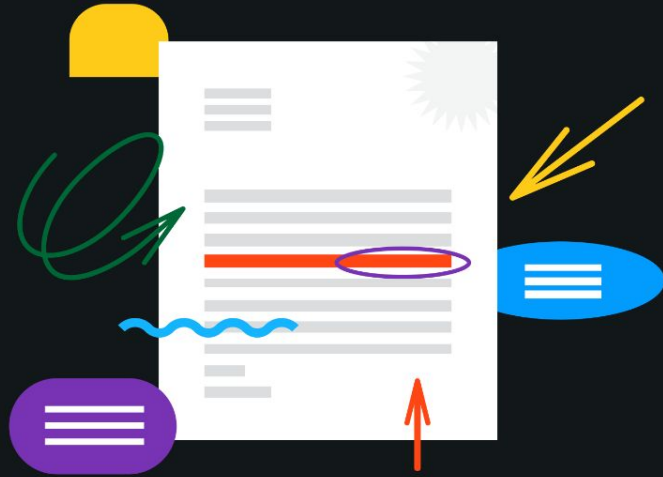


AI-Powered Contract Review: The Latest Developments





We were the very first commercial
generative AI copilot for drafting

There are now

4,000+

law firms and in-house teams using Spellbook



Fender®

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The most comprehensive AI copilot for transactional lawyers



Review

Redline contracts and
catch risks.



Draft

Draft from scratch or
saved libraries.



Ask

Quick answers to
complex questions.



Benchmarks

Compare contracts to
industry standards.



Associate

Multi-step document
workflows.

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Section 1 – AI & Contracts

Technologies Powering Next-Gen Legal Workflows

Research Copilots

AI research assistants now provide direct answers to legal questions, grounded in linked authority, reducing the need for time-consuming searches across multiple sources.

Contract Copilots

Contract copilots bring drafting and review directly into the lawyer's workspace, applying playbooks, generating redlines, and benchmarking terms against prevailing standards.

AI Agents

Agents extend these capabilities further by autonomously achieve complex goals in dynamic environments with minimal supervision by adapting, problem-solving, and executing multi-step tasks independently.

What advantages does AI Contract Solutions provide Lawyers

- 1. Speed** - AI dramatically increases the speed of review, eliminating bottlenecks in high-volume work.
- 2. Accuracy** - AI acts as a first-pass reviewer—spotting risks, suggesting edits, and benchmarking against standards. Lawyers are freed to focus on strategy, client counseling, and higher-value work.
- 3. Control** - AI gives lawyers control over how and when automation is applied, letting them select specific tools, features, and datasets that align with firm standards and client expectations.



Review

AI accelerates
contract review,
but the lawyer
remains in charge.

Efficiency changes, but your
professional duties do not.

Critical

Indemnification Clause

This indemnification clause seems broad and could potential expose Acme Motors to significant liability. We should consider negotiating this provision to limit its scope or include a cap on potential liability.

Add Comment

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Critical

Security Breach Exception

Clarifying that Acme Motors Inc.'s responsibility for security breaches applies only if Company's negligence or willful misconduct did not contribute ensures that



22 Suggestions

Demo



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Section 2 – Risks and Responsibilities

Duties & Obligations

- **Competence (Rule 1.1):** Lawyers must understand the risks and benefits of technology.
 - *ABA Formal Opinion 512 (2024): Verify all AI outputs before use.*
- **Confidentiality (Rule 1.6):** Client data must be protected; avoid unsecured systems.
 - *Texas Opinion 705 (2024): Uploading sensitive data to public AI tools risks privilege.*
- **Candor (Rule 3.3):** Never submit fabricated citations or unverified AI output.
 - *NYC Bar Guidance (2025): Disclosure and client consent may be required.*
- **Supervision (Rule 5.3):** AI is like a non lawyer assistant — it must be supervised.
- **Reasonable Fees (Rule 1.5):** AI-accelerated work cannot be billed as if it were manual.
 - *Florida Bar Opinion 24-1 (2024): Billing must reflect AI time savings.*

Risks and Challenges

Ethical and Regulatory Concerns

- **Attorney-Client Privilege & Data Privacy:** Integrating cloud-based AI systems may raise questions about confidentiality and risk of data breaches.
- **Bias in Training Data:** If the data used to train AI agents contain historical biases (e.g., selective enforcement patterns), the system's outputs may perpetuate discrimination.

Liability and Accountability

- **Professional Responsibility:** Lawyers must ensure they do not blindly rely on AI suggestions. Ultimately, ethical and legal accountability rests with the attorney.
- **Unauthorized Practice of Law (UPL):** AI that generate legal content or advice without supervision may cross into UPL.

