is that Consigclear LLC became the first law firm in Singapore to be approved by MinLaw to operate out of a co-working space.⁴⁶ Traditionally, under the Legal Profession (Law Practice Entities) Rules 2015, law firms were not permitted to share, occupy or use premises with unauthorised persons unless approval is granted.⁴⁷

IV. Dispute resolution innovation

Three examples of innovation in dispute resolution that are taking root in Singapore include online dispute resolution (“ODR”), simplified civil processes, and streamlined processes at the Employment Claims Tribunals (“ECTs”).

The use of ODR is currently being studied by various dispute resolution bodies. For example, the State Courts are looking into using ODR for personal injury disputes arising from road traffic accidents while the Family Justice Courts may adopt it for maintenance disputes.⁴⁸ In July 2018, the State Courts concluded a public tender for an ODR system while the award for an ODR system for the Ministry of Manpower (“MOM”) is currently pending.⁴⁹ The Singapore Mediation Centre (“SMC”) started a pilot programme for ODR in April 2018 by working with industry partners with a pool of cases to resolve. As of November 2018, one case has been resolved successfully. The SMC reports that ODR is particularly useful in acrimonious situations when parties do not want to be in the same room and issues which involve a low amount being claimed. In addition, parties must be comfortable with using technology. Two

⁴² *Singapore Parliamentary Debates, Official Report* (04 November 2014) vol 92 (K Shanmugam, Minister for Law). See also Committee to Review the Regulatory Framework of the Singapore Legal Services Sector, “Final Report of the Committee to Review the Regulatory Framework of the Singapore Legal Services Sector” (13 January 2014) at para 90 (Chairperson: Menon CJ).

⁴³ Janice Heng, “Deloitte to Offer Legal Services through New Foreign Law Practice” *The Business Times* (01 August 2018) <<https://www.businesstimes.com.sg/companies-markets/deloitte-to-offer-legal-services-through-new-foreign-law-practice>> (accessed 29 December 2018).

⁴⁴ Eng & Co LLC website <<https://www.engandcollc.com/>> (accessed 29 December 2018).

⁴⁵ Deloitte website, “Deloitte Legal International Pte Ltd” <<https://www2.deloitte.com/sg/en/pages/legal/articles/deloitte-legal-international-pte-ltd.html>> (accessed 29 December 2018).

⁴⁶ FLIP website, “A Coffee with...Adrian Kwong, Consigclear LLC” (13 September 2018) <<https://www.flip.org.sg/blog/a-coffee-with-adrian-kwong-consigclear-llc>> (accessed 29 December 2018).

⁴⁷ Legal Profession (Law Practice Entities) Rules 2015 (Cap 161) r 81(1).

⁴⁸ Menon CJ, “Address at the Opening of The Legal Year 2018” (08 January 2018)

<[https://www.supremecourt.gov.sg/Data/Editor/Documents/Response%20by%20Chief%20Justice%20%20\(Checked%20against%20Delivery%20version%20-%20080118\).pdf](https://www.supremecourt.gov.sg/Data/Editor/Documents/Response%20by%20Chief%20Justice%20%20(Checked%20against%20Delivery%20version%20-%20080118).pdf)> at para 45 (accessed 29 December 2018).

⁴⁹ See GeBIZ website <<https://www.gebiz.gov.sg/ptn/opportunity/BOListing.xhtml?origin=menu>> (accessed 30 December 2018). A search using “online dispute resolution” returns the results of the two public tenders highlighted.

key challenges presently faced are getting mediators trained to carry out ODR and encouraging parties to try using mediation as a form of dispute resolution.

In 2015, the Community Disputes Resolution Tribunals (“CDRT”) were launched to provide individuals an accessible and efficient forum for resolving neighbour disputes in relation to the statutory tort of interfering with the enjoyment or use of places of residence after non-litigious alternatives have been exhausted.⁵⁰ Simplified forms in plain English are used by the plaintiff and respondent and service methods are simplified to include personal service, leaving and posting CDRT documents at the opposing party’s residential address. Costs are kept low by generally getting the individuals to conduct their own cases and having a flat fee for the plaintiff to file a claim. During the process, the Judge leads the case management and can order parties to attend counselling or mediation. In the event that counselling and mediation are not successful in resolving the dispute, the Judge may order for the payment of damages, an injunction, a specific performance, and/or an apology to be made.⁵¹ From 2018, CDRT claims are required to be submitted online through the Community Justice and Tribunals System (“CJTS”).⁵² Through the CJTS, the process of CDRT and Small Claims Tribunals claims are made paperless. This platform allows parties to, among other things, file their claims, make payments, negotiate for settlement, and undergo mediation online.⁵³

