Comparative Review of Legal and Ethical Issues in AI-based Legal Services

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Abstract

This paper explores the rapid development of AI-based legal services and the resulting legal and ethical issues. As AI technology is introduced into legal advisory and related services, significant changes are occurring in the way legal work is performed and service delivery models are structured. While these changes offer benefits such as cost reduction, increased efficiency, and improved accessibility to legal services, they also raise concerns about unauthorized practice of law, personal information protection, transparency and fairness of algorithms, and changes in lawyer-client relationships. Through literature review and case analysis, this research comparatively analyzes the current status of AI legal services and regulatory approaches in the United States and Korea. Major legal issues include the legal status of legal advice provided by AI systems and the responsibility for AI-generated legal documents, while ethical issues encompass AI algorithmic bias, explainability, and personal information protection.

This study comprehensively analyzes these issues and forecasts the future of AI legal services. Furthermore, it presents implications and policy suggestions for finding a balance between AI technology development and existing legal systems, and for establishing appropriate regulations and ethical standards. Through this, it seeks ways to maximize the benefits of AI technology while maintaining the intrinsic value of legal services and social trust.

Key words: AI-based legal services, LegalTech, Regulatory approaches, Legal issues in AI legal services, Ethical issues in AI legal services.

Ⅰ. Introduction

1. Research Background

The rapid advancement of Artificial Intelligence (AI) technology is bringing revolutionary changes to various industrial sectors, and the legal services field is no exception. As AI technology is introduced into legal advisory and related services, traditionally considered the domain of human experts, significant changes are occurring in the way legal work is performed and service delivery models are structured. AI-based legal services have become capable of performing various legal tasks, including contract review, legal research, automatic document generation, case analysis, and prediction.

Initially, these changes were limited to simple legal document search and classification tasks. However, with the development of Natural Language Processing (NLP) and Machine Learning (ML) technologies, AI systems have acquired the ability to understand and analyze complex legal texts. In the United States, AI legal services such as LegalZoom and Lex Machina are already widely used, providing various functions including automatic legal document creation, judgment data analysis and prediction, and low-cost legal support. In Korea, AI-based legal services are also expanding, centered on platforms such as LawTalk, and recently, AI-based legal services like L-Box and AI Daeryook-Aju have emerged.

2. Importance of the Research

The proliferation of AI-based legal services is bringing significant changes to the legal services industry. This is yielding positive effects such as cost reduction, increased efficiency, and improved accessibility to legal services. In particular, the introduction of AI has enabled rapid analysis of large volumes of legal data and

provision of accurate legal advice, leading to improvements in the quality of legal services. Additionally, AI technology is contributing to the democratization of legal services by providing affordable legal support to low-income individuals and others who previously had difficulty accessing legal services.

However, along with these positive aspects, the introduction of AI legal services is also raising various legal and ethical issues. In particular, key issues include unauthorized practice of law, personal information protection, transparency and fairness of algorithms, and changes in lawyer-client relationships. For instance, questions are being raised about whether legal advice provided by AI systems constitutes 'legal affairs' under the *Attorney-at-Law Act*, and who bears responsibility for legal documents generated by AI. Moreover, the protection of sensitive personal information processed by AI systems, issues of AI algorithmic bias and opacity, and changes in the role of lawyers due to the introduction of AI are also emerging as important issues.

These issues can have significant impacts on the quality and reliability of legal services, as well as social fairness. Therefore, it is crucial to find a balance between the development of AI legal services and existing legal systems, and to establish appropriate regulations and ethical standards. This is essential for maximizing the benefits of AI technology while preserving the intrinsic value of legal services and maintaining social trust. Furthermore, given that the development of AI legal services should complement and strengthen the role of legal professionals rather than replace it, research and discussion on this topic are of utmost importance.

3. Research Questions and Methodology

This study aims to analyze the current status and issues of AI-based legal services and explore appropriate regulations and development directions by addressing the following research questions:

(1) How do AI-based legal services conflict with the current legal system? In particular, what are the points of conflict with relevant laws such as the *Attorney-at-Law Act*?

(2) What are the main ethical issues of AI legal services, and how can they be resolved?

(3) How do regulations and response measures for AI legal services differ between the United States and Korea? What can be learned from each country's approach?

(4) What is a balanced policy direction that can promote the development of AI legal services while ensuring the quality and ethics of legal services?

(5) What are the future prospects of AI legal services, and what impact will these changes have on legal culture and society as a whole?

To answer these questions, this study adopts literature review and case analysis as its main methodologies. First, we analyze the current status and issues of AI legal services by extensively reviewing relevant laws, precedents, policy documents, and academic papers from the United States and Korea. In particular, we closely examine AI-related regulatory trends such as the American Bar Association (ABA) Resolution 112 and the Algorithmic Accountability Act, as well as issues of interpretation and application of relevant laws in Korea, such as the *Personal Information Protection Act* and the *Attorney-at-Law Act*.

Furthermore, we explore the practical application of AI legal services and the resulting legal and ethical issues through specific cases such as LawTalk, LegalZoom, and Lex Machina. In particular, we closely examine the legal challenges faced by these services, their response strategies, and the resulting institutional changes. Through this multifaceted analysis, this study aims to propose development directions and appropriate regulatory measures for AI legal services, and further, to envision the future of legal services in the AI era. This is expected

to provide an academic and policy foundation for the harmonious development of AI technology and legal services.

Ⅱ. Overview of AI-based Legal Services

1. Current Status of AI Legal Services

The introduction of AI technology in the legal field was initially limited to simple tasks such as searching and classifying legal documents. However, with the advancement of Natural Language Processing (NLP) and Machine Learning (ML) technologies, AI systems have acquired the ability to understand and analyze legal texts, enabling them to perform more complex legal advisory tasks.

Currently, AI legal services analyze vast amounts of legal data to provide swift and accurate advice. This technological integration is significantly improving the quality and efficiency of legal services, and large law firms are using these AI tools to process legal work more efficiently. Legal services utilizing AI are also effectively used in public institutions to provide services to the public. The U.S. courts have adopted artificial intelligence (AI) technology to efficiently handle repetitive and non-value-added procedures, thereby aiming to deliver high-quality judicial services. Specifically, the Palm Beach County Court in Florida uses AI-based software to automate the classification of electronically submitted documents and the docketing process. This software significantly enhances the court's operational efficiency by automating document classification, information extraction, and entry into the court's case management system. With the advancement of robotic process automation (RPA) technology, the scope of the automated system's application has expanded from initially low-risk and large-scale cases to gradually include more complex case types. Currently, about one-third of

all cases, encompassing 68 different types, are processed automatically. During the initial implementation, all tasks were manually verified to ensure the program's accuracy, and it was found that the automated program made fewer errors than court clerks. As a result, only 15% of all cases now require human review. Additionally, the AI program can recognize application types with additional requests from electronically submitted documents and automatically forward these documents to the relevant judge[1]. AI-based legal services are widely used across both public and private sectors, and their role is rapidly expanding beyond simple automated legal document creation to include analysis of legal materials and cases, outcome prediction, and broadening the scope of legal service support at a fast pace.

