

Thomson Reuters Institute

ChatGPT and Generative AI within Corporate Law Departments

Legal departments may be ahead of law firms on acceptance and use, but they still see potential risks

Executive summary

The rapid advancements in artificial intelligence (AI) have revolutionized the way we interact with technology, and one of the most potentially impactful developments in this field is the emergence of generative AI, a method that uses deep machine learning algorithms to generate new content, including text, images, and even videos. The roll out of ChatGPT, a public-facing generative AI engine, just months ago has already allowed multitudes of people to experiment with the technology and test the limits of what content can be produced by the mix of human-input and AI algorithms.

The potential impact of ChatGPT and generative AI on how business is conducted in numerous industries has been explosive. Not surprisingly, the legal industry has cast a very wary eye on what widespread use of these technologies within law firms and corporate legal departments could mean for service delivery, data security, and even pricing.

To dig deeper into this subject, the Thomson Reuters Institute has conducted surveys and follow-up interviews with corporate lawyers in the United States, the United Kingdom, and Canada around their attitudes towards generative AI and ChatGPT within their legal departments to better measure department members' awareness and adoption of these technologies as well as their views on potential risks. This report follows an earlier survey report on law firms' views and usage of ChatGPT and generative AI.¹

While a majority of corporate law department respondents say ChatGPT and generative AI can be used for legal work today, fewer think they should be used within legal departments.

Our survey research on the corporate legal sector, summarized in this report, indicates that a vast majority of lawyers within corporate law departments are well aware of generative AI and ChatGPT, and a majority said they believe it eventually will greatly impact how legal services are delivered in the future, even though the technology may not be mature or reliable enough yet.

One senior legal officer at a large corporation says the legal team there is currently looking into creating a private version of the technology that would allow for similar use while being more secure. "We're not shutting our eyes to this," the officer says. "We're working on a solution that would work for us."

¹ ChatGPT & Generative AI within Law Firms, (April 17, 2023) Thomson Reuters Institute; available at <https://www.thomsonreuters.com/en-us/posts/technology/chatgpt-generative-ai-law-firms-2023> © Thomson Reuters.

While a majority of corporate law department respondents say ChatGPT and generative AI *can* be used for legal work today, fewer think they *should* be used within legal departments. And a majority of survey respondents also noted some level of risk concern over use of these technologies either within legal departments or by their outside law firms. Yet, many also acknowledged that AI-related technologies — however impactful and capable — are simply tools that still need a human touch to work to maximum effect, especially in the area of law.

"AI is only as good as its programming and input," said one corporate legal respondent. "It is not capable of reasoning or correctly applying the law to the circumstances."

Clearly, as this survey report underscores, ChatGPT and generative AI may indeed revolutionize how business is conducted in corporate law departments — possibly sooner than many predict — however, these tools will still need a steady, legally-tuned mind at the helm to make sure things stay on course.

Key findings from the survey

Our survey research revealed several key findings that shed light on how corporate law department leaders are perceiving and using ChatGPT and generative AI as these technologies continue to evolve and become more widely accepted.

Higher awareness and willingness to apply — Corporate law department leaders surveyed generally had high awareness of ChatGPT and generative AI, with 95% of respondents saying they had either heard of or read about ChatGPT or generative AI. That is higher than the awareness among law firm leaders, of whom 91% said they had either heard of or read about ChatGPT or generative AI.

This awareness is likely to spur acceptance and usage, even in the usually reticent legal profession. “Before ChatGPT, technological advancement in legal software has been pretty incremental, but now it appears poised to take big steps toward something significant,” says Gunter Eren, General Counsel in Research & Development at the Business Innovation Centre of Konica Minolta in the U.K.

Further, a majority of corporate law department respondents (82%) believe that ChatGPT and generative AI *can* be applied to legal work, while more than half (54%) believe that ChatGPT and generative AI *should* be used for legal work. Also, seven in ten respondents said they believe that these technologies should be applied to *non-legal* work as well.

More comfort with using the technologies — While only a small number of corporate law departments (11%) said they are already using or planning to use ChatGPT and generative AI in their legal operations, this was again significantly higher compared to use or planned use by law firm respondents (5%).

Among the top uses for ChatGPT and generative AI in corporate legal operations is contract drafting and review, with 76% of users saying they currently use or are interested in using the technology for this purpose, and 69% saying they use or are interested in using the technology for legal research.

Among those respondents who said they’re already using or planning to use ChatGPT and generative AI in their operations, 19% of both corporate legal and law firm respondents say they are already using these technologies on a *wide-scale basis*. However, 31% of corporate law department respondents said they are planning to roll out use within the next six months, compared to just 5% of law firm respondents who said that.

Interestingly, about one-quarter of respondents say they believe that their outside law firms should not apply ChatGPT and generative AI to the legal work they perform for clients because of concerns over security, privacy, accuracy, and the pricing of legal services.