In 2017, the ECTs were established to adjudicate on statutory and contractual salary-related claims from employees such as unpaid salary, overtime pay, and maternity benefits;⁵⁴ this was a function previously carried about by the MOM. Before filing a claim at the ECTs, parties must first seek to resolve their dispute through mediation at the Tripartite Alliance for Dispute Management – only when mediation is unsuccessful, the dispute will be referred to the ECTs.⁵⁵ After hearing the dispute, the ECTs may order one party to pay money to the other party, dismiss the claim in whole or in part, and/or require one party to pay costs to the other.⁵⁶ From January 2019, applicants may also file their claims online instead of physically going to the ECTs.⁵⁷ In its first year of operation, the ECT reported that three out of four cases were resolved at the case management stage, without needing to proceed to a full hearing.⁵⁸ From April 2019, following amendments to the Employment Act (Cap. 91), the ECTs will be empowered to

⁵⁰ Samuel Chua Hwa Kuan, “Resolving Neighbour Disputes through the Community Disputes Resolution Tribunal, State Courts of Singapore” *Singapore Law Gazette* (December 2016) <<http://v1.lawgazette.com.sg/2016-12/1723.htm>> (accessed 30 December 2018).

⁵¹ Community Disputes Resolution Act 2015 (Act 7 of 2015) s 5(1).

⁵² State Courts website, “Filing a Claim in the CDRT” <<https://www.statecourts.gov.sg/cws/CDRT/Pages/Filing-a-Claim-in-the-CDRT.aspx>> (accessed 30 December 2018).

⁵³ State Courts website, “Community Justice and Tribunals System” <<https://www.statecourts.gov.sg/CJTS/index1>> (accessed 30 December 2018).

⁵⁴ State Courts Annual Report 2017 <https://www.statecourts.gov.sg/cws/Resources/Documents/OJAR_StateCourts_AR_A4_V4.pdf>, at p 15 (accessed 30 December 2018).

⁵⁵ State Courts website, “An Overview of the Employment Claims Tribunal (ECT)” <[https://www.statecourts.gov.sg/cws/ECT/Pages/An-Overview-of-the-Employment-Claims-Tribunals-\(ECT\).aspx](https://www.statecourts.gov.sg/cws/ECT/Pages/An-Overview-of-the-Employment-Claims-Tribunals-(ECT).aspx)> (accessed 30 December 2018).

⁵⁶ Employment Claims Act 2016 (Act 21 of 2016) s 22(1).

⁵⁷ “New Employment Claims Tribunals Portal Allows Users to Have Disputes Mediated Online” *The Business Times* (04 January 2019) <<https://www.businesstimes.com.sg/government-economy/new-employment-claims-tribunals-portal-allows-users-to-have-disputes-mediated>> (accessed 07 January 2019).

⁵⁸ State Courts Annual Report 2017, *supra* n 54.

adjudicate wrongful dismissal claims, a function which is currently carried out by the MOM.⁵⁹ Following the streamlined process, in the event that wrongful dismissal claims and salary-related claims arise concurrently, parties will be able to resolve both issues at the ECTs.

V. Business innovation

Forms of business innovation that recently emerged include alternative modes of legal service delivery, varying engagement models, and extra-legal services offered concurrently with legal services.

Firstly, more avenues of obtaining legal services, as opposed to visiting a law firm, have been created. For entrepreneurs, start-ups and small-and-medium enterprises, one such avenue is First Counsel. First Counsel provides basic legal support such as company formation, creation of legal documents, and engagement of legal professionals.⁶⁰

Another form of legal service delivery is marketing legal services through online marketplaces such as Asia Law Network and myLawyer. Lawyers registered on these platforms may be matched with clients based on the formers' areas of specialisation. On Asia Law Network, the user first narrows down the specific issue that he is seeking advice for. Thereafter, he can select the relevant lawyer, provide the relevant facts, and input specific questions. Within one to two days, Asia Law Network will schedule the user for flat-fee, 15-minute consultation with the selected lawyer. In offering its services, Asia Law Network hopes to help individuals get relevant information through its platform to make an objective assessment before engaging a lawyer.⁶¹

Innovation in legal service delivery are also emerging from law firms. For example, some firms such as Consigclear LLC and fsLaw LLC are providing "outsourced in-house legal services. Such services are said to be particularly useful for businesses in situations where: a lawyer is needed for a particular period or reason; the business' in-house legal team needs extra resources; the business does not require a full-time in-house counsel; or the business does not have a legal team in Singapore.⁶²