1) Automated Legal Document Generation

Among AI-based legal services, the most fundamental is the automatic generation

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1) See Chung (2021). Legal services utilizing AI are also effectively used in public institutions to provide services to the public. The U.S. courts have adopted artificial intelligence (AI) technology to efficiently handle repetitive and non-value-added procedures, thereby aiming to deliver high-quality judicial services. Specifically, the Palm Beach County Court in Florida uses AI-based software to automate the classification of electronically submitted documents and the docketing process. This software significantly enhances the court's operational efficiency by automating document classification, information extraction, and entry into the court's case management system. With the advancement of robotic process automation (RPA) technology, the scope of the automated system's application has expanded from initially low-risk and large-scale cases to gradually include more complex case types. Currently, about one-third of all cases, encompassing 68 different types, are processed automatically. During the initial implementation, all tasks were manually verified to ensure the program's accuracy, and it was found that the automated program made fewer errors than court clerks. As a result, only 15% of all cases now require human review. Additionally, the AI program can recognize application types with additional requests from electronically submitted documents and automatically forward these documents to the relevant judge. The example of the Palm Beach County Court demonstrates the effective use of AI and RPA technology in court case management. The adoption of such technology enhances judicial service efficiency, reduces errors, and innovatively improves court operations. Future applications of AI technology to a wider variety of case types can be expected to further enhance the quality of judicial services.

of legal documents. In the United States, LegalZoom is a representative provider, offering various automated legal document creation services since its establishment in 1999. LegalZoom operates through a rule-based approach where users answer online questions, employees review the answers through a 'Peace of Mind Review' process, and then software generates legal documents tailored to the user's situation and jurisdiction, which are then printed or submitted to courts or government offices as necessary[2].

2) Analysis and Prediction

AI-based legal services, for example Lex Machina and LexisNexis's legal analytics platform, utilize judgment data to help legal professionals develop case strategies more efficiently. It analyzes judges' tendencies through court and judge analysis services. This allows for easy analysis of the likelihood of approval or rejection for specific applications, the processing time for specific cases, and the likelihood of a judge ruling on patent infringement, fair use of trademarks, or securities law violations.

It also provides an evaluation service for opposing legal representatives. This function allows for quick insights into the litigation experience of opposing lawyers or law firms. It enables analysis of experience with specific judges and courts, client lists, and the firms most frequently litigated against. The case party evaluation function allows for analysis of a party's experience with specific judges and courts. It can quickly identify past behaviors such as the timing of major cases, damages awarded in similar cases, litigation trends, number of litigations involved, experience with specific judges, consideration of change of venue, and time required for litigation. Through these functions, the AI-based legal services support legal professionals in developing more effective strategies and making accurate predictions.[3]

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2) See Han (2020).

3) Expansion of Legal Services Support

AI has revolutionized the way legal services are provided. It has enabled not only the simplification of document work but also the provision of affordable legal support and efficient answers to legal questions. Self-help chatbots are a prime example of AI providing legal services to low-income individuals. For instance, rAInbow is an AI chatbot designed to help potential victims of domestic violence, identifying areas of legal protection and helping victims understand their rights.

The Do Not Pay website is another example showcasing the potential of AI legal technology. This platform has overturned more than 100,000 speeding tickets, saving low-income Americans millions of dollars. By utilizing AI to analyze legal issues, it helps users effectively contest fines and legal charges. AI was able to quickly write a simple memorandum and analyze complex legal issues at a level similar to human lawyers. This case demonstrates that AI has made remarkable progress in terms of efficiency and accuracy in performing legal tasks traditionally handled by lawyers.[4]

These AI legal technologies are transforming the legal field through document processing simplification, provision of affordable legal support, and immediate legal information. This has the potential to democratize access to justice and provide support for marginalized populations to navigate the legal system.

2. Impact and Concerns of Utilizing AI in Legal Services

As seen above, AI-based legal services offer several advantages. First, they provide significant benefits in terms of cost-effectiveness and improved accessibility. AI legal services can reduce lawyer time costs and cut costs for repetitive tasks through

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3) See Kang (2022), p. 75

4) Ashwin Telang, The Promise and Peril of AI Legal Services to Equalize Justice, https://jolt.law.harvard.edu/digest/the-promise-and-peril-of-ai-legal-services-to-equalize-justice (Last visit: 2024. 07.16).

automated legal document creation systems. This is particularly advantageous for small and medium-sized businesses or individuals using legal services. Furthermore, it greatly enhances the accessibility of legal services by providing legal advice to various users at affordable costs.

AI systems can provide real-time, rapid responses to legal issues. They can perform tasks such as contract review and legal research very quickly, which is very helpful in dealing with time-sensitive legal matters. Moreover, they can provide highly accurate legal advice by analyzing large volumes of legal data. AI algorithms can quickly process and apply the latest legal information, enabling the provision of accurate legal advice. AI systems also play a role in complementing and supporting the work of human lawyers. By automating repetitive and time-consuming tasks, they allow lawyers to focus on more important work, thereby increasing lawyers' work efficiency and improving the overall quality of legal services. By supporting lawyers to make better decisions based on the analysis and data provided by AI, higher quality legal services can be provided through collaboration between lawyers and AI.

However, there are also some concerns about AI-based legal services. There is a possibility that AI systems may produce unfair results for certain groups due to bias in the data they are trained on. Additionally, there are complex legal issues and situations requiring human intuition and creative thinking that AI systems currently cannot resolve. AI limitations may become apparent in subtle differences in legal interpretation or handling exceptional situations. Ethical issues may also arise when using AI-based legal services. These include issues of personal information protection, data security, and algorithmic transparency. Moreover, the issue of legal responsibility when an AI system provides incorrect legal advice is also an important point of contention.

Reflecting these concerns, the U.S. government is also preparing countermeasures. First, the Biden administration has issued a comprehensive

executive order to address various issues arising from the development of AI. In terms of enhancing security, the President requires the most powerful AI system developers to share safety test results and other important information with the U.S. government. Under the Defense Production Act, companies developing foundational models that could pose serious risks to national security, economic security, public health, and safety must notify the federal government when training models and share all red team safety test results. The National Institute of Standards and Technology sets standards for thorough safety testing before AI systems are released, and the Department of Homeland Security applies these standards to critical infrastructure sectors and establishes an AI Safety and Security Board. It also addresses chemical, biological, radiological, nuclear, and cybersecurity risks that could be exacerbated by AI.

To protect privacy, the President prioritizes federal support to accelerate the development and use of privacy-enhancing technologies. He directs the strengthening of privacy guidelines considering AI risks by evaluating how federal agencies collect and use commercially available information including personally identifiable information. Additionally, he plans to fund research collaboration networks to enhance privacy protection research & technology and develop guidelines to evaluate the effectiveness of privacy protection techniques used in AI systems to promote federal agencies' data protection efforts.

To protect consumers, patients, and students, the President promotes the responsible use of AI and directs the use of AI in the medical field to develop affordable and life-saving drugs. The Department of Health and Human Services establishes a safety program to receive reports and take action on harmful or unsafe medical practices related to AI. In the field of education, resources are prepared to support teachers deploying AI-assisted educational tools such as personalized tutoring in schools, shaping the potential of education. Through this comprehensive approach, the Biden administration is seeking ways to provide substantial benefits

to consumers, patients, and students through AI while protecting them. AI-based legal services must also take measures to ensure stability, personal information security, and consumer protection in accordance with the executive order.[5]

In the 2023 annual report, U.S. Chief Justice John Roberts expressed both optimistic and cautious views on the role of artificial intelligence in the legal field. Chief Justice Roberts emphasized AI's potential to greatly improve the accessibility of legal services, noting that it could be particularly useful for those with limited resources. He viewed that AI could significantly improve the efficiency and accessibility of legal services through providing basic legal information, assisting with court document preparation, and helping to understand legal procedures.