"I'm concerned about what our outside law firms are doing with it," explains the senior legal officer. "If they used to produce a memo that took them 20 hours to complete, and they charged us for 10 hours, but now they're producing it with AI in half an hour, and still charging us the same. That's fraudulent."

Acknowledgement of the risks involved — Three-quarters of corporate law professionals say they have risk concerns surrounding use of ChatGPT and generative AI, again mostly in areas of accuracy, privacy, confidentiality, and security.

Wei Zhao, General Counsel for Segway, says that his primary concern is the reliability of the results that the technology produces. "ChatGPT generates tons of information, so it's really hard to know if it's coming from authoritative sources that can be verified," Zhao says.

Further, about one-quarter of respondents said they have received warnings from their companies about ChatGPT and generative AI usage for their work, but only 10% reported ChatGPT and generative AI had been banned at their companies. Again, many of the objections over AI use in legal work acknowledged the importance of human touch and expertise in the legal profession, the uniqueness and complexity of legal issues, the need for supervision and review of AI-generated materials, as well as ethical considerations, inaccuracy concerns, the technology not being fully ready yet or being appropriate only for basic legal tasks.

Methodology

The Thomson Reuters Institute conducted the research for this report by sending invitations to an online survey to corporate law departments, along with corporate law department members of the Thomson Reuters Influencer Coalition panel. There were 587 professionals — located in the United States, United Kingdom, and Canada — who responded to the survey between April 11 and 25, 2023.

Of these respondents, 49% were from corporate law departments with between 2 and 10 attorneys; and 24% were from departments with between 11 and 49 attorneys. Fifteen percent were from single-lawyer departments, and the remaining 12% were from departments with more than 50 lawyers. The majority of the respondents were from the U.S. (67%), with 29% of respondents from the U.K., and 4% from Canada.

The respondents' job titles were roughly split among General Counsel or Assistant GC (47%), in-house lawyer (26%), Chief Legal Officer (9%), and Solicitor (8%). The remaining respondents identified as legal operations professionals, compliance counsel, or president/owners.

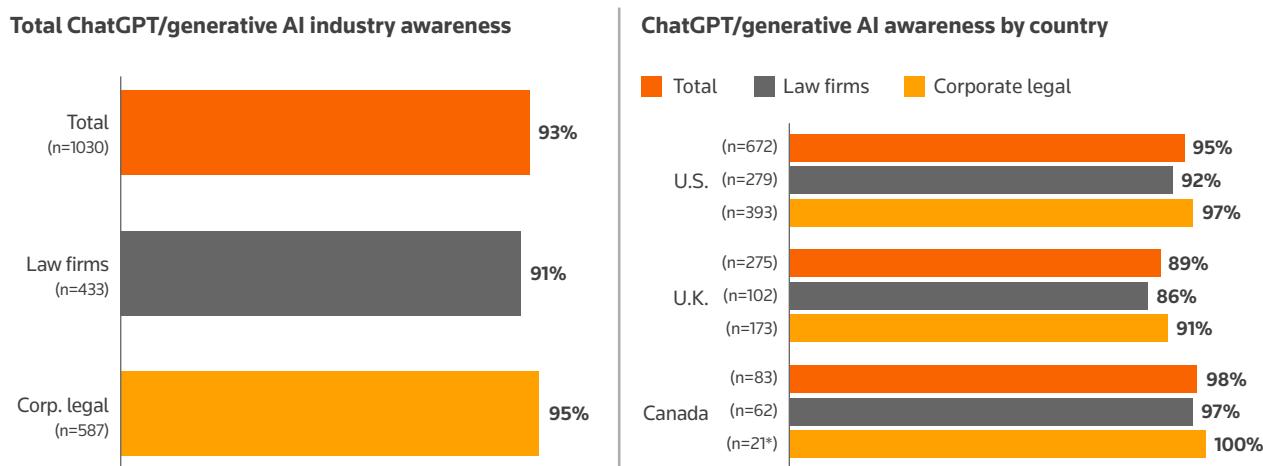
Those respondents completing the survey were also asked selected open-ended questions concerning their opinions around why generative AI should not be used for legal work, as well as the potential risks of generative AI, and if they believed those risks existed. The Thomson Reuters Institute also conducted additional qualitative interviews to further flesh out generative AI beliefs in addition to the survey responses.

Heightened awareness and application

Corporate law leaders have a higher awareness of ChatGPT and generative AI and a broader willingness to apply it to their work

The corporate law department leaders we surveyed had a very high awareness overall of the existence of ChatGPT and generative AI, with 95% of saying they had either heard of or read about these innovative technologies.

Figure 1: **Overall corporate legal professionals have significantly higher awareness of ChatGPT/generative AI compared to law firms.**



Base: Total sample (n=1,030); Law firms (n=443); Corp. legal (n=587). * Caution – small base size.