The establishment of Rajah & Tann Technologies Pte Ltd ("RTT") is an initiative to create a new business model to offer more than just legal services to clients. Following its acquisition of LegalComet, RTT offers technology-enabled services such as electronic discovery, cybersecurity, and data breach readiness and response to its clients and member firms of the Rajah & Tann Asia network ("R&T").⁶³ As a result, clients of R&T will be able to obtain legal

⁵⁹ Ministry of Manpower website, "Changes to the Employment Act from 1 April 2019 to Cover All Employees and Enhance Dispute Resolution and Provide Business Flexibility" (20 November 2018) <<https://www.mom.gov.sg/newsroom/press-releases/2018/1120-changes-to-the-employment-act-from-1-april-2019-to-cover-all-employees-and-enhance-dispute-resolution-and-provide-business-flexibility>>, at paras 8-9 (accessed 31 December 2018).

⁶⁰ First Counsel website, "About Us" <<https://www.firstcounsel.co/about-1>> (accessed 07 January 2019).

⁶¹ Asia Law Network website, <<https://www.asialawnetwork.com/what-we-do>> (accessed 07 January 2019).

⁶² Consigclear LLC website, "Strong Yet Flexible Support" <<http://www.consigclear.com/how-we-help.html>> (accessed 29 December 2018).

⁶³ Rajah & Tann Asia website, "Rajah & Tann Asia Launches Legal Technology Business" (14 November 2018) <https://www.rajahtannasia.com/media/3152/media20release_launch20of20rajah2020tann20technologies.pdf> (accessed 01 January 2019).

and technical services conveniently – the technical service through RTT and the legal service through one of the law firms of R&T. Furthermore, the services received by the clients will be subject to legal privilege and confidentiality.

Finally, in response to the push for law firms to adopt legal technology, Bizibody Solutions, a legal technology consultancy business, seeks to fill the niche of advising law firms on implementing legal technology, in addition to assisting lawyers to start their practices.⁶⁴

VI. Education innovation

Initiatives for more innovative education are being carried out by the law schools and Singapore, as well as SAL.

More technology-related courses such as are being offered as electives. This includes Artificial Intelligence, Information Science & Law and IT Law in NUS;⁶⁵ and Introduction to Law & Technology as well as Privacy and Data Protection Law in SMU.⁶⁶

More avenues to learn about legal technology are being created outside the classroom. For example, NUS has held a legal technology competition to improve access to legal aid⁶⁷ and SMU has organised workshops that teach computation thinking and programming. Also, students can attend events organised by FLIP such as a recent blockchain conference jointly organised with SUSS⁶⁸ without charge.

New programmes are also being launched. For example, the SMU School of Law will begin offering a joint undergraduate degree in 2020 with the School of Information Systems while the SMU Academy, targeted at working professionals, will be offering a list of technology law courses, covering areas such as blockchain and smart contracts, and big data and AI.

For the legal industry, SAL's Legal Industry Framework for Training & Education ("LIFTED") provides a platform for legal professionals to engage in continuous learning. Through LIFTED, participants can enrol in workshops offering training in areas such as e-litigation and take online courses covering fundamentals such as using Microsoft Excel for legal operations.

⁶⁴ Bizibody Solutions website, "Legal Technology Solutions" <<http://bizibody.biz/what-we-do/solutions/>> (accessed 07 January 2019).

⁶⁵ See, eg, National University of Singapore – Faculty of Law website <https://law.nus.edu.sg/student_matters/course_listing/courses_disp.asp?MT=LL&Sem=2&MGC=2> (accessed 07 January 2019).

⁶⁶ See, eg, Singapore Management University website <<https://inet.smu.edu.sg/sites/courses/Documents/Course%20Offerings/2018-2019/School%20of%20Law%20Courses%202018-2019.pdf>> (accessed 07 January 2019).

⁶⁷ National University of Singapore Justified website, "NUS Law-Wong Partnership LegalTech Competition 2018 Launch Event" (06 September 2018) <<http://justified.nuslawclub.com/nus-law-wong-partnership-legaltech-competition-2018-launch-event/>> (accessed 01 January 2018).

⁶⁸ Singapore University of Social Sciences FinTech & Blockchain website, "The Future of Token Economy" <<https://sussblockchain.com/suss-fote/>> (accessed 02 January 2019).