However, Chief Justice Roberts warned that caution is needed in using AI. He specifically pointed out AI's hallucination phenomenon (generation of erroneous information), privacy issues that could arise when handling confidential information, and issues of bias and reliability in criminal cases. Also, mentioning that the general public perceives human judgment as fairer than AI, he argued that AI cannot completely replace legal judgment as it often requires subtle human insight.[6]

In conclusion, Chief Justice Roberts predicted that AI would have a significant impact on judicial work, but would not completely replace human judges. He emphasized that AI's role would primarily be supportive, and judges and court staff would continue to play a key role in the judicial system.

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5) FACT SHEET: President Biden Issues Executive Order on Safe, Secure, and Trustworthy Artificial Intelligence,
   https://www.whitehouse.gov/briefing-room/statements-releases/2023/10/30/fact-sheet-president-biden-issues-executive-order-on-safe-secure-and-trustworthy-artificial-intelligence/(Last visit: 2024. 07.18).

6) John Kruzel, US Supreme Court's Roberts urges 'caution' as AI reshapes legal field, published in 2024,01,03.
   https://www.reuters.com/legal/us-supreme-courts-roberts-urges-caution-ai-reshapes-legal-field-2023-12-31/(Last visit: 2024. 07.16).

Ⅲ. Key Issues Related to AI-based Legal Services

1. Legal Issues in the United States

The most significant issue in AI-based legal services in the United States is whether such services constitute unauthorized practice of law. This issue has come to the forefront as legal document preparation service providers like LegalZoom have faced challenges from bar associations and courts in various states. The core issue is whether LegalZoom's services violate *ABA Model Rule 5.5(b)*:

A lawyer who is not admitted to practice in this jurisdiction shall not: (1) except as authorized by these Rules or other law, establish an office or other systematic and continuous presence in this jurisdiction for the practice of law; or (2) hold out to the public or otherwise represent that the lawyer is admitted to practice law in this jurisdiction[7].

LegalZoom has presented various defense arguments in lawsuits filed in several states. In Alabama, the lawsuit was voluntarily dismissed, and in the *Janson v. LegalZoom* case in Missouri, a class action was filed but ultimately settled under conditions including clear notice that Missouri lawyers do not review documents or provide legal advice. In the *Medlock v. LegalZoom.com*, Inc. case in South Carolina, they were able to continue their services as long as they complied with specific conditions as recommended by the special referee[8].

The dispute in North Carolina is particularly noteworthy. In 2008, the bar association issued a cease-and-desist order stating that LegalZoom's activities

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7) MODEL RULES OF PROFESSIONAL CONDUCT R. 5.5 cmt. 2 (AM. BAR ASS'N 2018).
8) See Lanctot (2011).

constituted unauthorized practice of law, but LegalZoom ignored this and instead filed a lawsuit against the bar association. The court examined the self-representation exception and the scrivener's exception' but determined that more factual records were needed. Subsequently, LegalZoom filed a federal antitrust lawsuit against the bar association, and both parties reached an agreement through negotiation. This led to the passage of a law in North Carolina in 2015 that further defines the term, practice of law[9].

Synthesizing these cases, LegalZoom argues that their role is simply transferring customer information to legal documents, not providing legal advice. On the other hand, bar associations view the selection and completion of legal forms as legal advice, and consider even automated systems to reflect the legal judgment of the service provider. As a result, despite various legal challenges, LegalZoom has been able to continue operations through agreements that accept conditions such as lawyer document review and clear notice of the nature of the service. This allows it to continue providing services to customers while complying with regulations on unauthorized practice of law.

2. Ethical Issues and Responses in the United States

1) Major Cases

Firstly, the Neusom case became the first instance where the problem of AI-assisted legal services became a social issue. This case involved a lawyer who was suspended by the court for misusing artificial intelligence and providing inaccurate information. The U.S. District Court for the Middle District of Florida made a disciplinary decision against attorney Neusom. The core of this case is that Neusom inappropriately used AI while handling the *Clark Pear LLC v. MVP Realty Associates LLC* case and presented non-existent, false precedents to the court. The

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9) See Shipman (2019).

investigation committee revealed Neusom's serious violations. Most notably, he cited fake cases that did not actually exist in legal briefs written using AI tools. This was deemed to have violated *Florida Bar Rules 4-3.3(a)(3) and 4-8.4(c)* by making false statements to the court.

In his defense, Neusom admitted to using legaltech services like Westlaw and FastCase, and the possibility of utilizing AI in the drafting process. However, he claimed that he did not directly verify the cited cases and excerpts. This case demonstrates the serious risks that can arise when introducing AI technology into legal practice.

The court judged that this conduct was a significant ethical violation beyond a simple mistake. While acknowledging that AI technology is becoming a new tool in the legal field, the court emphasized that lawyers still have the responsibility to verify the accuracy of the legal grounds they present and perform their duties diligently. Considering the severity of these violations, the court imposed strict disciplinary measures on Neusom. The main disciplinary actions included a one-year suspension of his license to practice in the Middle District of Florida, an immediate ban on accepting new cases, and strict conditions for reinstatement. In particular, the reinstatement conditions included attending professional workshops and completing legal practice management training, emphasizing education on the proper use of new legal tools, including AI technology[10].

This ruling sends an important warning to the legal community. It clearly states that when introducing new technologies like AI into legal practice, lawyers must thoroughly verify and take responsibility for the results. Moreover, it highlights the dangers of uncritically accepting information generated by AI, reaffirming the importance of lawyers' professional judgment and ethical responsibility. This is expected to set an important precedent for the role and responsibility of human

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10) In Re: Thomas Grant Neusom, No. 2:2024mc00002 - Document 6 (M.D. Fla. 2024), https://law.justia.com/cases/federal/district-courts/florida/flmdce/2:2024mc00002/423605/6/; https://www.lawtimes.co.kr/news/197090 (Last visit: 2024. 07. 22)

lawyers in legal practice in the AI era.

Another case involves Michael D. Cohen, the one-time fixer for former President Donald J. Trump. Cohen used false legal citations generated by Google Bard AI when requesting early termination of court supervision. Cohen misunderstood Bard as a simple search engine, and his lawyer David Schwartz submitted these to a federal judge without verification.

The mistake came to light when Judge Jesse Furman noted he couldn't find the cited cases. Cohen and Schwartz acknowledged their error and apologized, and the court unsealed related documents. This incident raised awareness about the risks of AI use in the legal profession. Particularly, as Cohen is expected to be a key witness in the Manhattan criminal case against Trump, Trump's lawyers seized on this as grounds to attack Cohen's credibility.

Legal experts, while acknowledging AI's potential, warned that lawyers shouldn't uncritically accept AI-generated results. This case has sparked a broader discussion about the use of AI technology in the legal field. The incident highlights the need for caution and verification when using AI tools in legal practice, and underscores the potential consequences of relying on unverified AI-generated information in legal proceedings[11].

2) ABA Resolution 112

As various ethical issues have emerged in the use of artificial intelligence in the legal services sector, there has been a call for guidelines to appropriately regulate these issues. In response to this, the American Bar Association (ABA) adopted *Resolution 112*. This recognizes the innovative changes that AI has brought to legal practice and aims to respond to various uses of AI such as document classification,

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11) Benjamin Weiser and Jonah E. Bromwich, Michael Cohen Used Artificial Intelligence in Feeding Lawyer Bogus Cases,
https://www.nytimes.com/2023/12/29/nyregion/michael-cohen-ai-fake-cases.html, 2023.12.29. (Last visit: 2024. 07. 16.).

litigation outcome prediction, contract management, and legal research.