Source: Thomson Reuters 2023

Compared by country, 97% of corporate legal professionals in the United States said they had either heard of or read about ChatGPT and generative AI, compared to 91% of those in the United Kingdom. (All of the respondents from Canada said they were familiar with these technologies; however, the survey sample of 21 respondents may be too small from which to draw firm conclusions.)

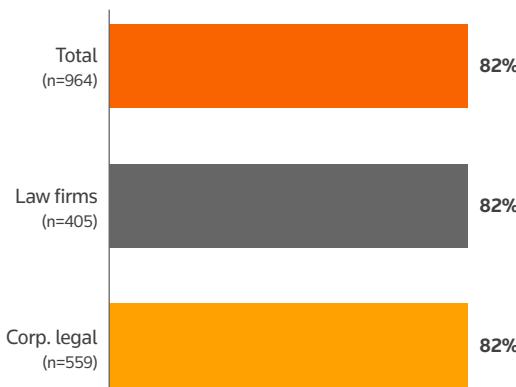
Further, when compared to the awareness shown by law firm leaders in our previous survey,² corporate law department respondents seemed to be more aware of these technologies than their counterparts in law firms with 95% of corporate law department respondents saying they were aware, compared to 91% of law firm respondents. Similarly, on a country-specific basis, corporate law department respondents were more aware than law firm respondents in the U.S. (97% to 92%), and in the U.K. (91% to 86%).

² Ibid, *ChatGPT & Generative AI within Law Firms*, Thomson Reuters Institute.

Figure 2: **The majority of legal professionals agree that ChatGPT and generative AI can be used for legal work.**

Can ChatGPT/generative AI be applied to legal work?

Industry overall “Yes”



“Yes” by country



Base: Aware of ChatGPT/generative AI OR use other forms of AI Total (n=964); Law firms (n=405); Corp. legal (n=559).
 * Caution – small base size.

Source: Thomson Reuters 2023

“Can” vs. “should” be used

The survey also drilled down further on this awareness to ask whether ChatGPT and generative AI can be applied to legal work and whether those AI-related technologies *should* be used for legal work.

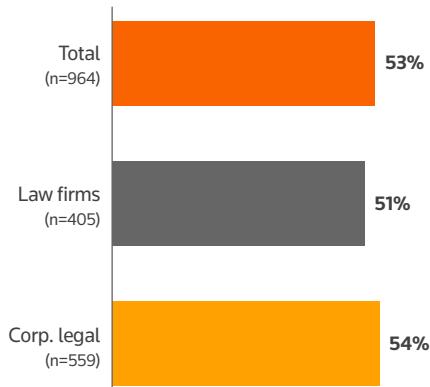
Not surprisingly, there was a significant gap in this perception. A large majority of corporate law department respondents (82%) said they believe that ChatGPT and generative AI *can* be applied to legal work in some fashion. This percentage, by the way, was the same for law firm respondents in the previous survey as well, and it also held up across the three countries in which surveys were conducted.

The divergence came when respondents were asked whether ChatGPT and generative AI *should* be used for legal work within legal departments. While more than half (54%) believe that these technologies should be used, 30% were unsure of whether these technologies should be used for legal work and 16% responded that they *should not*.

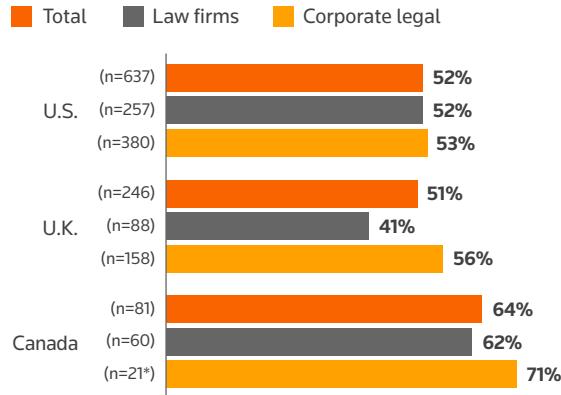
Figure 3: **Similarly to law firms, just about half of corporate legal professionals think that ChatGPT/generative AI should be applied to legal work.**

Should ChatGPT/generative AI be applied to legal work?

Industry overall “Yes”



“Yes” by country



Base: Aware of ChatGPT/generative AI OR use other forms of AI Total (n=964); Law Firms (n=405); Corp. Legal (n=559).
 * Caution – small base size.

Source: Thomson Reuters 2023

Also, a clear majority of corporate legal respondents (70%) said they believe that ChatGPT and generative AI should be applied to *non-legal* work as well. This was the only category in which more law firm respondents (72%) answered in the affirmative.

Figure 4: **Seven out of ten corporate legal professionals believe that ChatGPT/generative AI should be applied to non-legal work.**

Should ChatGPT/generative AI be applied to non-legal work?