VII. Other forms of innovation

There are also initiatives to improve access to justice. Recognising that more people are visiting Singapore Statutes Online, the website hosting Singapore's legislation, the AGC started the "Plain Laws Understandable by Singaporeans" project to simplify the language used when drafting laws, while also taking into consideration that Singaporeans typically get information through digital, as opposed to print platforms. Therefore, efforts are being made to keep sentences within 45 words so that they would fit on most mobile devices, and simpler words, rather than archaic ones such as "heretofore", are used when drafting laws.⁶⁹ In 2017, the AGC set up the Legal Technology & Innovation Office to enhance its technology expertise. Some of its endeavours include using text analytics to improve high-volume information review, establishing "Sprint Labs" with legal divisions to pilot new technologies, and introducing new software applications to solve existing problems.⁷⁰

A new system will also be implemented by the Legal Aid Bureau, the office that provides legal assistance to low-income Singaporeans for civil cases, to improve the process of assigning lawyers to cases. From 2019, assigned lawyers will be able to browse and select cases that they would like to take on and applicants will also be able to track their application through the new platform.⁷¹

The Judiciary has also established an Office of Transformation and Innovation to look into matters such as making better use of data, reducing paperwork and physical meetings, and exploiting emerging technologies.⁷²

VIII. Conclusion

Legal innovation in Singapore has been largely driven by a top-down approach. Ranging from initiatives such as FLIP to create a vibrant ecosystem for legal innovation and the numerous calls by Menon CJ for the legal industry to embrace technology;⁷³ moving forward, we can likely expect to see more innovation emerging in many respects.

More innovation in technology are likely to occur as more conversations about legal innovation and collaborations are facilitated by FLIP. FLIP's first cohort saw 23 entities, including law

⁶⁹ Lydia Lum, "Simplifying the Language of Singapore Laws on Track, as More People Visit Law Website" *Channel NewsAsia* (07 November 2018) <<https://www.channelnewsasia.com/news/singapore/simplifying-language-singapore-laws-visitors-website-agc-10904700>> (accessed 02 January 2018).

⁷⁰ Attorney-General's Chambers, "Annual Summaries – 2017 Highlights" <<https://www.agc.gov.sg/docs/default-source/Publications/annual-summaries-2017.pdf>>, at 86 (accessed 07 January 2019).

⁷¹ Cara Wong, "Legal Aid Bureau Revamps Website to Offer Quicker Help to Poor" *The Straits Times* (14 November 2018) <<https://www.straitstimes.com/singapore/legal-aid-bureau-revamps-website-to-offer-quicker-help-to-poor>> (accessed 02 January 2018).

⁷² Menon CJ, "Response by Chief Justice Sundaresh Menon – Opening of The Legal Year 2019" (07 January 2019) <<https://www.supremecourt.gov.sg/docs/default-source/default-document-library/cj-oly-speech-2019-pdf.pdf>> at para 59 (accessed 08 January 2019).

⁷³ See, eg, Menon CJ, "Change and Constancy – Admission of Advocates & Solicitors" (30 August 2018) <<https://www.supremecourt.gov.sg/Data/Editor/Documents/Mass%20Call%202018%20-%20Address%20by%20the%20Chief%20Justice.pdf>>, at paras 18 – 21 (accessed 07 January 2019).

firms, legal technology companies, and corporate counsels, enrol in a series of its activities.⁷⁴ As of October 2018, participants of FLIP have expanded to include international law firms such as Linklaters Singapore Pte Ltd and PwC Legal International Pte Ltd.⁷⁵ Through activities such as its monthly open house,⁷⁶ FLIP creates an environment where legal innovation could take place through collaborations, rather than individual efforts, by gathering lawyers, technologists and other interested parties. In this regard, FLIP is also working to extend its efforts beyond Singapore to reach out to the wider legal industry globally.⁷⁷

With regard to dispute resolution, given the various efforts to pilot ODR, it can be expected that more disputes will be heard online in order to lower cost and simplify the process for parties. According to Menon CJ, Singapore could be witnessing motor accidents disputes being addressed online as early as end 2019.⁷⁸

⁷⁴ Noemie, TeamFLIP, “Legal Innovation Gains Traction As More Law Practices Join FLIP” (12 October 2018) <<https://www.flip.org.sg/blog/legal-innovation-gains-traction-as-more-law-practices-join-flip>> (accessed 07 January 2019).

⁷⁵ *Ibid.*

⁷⁶ FLIP website, “The FLIP Programme” <<https://www.flip.org.sg/get-involved>> (accessed 07 January 2019).

⁷⁷ Noemie, TeamFLIP, *supra* n 74.

⁷⁸ Menon CJ, “Response by Chief Justice Sundaresh Menon – Opening of The Legal Year 2019”, *supra* n 72, at para 58.

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