The resolution focuses on bias and transparency issues in the AI development stage. It requires minimizing bias in AI system development and emphasizes the participation of diverse teams to recognize and reduce bias in developers and training data. For example, New York City has established an algorithm monitoring taskforce to ensure the transparency of government algorithms. It also requires ensuring the transparency and explainability of AI to prevent distorted impacts on legal outcomes.

The resolution also importantly addresses the ethical obligations of lawyers when using AI in actual legal services. Lawyers must sufficiently understand and effectively use AI technology, clearly understand the results of AI technology, and be able to explain them to clients. They must also communicate sufficiently with clients about AI use and obtain consent, and take appropriate measures to protect client information. In particular, they must ensure that client confidentiality is maintained when sharing information with AI providers.

The resolution also provides important guidelines for lawyers and courts in supervising the use of AI technology. AI systems and their providers must be appropriately supervised, and lawyers are responsible for ensuring the accuracy and completeness of AI technology. When courts and lawyers adopt AI solutions or collaborate with AI providers, they should consider factors such as AI bias, explainability of decisions, ethical use, and supervision methods[12].

In sum, the resolution emphasizes a framework for lawyers to understand the working principles of AI technology, protect client interests, and appropriately handle legal responsibilities. This serves as a guideline for lawyers to maintain professionalism and ethics in the new technological environment, considering the impact of AI technology on legal services.

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12) See Robert (2023).

3) Algorithmic Accountability Act

The U.S. Algorithmic Accountability Act, proposed multiple times since 2019 with the latest iteration in September 2023, aims to enhance the transparency and accountability of Automated Decision Systems (ADS) and Augmented Critical Decision Processes (ACDP). This legislation is designed to regulate the proper use of automated decision-making systems rather than prohibit them outright. It requires companies to conduct comprehensive impact assessments on their ADS and ACDP, evaluating factors such as effectiveness and bias, and submit summary reports to the Federal Trade Commission (FTC).

The Act's scope extends across various industries, including AI-based legal services, and places the FTC in charge of oversight, necessitating an expansion of the agency's organizational structure and capabilities. Key objectives include establishing a governance infrastructure for ethical, legal, and safe use of these systems, minimizing potential risks, and securing social trust. The legislation emphasizes several aspects of algorithmic accountability, including interpretability, transparency, non-discrimination, robustness, and data protection[13].

Companies subject to this Act must adhere to impact assessment guidelines, prepare annual reports, and disclose certain information publicly. This comprehensive approach to regulating AI and automated systems goes beyond technical considerations to strengthen social and ethical responsibility. It is particularly relevant for AI-based legal services provided by law firms or companies, as it aims to ensure that these automated systems are used fairly and responsibly. By addressing the growing importance of algorithmic accountability across various sectors, *the U.S. Algorithmic Accountability Act* represents a significant step towards ensuring the ethical use of AI in legal services and beyond[14].

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13) Algorithmic Accountability Act of 2023,
https://www.govinfo.gov/app/details/BILLS-118s2892is (Last visit: 2024.07.17.)
14) See Sung (2023), pp. 32-44.

3. Legal Issues and Responses in Korea

Although the development of AI-based legal services is a step behind the United States, it is rapidly spreading in Korea, centered round LegalTech startups and large law firms. For example, platforms like LawTalk use AI to provide legal information to users and help connect them with legal experts. However, legal regulations for these AI legal services are not yet clear. Korean legal regulations mainly revolve around the *Attorney-at-Law Act* and the *Personal Information Protection Act*. The *Attorney-at-Law Act* strictly prohibits those without a lawyer's license from providing legal advice. This raises discussions about whether legal advice provided by AI systems is within the legally permissible range.

1) Violation of the Attorney-at-Law Act

The LawTalk case was a legal dispute that drew significant attention in the Korean legal services market. It centered round the conflict between 'LawTalk', a legal platform started in 2014, and the Korean Bar Association. This case involved a long-standing legal battle from 2016 over whether the services provided by LawTalk violated the *Attorney-at-Law Act*. LawTalk operated as an online platform connecting lawyers and legal service consumers, providing advertising and promotional opportunities for lawyers and lawyer information for consumers. The Korean Bar Association began legal action, claiming that LawTalk's service method violated the *Attorney-at-Law Act*. The Association viewed LawTalk as an intermediary platform that connected consumers with specific lawyers and received advertising fees in return, arguing that this violated the 'prohibition of paid referrals' provision in Article 34 of the *Attorney-at-Law Act*[15].

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15) Article 34 (Prohibition of Entering into Partnership with Non-Attorney) (1) No person shall engage in the conduct in either of the following subparagraphs with respect to the acceptance of legal cases or legal affairs:
    1. Introducing, referring or enticing a party to a case or other interested persons in a case to a specific attorney-at-law or the office staff thereof after receiving or promising to

In contrast, LawTalk countered that it did not mediate legal service contracts between lawyers and consumers, and that the amount paid by lawyers to LawTalk was not a brokerage fee but simply an 'advertising fee'. LawTalk claimed that their platform did not engage in paid referrals of legal affairs but was merely an advertising platform that simply provided information. The prosecution service and courts repeatedly ruled that LawTalk's services did not constitute paid referrals. This judgment recognized that consumers could freely decide whether to consult or enter into a contract after checking the lawyer information posted on the LawTalk platform, and that the amount paid by lawyers to LawTalk was an advertising fee, not a brokerage fee.

Additionally, the Bar Association raised concerns that lawyer advertisements through LawTalk could harm the public nature of lawyers and the order of accepting cases, potentially harming consumers. However, LawTalk argued that Article 23 of the *Attorney-at-Law Act*[16] principally allows lawyers to advertise, and that the Bar Association's advertising regulations excessively restrict lawyers' advertisements, violating the Constitution. They filed a constitutional complaint

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receive beforehand money, valuables, entertainment or other benefits;

16) Article 23 (Advertisements) ... (2) Attorneys-at-law, etc. shall be prohibited from running any advertisement falling under any of the following subparagraphs:
1. Advertisement that carries false details concerning the legal services of an attorney-at-law;
2. Advertisement that carries details concerning any international attorney-at-law qualification and other legal-baseless qualifications or titles;
3. Advertisement that carries details feared to mislead consumers or to incite any misunderstanding to consumers by exaggerating any objective fact or omitting part of any fact, etc.;
4. Advertisement that leads consumers to have unreasonable expectations of the outcome of legal services;
5. Advertisement that carries details slandering any other attorney-at-law, etc. or comparing any other attorney-at-law, etc. with him or her from his or her standpoint;
6. Advertisement that is feared to defame the dignity of an attorney-at-law by putting forward illegal methods, etc.;
7. Other advertisements the details and methods of which are prescribed by the Korean Bar Association as being feared to harm the public nature of an attorney-at-law, disrupt the fair acceptance of cases, or cause harm to consumers.

against the advertising regulations. In 2022, the Constitutional Court ruled that some of the Bar Association's advertising regulations were unconstitutional, partially accepting LawTalk's argument. The Court recognized that lawyers' advertisements are legally permissible acts and judged that the Bar Association's regulations were excessive[17]. Furthermore, in February 2023, the Fair Trade Commission concluded that the Korean Bar Association and the Seoul Bar Association had violated the *Fair Trade Act and the Display and Advertisement Act*, imposing a fine of 1 billion won on each[18].