Industry overall “Yes”



“Yes” by country



Base: Aware of ChatGPT/generative AI OR use other forms of AI Total (n=964); Law Firms (n=405); Corp. Legal (n=559).
 * Caution – small base size.

Source: Thomson Reuters 2023

To better understand the feelings of those respondents who indicated that ChatGPT and generative AI *should not* be used for legal work within legal departments, we asked them *why* they felt that way. Their individual responses fell into several categories.

Many respondents pointed out the critical need for human touch and expertise in the legal profession:

"There is no human rationale behind it. It's just a response based on a program. There are too many intricacies and nuances in legal work that require human reasoning and judgment, and there's no way some computer programmer could take those into consideration..."

"It is algorithmic. While it could be trained by data, it couldn't replace analytical thinking that is required in the legal profession."

"Legal language requires judgment, and simply applying algorithms will not impute the same level of thought..."

Other respondents cited the uniqueness and complexity of legal issues:

"Providing legal advice is very situational – even templated documents/responses need to carefully reviewed and crafted for each situation. Lawyering should be done by analytical people not 'bots.'

"AI generates responses that often do not apply to certain situations. Also, legal departments should not be billed for 'advice' that is actually AI-generated."

"It's too easy to manipulate... and legal works lives in the 'gray' areas – it's too subjective."

Also, the need for supervision and review of AI-generated materials was cited by some respondents as a concern:

"I think it will require too much review and rewriting to make the writing convincing. I would worry about missing creative legal arguments."

"I say it shouldn't [be used] because I don't believe it would, broadly, be used correctly. If AI is going to be doing legal work, it will need to be supervised in the same way that an employee would be."

"Even if generative AI can be properly trained with vetted input sources, it's unclear whether the output could be inappropriately applied to use cases that are not understood. Generative AI can be applied to legal work within legal departments if the input sources are sufficiently vetted, properly trained, and with a disclaimer to the user that the output is merely a resource, but legal counsel must always review the output in conjunction with a particular use case."

Ethical considerations were cited as well:

“Legal work by its nature is confidential. If lawyers use ChatGPT to do their work, they will be most likely disclosing confidential information that could get in the hands of competitors or bad actors.”

“I believe its unethical for a computer to be providing legal advice in the same way a human non-lawyer should not be providing legal advice.”

“The issue is in practicing law without a license. AI is only as good as its programming.”

“Fundamentally, do we want robots deciding the fate and justice of man? No longer is a question contained to the realm of sci-fi.”

Gaining use among law departments

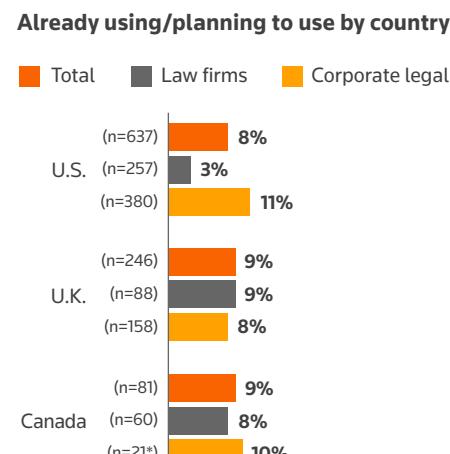
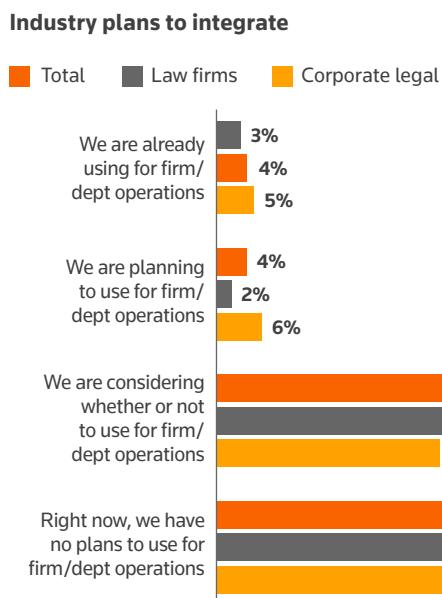
A portion of corporate law departments demonstrated a level of comfort with using ChatGPT and generative AI in their legal operations

As ChatGPT and generative AI begin to get a small foothold within the legal industry, many suggest that only time and familiarity will allow these new technologies to really take hold. Only a small number of corporate law departments leaders told our survey that their department was either already using (5%) or planning to use (6%) ChatGPT and generative AI in their legal operations.

However, this was significantly more use than law firms — more than twice as much. In our previous survey, just 3% of law firm respondents said they were already using and 2% were planning to use ChatGPT and generative AI.