Best Practices for Safe AI Contract Review Adoption

1. **Pilot on Your Own Contracts** – Test NDAs, MSAs, and templates before scaling; benchmark AI against your playbooks with measurable KPIs.
2. **Action Constraints & Human Approval** – Require lawyer sign-off at defined gates; prohibit delegation of final approvals or certifications.
3. **Transparency & Auditability** – Retain logs of prompts, model versions, citations, redline diffs, and human edits for at least one year; make reasoning traceable for accountability.
4. **Control & Oversight** – Maintain the ability to reject, revise, or roll back AI outputs with full version history showing attorney edits as final authority.

Evaluating AI Contract Review Vendors

Reliability

- Accuracy rates in clause detection & redlining.
- Benchmark performance against standards.
- Transparent metrics
- Demonstrated success across multiple contract types.

Compliance & Security

- **Zero data retention** and **SOC 2 Type II** certification.
- Adherence to privacy laws (GDPR, CCPA).
- Maintains attorney-client privilege in workflows.
- Clear audit trails to ensure accountability.

Integration & Usability

- Direct integration with workflows (Word Add-in).
- Customizable Libraries.
- Customizable Playbooks.
- Strong training, onboarding, and support resources.

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Section 3 – Agentic AI

Agents as a concept

- AI agents go beyond passive tools. They “act” on behalf of a user, performing tasks such as drafting clauses, suggesting edits, or providing strategic insights.
- They rely on ML, NLP, and advanced decision making models.

Understanding 'Agenticness'

Agenticness

The degree to which an AI system can autonomously achieve complex goals in dynamic environments with minimal supervision by adapting, problem-solving, and executing multi-step tasks independently.

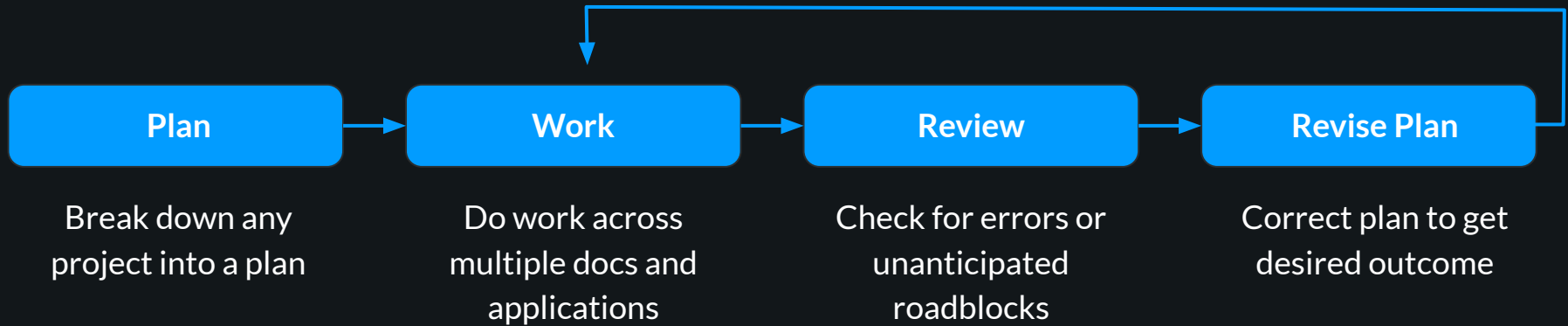
Key features

1. **Autonomy:** They can work independently
2. **Goal-oriented:** They aim to achieve specific objectives
3. **Adaptability:** They can adjust their actions based on the situation
4. **Interaction:** They can use various tools and systems

AI Agents

Systems with high agenticness are considered AI agents, capable of operating with minimal human intervention, making decisions, and dynamically adjusting to new information or challenges.

How do we define an AI agent?



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Questions?



Spellingbook

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Appendix A

Future Outlook for AI-Powered Contracts

From Copilot to Colleague

● AI will advance from basic “copilot” functions to fully autonomous “colleagues,” handling complex legal tasks and collaborating seamlessly with human attorneys.

No Data Plateau

● Despite concerns about limited training data, AI progress will continue through smarter compute-time approaches and improved data retrieval methods.

Personalization Increases

● AI systems will adapt to each firm’s specific preferences and risk profiles, creating customized drafting and negotiation strategies.

Regulatory & Governance Outlook

● Bar associations are clarifying rules: ABA Formal Opinion (2024) urged ongoing supervision; NYC Bar (2025) stressed disclosure, client consent, and staying informed on developments.

Spellbook – System Architecture

- We operate a **compound AI system**, dynamically integrating multiple models that are continuously updated and optimized for peak performance. This modular approach ensures agility, resilience, and cutting-edge capability.
- Rather than relying on static fine-tuning, we leverage **Retrieval-Augmented Generation (RAG)** and **in-context learning**, enabling real-time adaptation and precision without costly retraining.
- **Expanding context windows** have revolutionized AI personalization, allowing systems to process vast amounts of information, maintain continuity across interactions, and deliver **context-aware, high-value insights at scale**.