The LawTalk case symbolically shows the conflict between ICT and platform-based new industries and the traditional legal industry. The legal judgment that LawTalk's service is lawful under current law is expected to play a positive role in solving information asymmetry problems in the legal services market and increasing public access to justice. However, the outcome of this case does not mean legal permission for all LegalTech services. If other forms of LegalTech services that are not similar to LawTalk emerge, there is still room for controversy over how the *Attorney-at-Law Act* will define them. Even if LawTalk adds or changes the content of its current service, it may need to be reviewed again to determine if it is lawful under current law.

The Korean Bar Association (KBA) is currently considering filing criminal charges against LegalTech startup Elbox and law firm DR & AJU LLC, which provide AI-based legal services. Elbox launched 'Elbox AI', an AI legal service tool for lawyers, while DR & AJU LLC released 'AI Daeryook-Aju', an AI for general public legal service. While these two services have the potential to bring innovation to the legal market, the KBA judges that they are likely to violate the *Attorney-at-Law Act*. The main issues revolve around the interpretation of Article 34, Paragraph 5 and Article 109 of the *Attorney-at-Law Act*. Article 34, Paragraph

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17) Constitutional Court of Korea 2022. 5. 26. 2021HunMa619 Decision.
18) Fair Trade Commission 2023. 4. 13. Decision2023-063.

5 stipulates that non-lawyers cannot profit from lawyer's work[19]), and Article 109 states that if a non-lawyer handles legal affairs and gains or promises to gain profit, they can be punished with up to 7 years in prison or a fine of up to 50 million won[20]). The KBA views it as illegal for AI to perform legal affairs and gain profit, and is concerned about the impact such services will have on the lawyer market and the possibility of violating lawyer advertising regulations. On the other hand, Elbox and AI Daeryook-Aju are refuting these claims. Elbox argues that their AI is a research assistance tool targeting only legal experts and does not replace lawyer duties. DR & AJU LLC explains that their AI service is directly managed by lawyers, does not violate the *Attorney-at-Law Act*, and has never gained any profit. The core of this conflict lies in the difference in interpretation of the definition and scope of 'legal affairs' and 'duties of lawyer'. While the KBA sees AI legal services as infringing on lawyer's work, LegalTech companies argue that AI only plays an assistant role to lawyers.

The legal community is paying close attention to how this conflict unfolds. Even if they achieve a legal victory like LawTalk, they may face business difficulties. The KBA is advocating for the introduction of legal AI as a public good,

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19) Article 34 (Prohibition of Entering into Partnership with Non-Attorney) (5) No fees and other profits earned through services that may be provided only by attorneys-at-law shall be shared with any person who is not an attorney-at-law.

20) Article 109 (Penalty Provisions) Each person falling under any of the following subparagraphs shall be punished by imprisonment with labor for not longer than seven years or by a fine not exceeding 50 million won. In such cases, such person may be punished by a fine and imprisonment with labor concurrently:

1. A person, not an attorney-at-law, who receives or promises to receive money, valuables, entertainment or other benefits or who provides or promises to provide such things to a third party, in compensation for providing or arranging legal services, such as examination, representation, arbitration, settlement, solicitation, legal consultation, drafting of legal documents, etc. concerning cases in each of the following items:

   (a) Litigation, a non-contentious case, arbitration of household matters, or adjudicative case;

   (b) An administrative adjudication, request for review, raising of an objection, or a case in which an objection is raised against an administrative agency;

   (c) A case under investigation by an investigation agency;

   (d) A case under inspection by an inspection agency established by a statute or regulation;

emphasizing a cautious approach to the subordination of legal services to the capital market. This controversy is sparking important social discussions about ways for AI and legal services to coexist[21].

2) Personal Information Protection

Serious privacy concerns have emerged in the provision of AI-driven legal services, highlighting significant gaps in personal data protection practices. A major issue was discovered in the processing of public data used for AI model training. Crucially sensitive personal information, including national identification numbers and credit card details, was not being adequately removed from datasets prior to their use in AI training. This oversight exposes individuals to potential privacy breaches and identity theft risks.

The handling of user input data also raised red flags. While AI service providers had implemented processes for human review and modification of input data, these procedures were not transparently communicated to users. This lack of disclosure poses a substantial risk to user privacy, as individuals are unaware that their potentially sensitive inputs might be reviewed by human operators. Furthermore, there were significant shortcomings in measures to prevent and respond to personal information infringement. AI services differ markedly from traditional services in terms of the types, methods, and purposes of personal information processing. This divergence, coupled with the proliferation of LLM replica models and open-source distribution, has made it challenging to implement prompt remedial actions when vulnerabilities are discovered. The absence of robust, AI-specific data protection protocols leaves user data exposed to potential breaches. The investigation revealed that while basic requirements such as the disclosure of personal information

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21) "What's in Article 34, Paragraph 5 of the *Attorney-at-Law Act*... This time, the Korean Bar Association considers reporting AI lawyers,"
https://www.joongang.co.kr/article/25248304#home, published in 2024.05.10 (Last visit: 2024.06.30).

processing policies were generally met, there were critical deficiencies in more nuanced aspects of data protection. For instance, the accessibility for users to easily delete their input data or halt its processing was found to be inadequate, further compromising user control over their personal information[22].

These findings underscore the urgent need for comprehensive improvements in AI-driven services to ensure robust personal data protection. The rapidly evolving nature of AI technology demands equally dynamic and stringent privacy safeguards. Moving forward, continuous monitoring of AI services for privacy concerns is essential, along with the development and implementation of advanced Privacy Enhancing Technologies (PET).

Moreover, there is a pressing need for clear policy directives and industry-wide standards to address these vulnerabilities. This includes establishing protocols for prompt action when vulnerabilities in AI services and LLMs are discovered, ensuring transparent communication with users about data handling practices, and implementing more rigorous pre-processing measures to sanitize training data of sensitive personal information. As AI continues to permeate various sectors, including legal services, addressing these privacy concerns is crucial not only for protecting individual rights but also for maintaining public trust in AI technologies. The identified issues serve as a crucial wake-up call for the AI industry to prioritize privacy protection as an integral part of their service development and deployment strategies.

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22) The Personal Information Protection Commission (PIPC) passed a resolution in March 2023 to strengthen the protection of data processed by AI systems. The commission, together with the Korea Internet & Security Agency, inspected the personal information protection status of AI services. This inspection was the first case of applying the pre-inspection system introduced by the amendment of the 「Personal Information Protection Act」 to the private sector. The PIPC confirmed and supplemented vulnerabilities that urgently needed improvement to protect personal information while considering the activation of the AI industry. The PIPC plans to continue monitoring AI services to protect personal information, along with follow-up measures such as establishing policy directions and developing and distributing Privacy Enhancing Technologies (PET).
https://pipc.go.kr/np/cop/bbs/selectBoardArticle.do?bbsId=BS074&mCode=C020010000&nttId=10027(Last visit: 2024.07.19).