Figure 5: **About one in ten corporate legal professionals report already using or planning the integration of ChatGPT/generative AI into their department operations. This is significantly higher compared to law firm legal professionals.**

Plans to integrate ChatGPT/generative AI into firm's operations



Base: Aware of ChatGPT/generative AI OR use other forms of AI Total (n=964); Law Firms (n=405); Corp. Legal (n=559).
 * Caution – small base size.

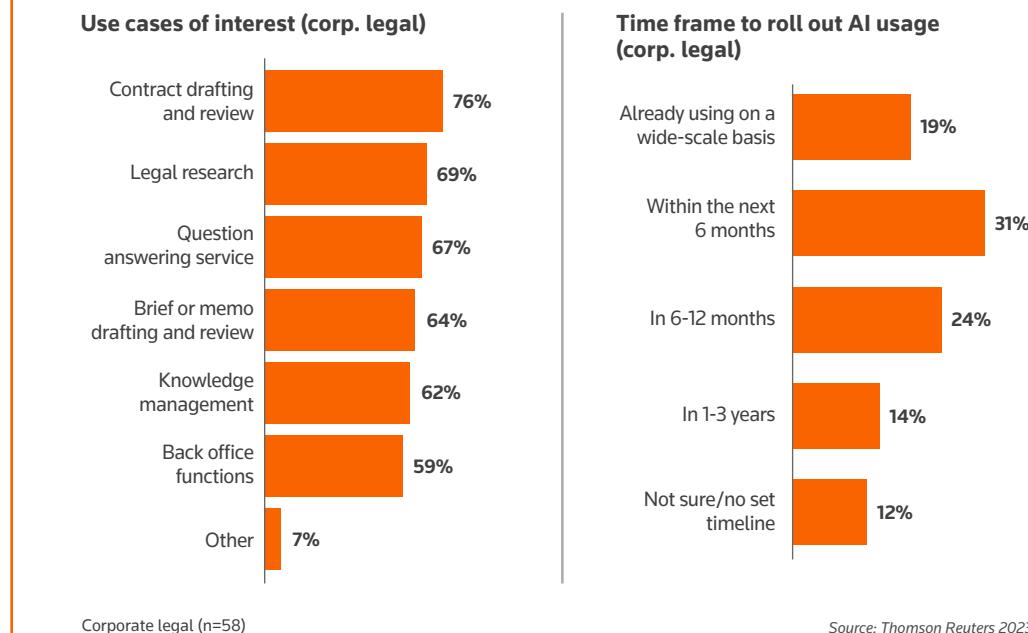
Source: Thomson Reuters 2023

Of the remaining 89% of respondents who said they are not using or planning to use ChatGPT and generative AI in their legal operations, about one-third said they were considering whether or not to use these technologies for department operations, and about two-thirds said they currently have no plans to use them.

Among those respondents who said they're already using or planning to use ChatGPT and generative AI in their operations, 19% of both corporate legal and law firm respondents say they are already using these technologies on a *wide-scale basis*.

However, there was a vast difference in the segments when respondents were asked about *how soon* their departments could start using ChatGPT and generative AI in their operations. Almost one-third (31%) of corporate law department respondents say they are planning to roll out the use of these tools within the next six months, compared to just 5% of law firm respondents who said that.

Figure 6: Corporate legal professionals are more likely to use ChatGPT/generative AI for contract drafting/review and legal research. Corporate legal departments are more likely to roll out ChatGPT/generative AI within next 6 months.