3) Response to Legal Issues

The Ministry of Justice is conducting research on the direction of regulation for AI legal services. It is considering introducing guidelines to foster the legal service industry using artificial intelligence (AI), which can be seen as a move to mediate conflicts between lawyer organizations and the LegalTech industry. The Ministry plans to hold a Special Committee for Improving the Lawyer System within 2024 to discuss the standards and conditions for AI legal service businesses, and plans to gradually improve the system by referring to Japan's guidelines[23]. The Ministry of Science and ICT has started an AI legal service support project and plans to select preferred negotiators for five legal AI service areas. These efforts can be seen as attempts to find a balance between the development of AI legal services and maintaining order in the existing legal market, and are expected to provide important guidelines for the future coexistence of AI and legal services.

4. Ethical Issues in Korea

While ethical issues related to lawyers' unethical use of AI have not yet emerged as a point of contention in Korea's AI legal services as they have in the United States, there is potential for various ethical problems to arise. The change in the lawyer-client relationship emerges as a major ethical issue. Traditionally, lawyers provided legal advice through direct interaction with clients, but with the introduction of AI systems, this relationship is changing. Advice provided by AI systems can be delivered without human lawyer intervention, which can affect the trust relationship between lawyers and clients. The Korean Bar Association has not

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23) "Will LegalTech get some breathing room... Guidelines for Legal AI to be created" https://www.hankyung.com/article/2024062356011 (Last visit: 2024.07.18.). The Japanese guidelines that the Ministry of Justice is referring to explicitly state cases where AI-powered services for contract drafting, review, and management automation do not violate the *Attorney-at-Law Act*. The guidelines stipulate that there is no issue if lawyers can modify the results of AI services.

yet presented specific ethical principles and guidelines for the use of AI legal services. However, the following key points should be considered regarding the use of AI in legal services[24]:

First, AI technology has the risk of learning biases or stereotypes and promoting discrimination, so the data bias and incompleteness of AI systems used in legal services should be identified and addressed in advance. The explainability and accountability of AI systems are important, and humans should be able to understand and explain the reasons, processes, and results of legal judgments and decisions. Also, there should be clear subjects and procedures that can take responsibility for AI judgments or decisions.

Next, the transparency and fairness of algorithms are also important ethical issues. Transparency is needed on how the algorithms of AI legal services operate and what criteria their decisions are based on. Appropriate explanations should be provided for the judgment process and results of law-related AI systems, and explainability is particularly important in the use of AI by public institutions. In cases that affect an individual's life or safety, the main elements of the data and algorithms used should be disclosed. The opacity of algorithms can be a major barrier to clients trusting AI systems, and there is a risk that algorithms may produce biased results for certain groups. For example, AI systems may provide unfair results for certain races or genders, which could exacerbate social inequalities. Bias and discrimination be excluded in the process of AI development and utilization, and that efforts be made to gather opinions from various groups.

How AI legal services handle and protect clients' sensitive personal information is also an important ethical issue. There is a risk that clients' personal information may be leaked or inaccurately used in the process of AI systems processing legal

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24) For more details, see National Human Rights Commission of Korea, *Decision, Human Rights Guidelines for the Development and Use of Artificial Intelligence* (2022.04.11.) https://www.humanrights.go.kr/site/program/board/basicboard/view?boardtypeid=24&boardid=7607961&menuid=001004002001 (Last visit: 2024. 07. 22)

information. When using AI in legal services, personal information should be processed within a minimum range, and the information subject has the right to know and participate in the processing of their personal information. This requires strong data protection and security measures, and transparency in how AI systems process data should also be ensured. For example, clear explanations are needed on how AI systems collect and use personal information in the process of handling clients' legal issues[25].

Finally, control mechanisms, such as human rights impact assessments, should be established for the development and utilization of law-related AI systems. This assessment system should be implemented to measure the possibility of human rights violations and discrimination and take improvement measures. Also, appropriate regulatory levels should be applied according to the risk of AI, and an independent and effective supervision system should be established.

Ⅳ. Comparative Analysis of Issue and Response: Korea and United States

The United States and Korea are showing different approaches to legal and ethical issues related to AI-based legal services. These differences stem from various factors including the legal systems, technology acceptance, and characteristics of the legal market in both countries.

1. Legal Regulatory Approach

The legal regulatory approaches to AI legal services in the United States and Korea show significant differences. While both countries face similar legal challenges,

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25) Kang (2023).

there are distinct differences in their methods of addressing these issues and in their regulatory frameworks. The issue of unauthorized practice of law is one of the most critical concerns in both countries. In the United States, AI legal service providers such as LegalZoom have faced lawsuits in various states, resulting in a range of judgments and settlements. Some states have demonstrated a relatively flexible approach, allowing AI services under certain conditions. In contrast, Korea has seen strong opposition and legal action from the Bar Association, as evidenced by the LawTalk case and controversies surrounding Elbox and AI Daeryook-Aju.

There are also differences between the two countries regarding legal liability issues. In the United States, there is active discussion about legal liability arising from errors in AI systems, with ongoing debates about how to distribute responsibility among lawyers, AI developers, and service providers. In Korea, clear regulations on the legal responsibility of AI legal services have yet to be established, with discussions primarily focused on potential violations of the *Attorney-at-Law Act*.

The approach to personal information protection also differs between the two countries. The United States tends to address personal information protection issues in AI legal services within the existing framework of personal information protection laws, with the Federal Trade Commission (FTC) providing guidelines for AI-related data protection. Korea is taking a more proactive approach, with the Personal Information Protection Commission inspecting the status of personal information protection in AI services and presenting specific guidelines.

There are also clear differences in the regulatory approaches and methods between the two countries. In the United States, regulation is shared between state and federal governments, with state bar associations and courts playing significant roles. U.S. regulations are relatively flexible, tending to balance the promotion of technological innovation with consumer protection. The country takes a case-by-case approach, preferring regulation through court precedents and ethical

guidelines from bar associations. In Korea, the central government, especially the Ministry of Justice and the Personal Information Protection Commission, takes the lead in setting regulatory directions. Korea takes a more conservative approach, tending to strictly apply existing legal frameworks such as the *Attorney-at-Law Act* to AI legal services. The country opts for law-centered regulation, focusing on the interpretation and application of existing laws like the *Attorney-at-Law Act* and *Personal Information Protection Act.*

These differences in regulatory approaches stem from various factors including the legal systems, technology acceptance, and social perceptions of legal services in the two countries. The United States tends to allow rapid market-driven innovation and adjust regulations afterward, while Korea tends to manage the market through prior regulation. This directly affects the pace and direction of development of AI legal services, and it is necessary to pay attention to how the AI legal services markets in these two countries will develop in the future.

2. Response to Ethical Issues

The United States and Korea are showing different approaches to ethical issues related to AI legal services. While both countries recognize the importance of ethical use of AI, there are differences in specific response methods and progress. In terms of the specificity of responses to the ethical responsibility issue of lawyers' use of AI, the United States presents specific and actionable ethical guidelines such as ABA Resolution 112. It deals with this issue through specific cases like the Neusom case or the Cohen case. On the other hand, while Korea has comprehensive human rights guidelines, it still lacks specific ethical guidelines specialized for AI legal services, and the bar association has not yet established specific ethical guidelines.

In other words, in terms of emphasizing lawyers' responsibilities, the U.S. clearly defines lawyers' supervisory responsibilities and ethical obligations in using AI.

In contrast, Korea lacks specific ethical responsibility regulations for lawyers' use of AI. The two countries also show different approaches to the issue of AI bias and fairness. The United States demands minimization of bias in the AI development stage and is making efforts to reduce bias through the participation of diverse teams. It also emphasizes the transparency and explainability of algorithms. Korea approaches this issue comprehensively through the National Human Rights Commission's *Human Rights Guidelines for the Development and Use of Artificial Intelligence*. It emphasizes identifying and addressing data bias and incompleteness in AI systems, and particularly emphasizes explainability in the use of AI by public institutions.

The approach to algorithm transparency is also different. The United States emphasizes the transparency and explainability of AI systems through bills like t*he Algorithm Accountability Act*. While Korea emphasizes explainability in the use of AI by public institutions, specific regulations for the private sector are still lacking.

These differences stem from various factors including the legal culture, pace of technological development, and social perceptions of AI in the two countries. The United States focuses on developing specific ethical guidelines based on actual cases, while Korea takes a comprehensive human rights-centered approach. These differences in approach are expected to have a significant impact on the future direction of development of AI legal services and the formation of ethical norms.

V. Future Prospects of AI-Based Legal Services

AI legal services are currently in their early stages but are developing rapidly and are expected to bring revolutionary changes to the legal industry. The technological development of these services is likely to be driven primarily by advances in natural language processing (NLP) and machine learning technology. Specifically, as NLP technology progresses, AI systems' ability to understand and generate legal documents will greatly improve, further expanding the role of AI in tasks such as contract review, legal document drafting, and providing legal advice[26]. Along with these technological advancements, the development of AI legal services will significantly alter the structure and dynamics of the legal services market. Perhaps the most notable change will be improved accessibility to legal services and cost reduction. Automated legal services using AI can be provided at a much lower cost than traditional legal services, allowing individuals or small businesses that have previously struggled to access legal support to easily receive it[27].

Furthermore, the evolution of AI will bring substantial changes not only to the legal services market but also to the role of lawyers. As simple repetitive tasks become automated, the role of lawyers is expected to become more sophisticated. With time-consuming tasks such as document review and basic legal research being handled by AI, lawyers will be able to focus more on tasks that require a high level of expertise, such as complex legal analysis, strategy development, and negotiation[28].

As AI legal services advance, the legal and ethical framework to regulate them is also expected to evolve. A regulatory system specialized for AI legal services

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26) For more details, Alarie, Niblett, & Yoon (2018).
27) See McGinnis and Pearce (2014).
28) See Remus and Levy (2016).

will likely develop, encompassing various aspects such as AI's legal responsibility, transparency of algorithms, and quality control of AI services. Moreover, AI ethical guidelines, which are currently proposed by various institutions, are likely to become more specific, with some potentially developing into regulations with legal binding force[29].

However, while the development of AI legal services will bring many benefits, it will also pose new risks and challenges. One such risk is the potential uniformization of legal judgments due to increased dependence on AI. If there is excessive reliance on the analysis and predictions provided by AI systems, legal judgments may become homogeneous, potentially hindering creative legal interpretation or the development of new legal principles. Additionally, the problem of algorithmic bias will continue to be a challenge, requiring continuous monitoring and correction.

Lastly, the development of AI legal services is expected to have far-reaching impacts on society beyond the legal services industry. By providing affordable and accessible legal services through AI, the rights protection of socially vulnerable people who could not receive legal support for economic reasons can be strengthened. This will likely have a positive impact on the realization of the rule of law and social justice. Consequently, significant changes will be needed in the education and training process of legal professionals, with AI-related content becoming a necessary part of law school curricula and continuous re-education of legal professionals being essential. As we move forward, it will become increasingly important to nurture legal professionals with new capabilities such as the ability to collaborate with AI and develop data analysis skills.

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29) For more details, see Jobin, Ienca & Vayena (2019), pp. 389–399.

Ⅵ. Implications

1. Improving Regulatory Flexibility and Ensuring Regulatory Framework Balance

Legal system needs to approach regulations on AI legal services more flexibly. Currently, Korean *Attorney-at-Law Act* is somewhat rigid to accommodate AI legal services. The interpretation of the *Attorney-at-Law Act* should be modernized to move in a direction that can accommodate the development of AI technology and innovation in legal services. For example, there is a need to review the definition of 'legal affairs' to clarify the scope of work that AI can perform, and to establish criteria for distinguishing between legal information provided by AI systems and legal advice provided by human lawyers. This will help find a balance point that can promote innovation in AI legal services while maintaining consumer protection and the quality of legal services.

Also, like the *Algorithm Accountability Act* in the United States, Korea should establish a balanced regulatory system that can promote innovation in AI legal services while ensuring consumer protection and the quality of legal services. This requires legal mechanisms to ensure the transparency, explainability, and fairness of AI systems. For example, AI legal service providers could be required to disclose key elements of their algorithms and data processing methods, and mandatory periodic algorithm audits could be considered. It's also important to establish procedures for human review and objection to AI system decisions. Such regulations will increase trust in AI legal services and promote healthy industry development in the long term.

2. Developing Comprehensive Ethical Guidelines

Unlike the U.S., which has established specific ethical guidelines like the ABA

Resolution 112, Korea lacks AI-specific ethical guidelines for legal services. The Korean Bar Association should develop comprehensive guidelines that first and foremost establish clear ethical standards for lawyers using AI legal services. These standards should outline the responsibilities of lawyers when employing AI tools and the ethical considerations they must keep in mind.

The guidelines should also detail methods for verifying AI system results. This is crucial for maintaining the accuracy and reliability of AI-assisted legal work. Lawyers should be equipped with the knowledge and tools to critically assess and validate the outputs of AI systems.

Additionally, the guidelines need to outline procedures for obtaining client consent for AI use. This would ensure transparency in the legal process and protect clients' rights to be informed about the use of AI in their cases. Lastly, there should be a clear delineation of lawyer responsibility for AI system errors or biases. This would help address liability issues and ensure that lawyers maintain their professional responsibility even when using AI tools.

3. Enhancing Personal Data Protection in AI-based legal Systems

While Korea has taken proactive measures in personal data protection, there's room for improvement in AI-specific regulations. Korea should consider developing AI-specific data protection regulations that address the unique challenges posed by AI in legal services. These regulations should take into account the complex ways in which AI systems process and utilize data. Implementation of privacy-enhancing technologies in AI legal services should be mandated. This could include techniques like differential privacy or federated learning that allow for data analysis while protecting individual privacy. Regular audits of AI systems handling legal data should be implemented. These audits would help ensure ongoing compliance with data protection regulations and identify any potential vulnerabilities or misuses of data. Clear guidelines on data retention and usage in AI training should be

established. These guidelines would help prevent misuse of personal data and ensure that data is only used for its intended purposes in AI legal services.

4. Addressing AI Bias and Ensuring Fairness

Korea's focus on identifying and addressing data bias in AI systems is commendable, but more comprehensive strategies are needed. A key strategy would be developing diverse AI training datasets. This involves ensuring that the data used to train AI systems in legal services represents a wide range of demographics, case types, and legal outcomes to minimize bias. Regular bias audits in AI legal systems should be implemented. These audits would help identify any biases that may have developed in the AI system over time and allow for corrective measures to be taken. Ensuring transparency in AI decision-making processes is crucial. This could involve creating explainable AI models that can provide clear rationales for their decisions or recommendations in legal matters. Lastly, Korea should establish legal frameworks to address cases where AI bias may have influenced legal outcomes. This would provide a mechanism for review and potential redress in cases where AI bias is suspected to have played a role in a legal decision.