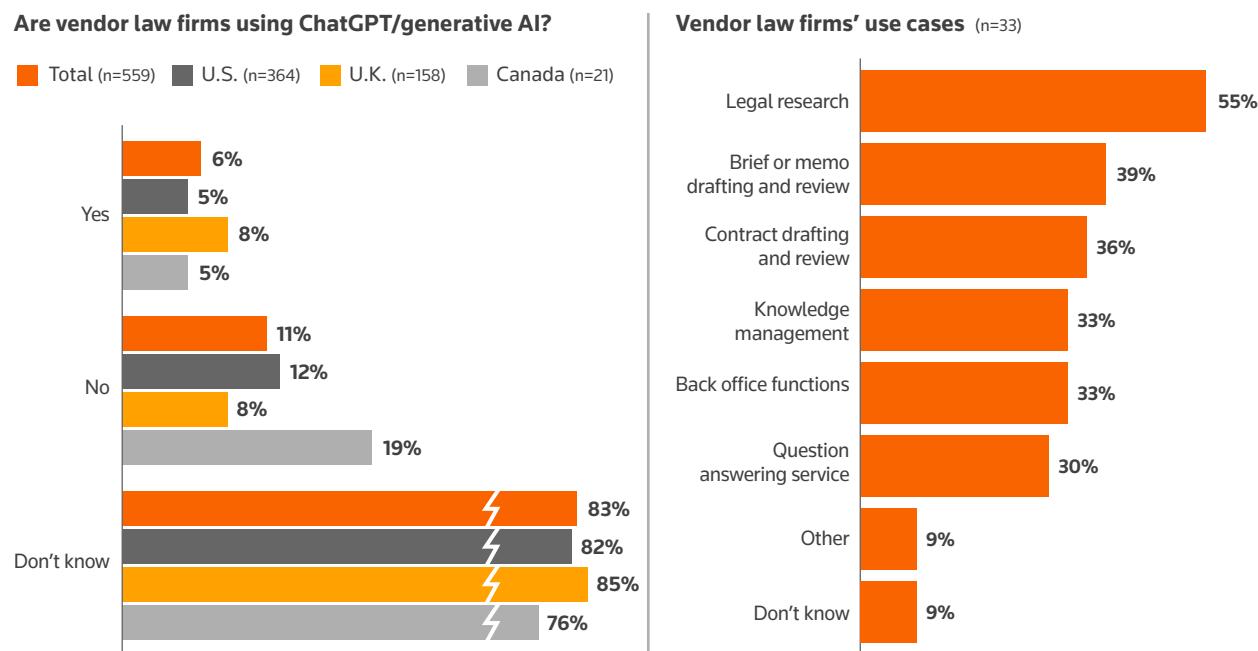


For those respondents who said they're already using or planning to use ChatGPT and generative AI in their legal operations, the most common use cases cited were contract drafting and review, with 76% of users saying they currently use or are interested in using the technology for this purpose, as well as legal research (69%) and formulating a question-answering service (67%).

Views on their legal suppliers using ChatGPT and generative AI

When it comes to their outside law firms and other legal services suppliers using ChatGPT and generative AI in their own legal work, corporate legal department respondents took a decidedly blasé view. A large majority of respondents (83%) said they did not know if their outside law firms and other legal services suppliers were using ChatGPT and generative AI in their own operations. Just 6% of corporate law department respondents said they knew for certain their outside law firms were in fact using these technologies; and 11% said they knew their outside law firms were not.

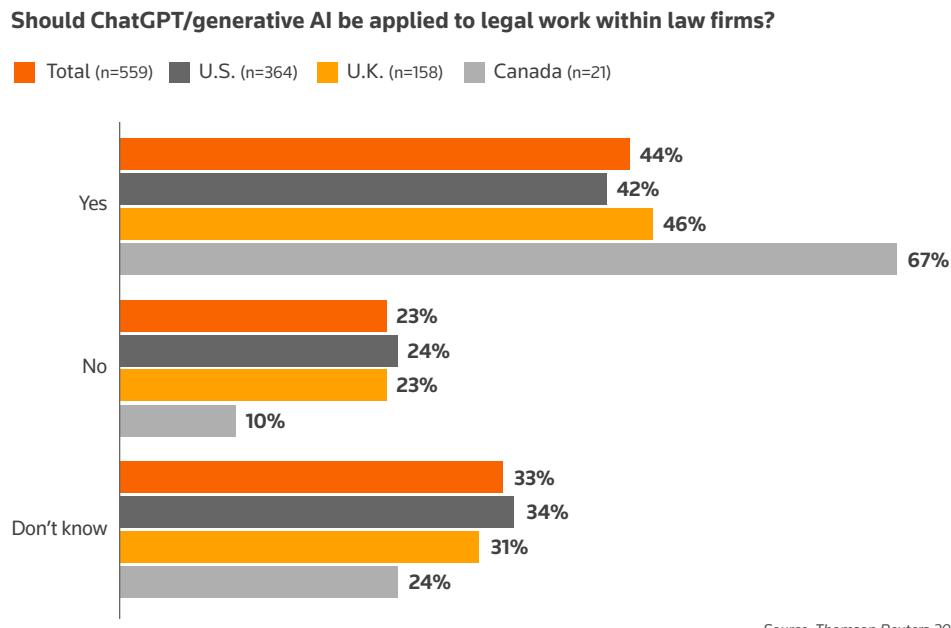
Figure 7: **Most corporate legal professionals don't know whether or not the law firms they are working with are using ChatGPT/generative AI.**



Source: Thomson Reuters 2023

Interestingly, of those that said they knew their outside law firms were using ChatGPT and generative AI, the most common use cases cited were legal research (55%) and brief and memo drafting and review (39%). Further, almost one-in-four (23%) of the corporate legal professionals surveyed believe that ChatGPT and generative AI *should not* be applied to legal work within law firms. This figure is perhaps surprising in the context of the finding above that such a large minority are currently unaware of whether the firms they work with are in fact already using these technologies.