5. Transformation of Legal Education and Professional Skills

To prepare for an AI-integrated legal landscape, Korea's legal education system needs significant changes. Law schools should incorporate AI-related content into their curricula. This could include courses on AI technology, its applications in law, and its potential impacts on the legal profession. Programs should be developed to teach AI ethics and responsible use to legal professionals. This would ensure that lawyers understand the ethical implications of AI use in legal practice and can make responsible decisions about its implementation. Legal education should also focus on enhancing data analysis capabilities among legal professionals.

As AI systems often deal with large amounts of data, lawyers need to be equipped with the skills to interpret and utilize this data effectively. Finally, training in AI-human collaboration techniques should be provided. This would prepare lawyers for a future where they work alongside AI systems, focusing on tasks that require human expertise and judgment while leveraging AI for more routine or data-intensive tasks.

Ⅶ. Conclusion: Summary, Suggestions and Limitations

This study analyzed the legal and ethical issues of AI-based legal services, focusing on cases from the United States and Korea. The research results confirmed that AI legal services are bringing innovation to the legal market while also causing various legal and ethical problems. Unauthorized practice of law, personal information protection, and algorithmic bias have emerged as major issues, and differences were found in how each country responds to these issues.

The United States regulates AI legal services through various precedents and agreements by state and presents specific ethical guidelines such as the American Bar Association (ABA)'s *Resolution 112*. This shows the U.S. attitude of taking a relatively flexible approach to AI legal services while emphasizing ethical use. It is noteworthy that ethical issues of AI use are addressed through specific cases such as the Neusom case. On the other hand, Korea takes a central government-led regulatory approach centered on the *Attorney-at-Law Act* and the *Personal Information Protection Act*. As seen in the LawTalk case or controversies related to Elbox and AI Daeryook-Aju, many points of conflict between AI legal services and the existing legal system are found in Korea. Also, specific ethical guidelines specialized for AI legal services are still lacking, and discussions on this are at

the beginning stage. This study also anticipates that the development of AI legal services will bring significant changes to the legal industry, such as automation of legal work, increase in personalized services, and development of predictive legal analysis. However, these changes are also raising concerns about changes in the role of lawyers and the quality of legal services, confirming that it is time for appropriate responses.

For the sound development of AI legal services, the following comprehensive policy suggestions are presented in connection with the implications drawn from comparative analysis:

First, legal work should be categorized and an AI-human lawyer cooperation model should be developed. The concept of lawyer's legal work needs to be modified. The ethical issues that arise in the use of AI for legal services are due to changes in lawyer's work. That is, because the scope of work that lawyers do in relation to clients has changed due to AI intervention. Therefore, depending on the degree of intervention, it should be divided into (1) legal affairs that only human lawyers can do, (2) legal affairs that artificial intelligence can provide directly to the public, and (3) legal affairs that artificial intelligence and human lawyers collaborate on, and lawyers must supervise and manage, and appropriate regulations should be established for each type of work. A cooperation model should be developed to ensure that AI legal services develop in a direction that complements human lawyers rather than replacing them. Recognizing that AI should develop in a direction that complements lawyers rather than replacing them, specific models for this should be developed. For example, a cooperation model can be established where AI analyzes vast legal information and provides initial legal advice, and human lawyers formulate final legal advice and strategies based on this. To this end, the government should promote policies such as research support for developing AI-human lawyer cooperation models, conducting pilot projects, and

discovering and spreading best practices.

Second, specific ethical guidelines for AI legal services should be established. Referring to the ABA's *Resolution 112*, the Korean Bar Association should establish AI ethical guidelines. These guidelines should include ethical standards that lawyers must adhere to when using AI legal services, methods for verifying AI system results, methods for obtaining client consent for AI use, and the scope of lawyer responsibility for problems that may arise due to errors or biases in AI systems. It should also include measures to ensure the transparency and explainability of algorithms. While these guidelines will not have legal binding force, they will be important standards for the ethical use of AI legal services.

Third, a system should be established to improve lawyers' AI literacy. As seen in the Neusom case in the United States, improving lawyers' AI literacy is important. In Korea, AI education programs for lawyers need to be strengthened. To this end, it is necessary to include AI and law courses in the legal education curriculum and strengthen AI-related content in continuing legal education. This will enable lawyers to effectively utilize AI technology while recognizing its limitations and responding appropriately. This will help improve the quality of AI legal services and prevent potential legal and ethical problems.

Fourth, a system for quality control and clarification of responsibility for AI legal services should be established. A system should be established to evaluate and certify the quality of AI legal services, and legal standards should be established to clarify responsibility in case of damage due to errors in AI systems. This should be designed to ensure transparency, fairness, and accountability of AI systems, referring to the *U.S. Algorithm Accountability Act*.

This study provided insights by analyzing the legal and ethical issues of AI legal services and comparing cases from the United States and Korea. However, there are also some limitations. First, the analysis of legal cases and precedents of AI

legal services was limited to only some major cases and did not cover AI use cases in various legal situations. Future research needs to analyze more diverse legal cases and precedents to understand more broadly the legal responsibilities and ethical issues of AI legal services. Second, this study lacks a detailed analysis of the technical aspects of AI legal services. To understand the specific impact of AI technology development on legal services, in-depth research on technological development and consequent changes in legal services is needed. Third, while this study focused on legal and ethical issues in the United States and Korea, it did not compare cases from other countries. Future research needs to compare and analyze cases of AI legal services introduction and regulation in various countries to explore the direction of development of AI legal services from a global perspective.

To complement these limitations, future research could provide a deeper understanding of the legal and ethical issues of AI legal services through more comprehensive case analysis, in-depth research on technological developments, and global comparative studies. Through this, measures can be developed to ensure that AI legal services operate responsibly and effectively in the legal industry.

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〈한글초록〉

AI 기반 법률서비스의 법적 및 윤리적 쟁점에 대한 비교법적 고찰

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본 연구는 인공지능(AI) 기반 법률 서비스의 급속한 발전과 그에 따른 '법적 및 윤리적 문제'를 탐구한다. AI 기술이 법률 자문 및 관련 서비스에 도입되면서 법률 업무 수행 방식과 서비스 제공 모델에 큰 변화가 일어나고 있다. 이러한 변화는 비용 절감, 효율성 증대, 법률 서비스 접근성 향상 등의 이점을 제공하지만, 동시에 무단 법률 행위, 개인정보 보호, 알고리즘의 투명성과 공정성, 변호사와 고객 관계 변화 등의 우려도 제기하고 있다. 이 연구는 문헌 검토와 사례 분석을 통해 미국과 한국의 AI 법률 서비스 현황과 규제 접근 방식을 비교 분석하였다. 주요 법적 쟁점으로는 AI 시스템이 제공하는 법률 자문의 법적 지위, AI 생성 법률 문서의 책임 소재 등이 있으며, 윤리적 쟁점으로는 AI 알고리즘의 편향성, 설명 가능성, 개인정보 보호 등이 있다.

본 연구는 이러한 문제들을 종합적으로 분석하고자 한다. 이를 위해 AI 법률 서비스의 미래를 전망하여 AI 기술 발전과 기존 법체계 간의 균형을 찾고, 적절한 규제와 윤리 기준을 수립하기 위한 시사점과 정책적 제안을 제시하였다. 이러한 연구를 통해 AI 기술의 이점을 극대화하면서도 법률 서비스의 본질적 가치와 사회적 신뢰를 유지할 수 있는 방안을 모색한다.