Figure 8: **About a quarter of corporate legal professionals believe that ChatGPT/generative AI should not be applied to legal work within law firms. The reasons are accuracy, security, ethics and price of legal services.**



Source: Thomson Reuters 2023

Overall, respondents were less enthusiastic about their law firms using ChatGPT or generative AI than they were about using it within their own department. While almost one-quarter of corporate law firm respondents said law firms should not be using these technologies, only 16% said legal departments should not use them either. The reasons for being against law firm usage were similar to the reasons given against legal department usage, with the added concern of how it would impact the pricing of legal services:

"The concern is that we would be paying for advice that is perhaps not verified or confirmed. Instead, ChatGPT may be relied upon without advising the client."

"We pay for work from legal minds, especially in the realm of litigation, we want the briefing to be completed with the trial strategy in mind."

"It's not always accurate, it takes additional work to fact-check. When we use external law firms, we need exact information."

"Should AI be used for chargeable work, the cost to clients would need to be significantly reduced."

"All legal advice should be from a human and not AI. It is possible that you could use AI in some way, but writing legal briefs, pleadings, etc. should be generated by a human lawyer who has gone to school, passed the bar, upholds the oath we took, and who is bound by ethical duties."

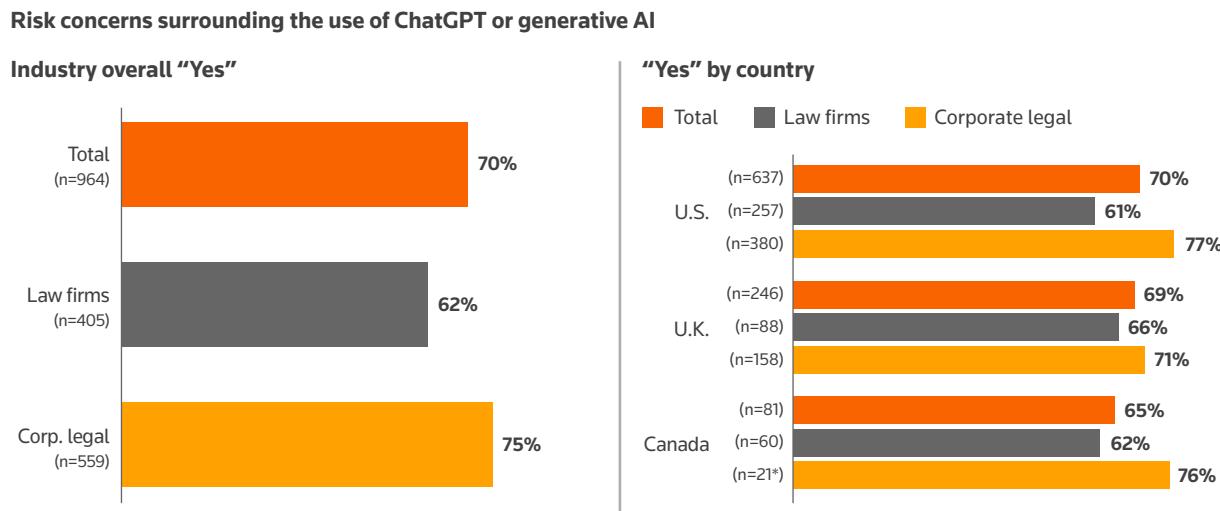
Knowing the risks involved

Many corporate law department leaders say they have concerns about the use of these technologies, especially around their accuracy and security

Not surprisingly, especially given that much of this technology is still in its infancy, risk was a dominant theme among survey respondents as three-quarters of corporate law professionals said they have risk concerns surrounding use of ChatGPT and generative AI, mostly in areas of accuracy, privacy, confidentiality, and security.

Concerns over risk were higher among corporate law department respondents, with 75% admitting to some degree of concerns over risk with these technologies, compared to 62% of law firm respondents in our previous survey.

Figure 9: **Corporate legal professionals are significantly more concerned about risks surrounding the use of ChatGPT/generative AI.**



Source: Thomson Reuters 2023

When the numbers are broken down by country, in each case a higher percentage of corporate law department respondents said they had concerns compared to their law firm counterparts. In the U.S., for example, 77% of corporate legal professionals cited concerns, compared to just 61% of law firm respondents, indicating perhaps that while legal departments have been quicker to start usage, they are also more likely to have risk concerns.

Many of the concerns voiced by corporate law respondents included fears of the technologies' lack of accuracy, as well as worries over how issues of privacy, confidentiality, and security would be managed. When asked directly to describe their concerns, respondents said:

"Allowing an outside platform access to confidential information and documents, jeopardizing attorney-client privilege, and maintaining consistency."

"Security of information, accuracy of response, and application of that response without care."

"If it's to be used in the future, concerns would primarily be focused on reliability of the information and whether use of any of it could constitute infringement."

"Creation of liability related to poorly written contracts..."

"Too new and unregulated."

"Accuracy, completeness, and whether the results incorporate up-to-date market trends and case law."

"Data privacy, lack of insight into algorithmic fundamentals or data set equity."

"Committing malpractice and ethical concerns."

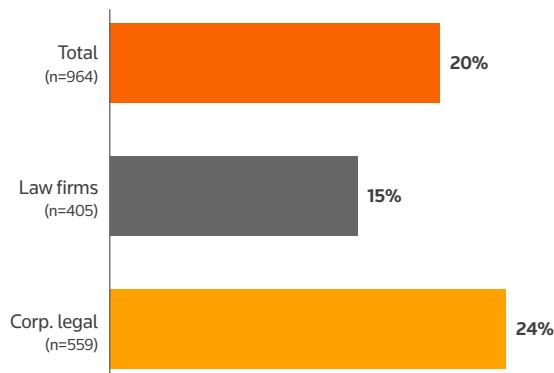
Some companies are issuing internal warnings and outright bans over use

In early May, Samsung Electronics Co. banned the use of generative AI tools like ChatGPT by employees, presumably including the company's legal department. The ban happened after the company discovered employees had uploaded sensitive code to an AI platform, with the tech giant noting its concerns that data sent to AI platforms could be seen by other users.

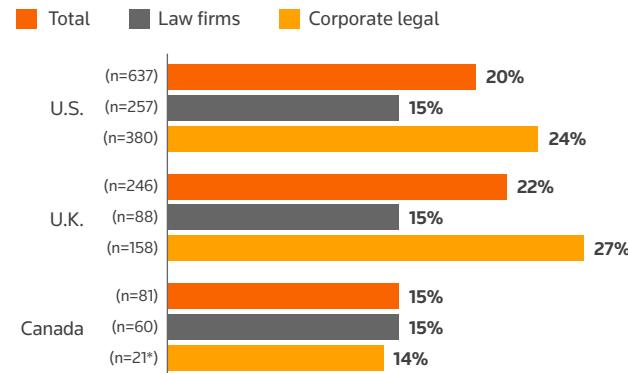
Figure 10: **About a quarter of corporate legal professionals report warnings against the unauthorized use of ChatGPT/generative AI at work, significantly higher compared to law firms.**

Warnings against the unauthorized use of ChatGPT or generative AI

Industry overall “Yes”

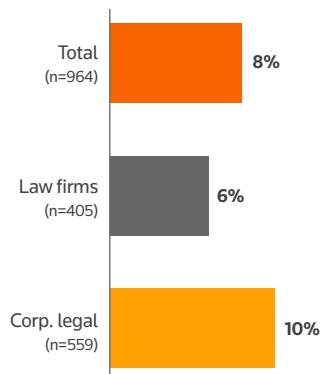


“Yes” by country



Bans against the unauthorized use of ChatGPT or generative AI

Industry overall “Yes”



“Yes” by country



Base: Aware of ChatGPT/generative AI OR use other forms of AI Total (n=964); Law firms (n=405); Corp. legal (n=559)

* Caution – small base size.

Source: Thomson Reuters 2023

Among our survey respondents, similar bans and general warnings about the use of ChatGPT and generative AI usage for work were not unheard of. About one-quarter of respondents said they have received warnings from their companies about using the technologies for their work, but only 10% reported such tech had been banned at their companies. Again, in both the cases of warnings and outright bans, a larger percentage of corporate law department respondents cited these incidents compared to their law firm counterparts.

“I think some of the reaction in the legal profession has been extreme, especially those [law departments] that do outright bans,” says one corporate legal leader. “AI is just a tool, and you just have to be smart about how you use it. Some lawyers didn’t want to use email at first either, worrying that it could be a security or privacy risk. Some law firms and legal departments even sought to ban email too at first, but now you can’t image a firm conducting business without it.”

Conclusion

Not surprisingly, the emergence of ChatGPT and generative AI within legal is being seen as a potential tidal wave of change by many in the profession, with issues of awareness, usability, and risk riding at the forefront of many industry participants' minds.

"I think this technology has the potential to replace a lot of entry-level lawyers and allow far fewer lawyers to get the same amount of work done," says Segway's Zhao.

As this survey shows, many predict that how corporate law departments and their outside legal providers conduct their own operations could soon be irrevocably altered. In fact, as corporate legal teams seem to be advancing on accepting and even utilizing these technologies much more quickly than law firms, the dynamic balance between the two sides of the table could change.

Yet, as many in the survey stressed, ChatGPT and generative AI alone will not revolutionize the legal industry. It will be their combination with tech-savvy legal professionals that can really unleash the maximum impact these technologies will have on the how the legal industry conducts the business of law.

"In five years, this is going to explode," says the senior legal officer. "It will be like the computer, like iPhones... it will touch everything. It is just amazing and it's not going away."

"I think this technology has the potential to replace a lot of entry-level lawyers and allow far fewer lawyers to get the same amount of work done."

– Wei Zhao, General Counsel, Segway

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