

**Proceeding of International Conference
on The Law Development For Public Welfare**

ISSN 2798-9313

Topic: Human Right Issues of Artificial Intelligence (AI) Gaps and Challenges, and Affected Future Legal Development in Various Countries

Utilization Artificial Intelligence in Design Contract as Well as the Impact for Legal Sector in Indonesia

Sugito

Faculty of Law, Universitas Islam Sultan Agung (UNISSULA) Semarang, Indonesia, E-mail: Sugito18@gmail.com

Abstract. *Technological developments marked by the existence of the industrial revolution era continue to encourage the utilization of artificial intelligence in various sectors, including the legal industry in Indonesia. The development of the current use of technology in the legal field by focusing on artificial intelligence in contract law. The utilization of artificial intelligence in the contract law sector aims to obtain efficiency and accuracy in making contract designs. Based on this, the authors are interested in conducting more profound research on the concept of using artificial intelligence and how it works in the contract law sector. The utilization of artificial intelligence in the contracts law sectors aims to obtain efficiency and accuracy in making contracts designs. This research uses the normative law writing method. The type of data used is secondary data using qualitative analysis techniques. The research results explain that artificial intelligence in the legal sector is called legal-tech to facilitate contract drafters in designing, reviewing, and analyzing contracts through the smart contract feature. The smart contract feature has the ability as a contracts generator system to create a complete contracts design along with a legal analysis of the contracts. However, there are some risks of using it in humans biased decision making, data leakage, and cyber-attacks. The challenges faced is that the legal profession will be disrupted and potentially reduce the role of some existing legal jobs.*

Keywords: *Artificial; Contracts; Intelligence; Law.*



Topic: Human Right Issues of Artificial Intelligence (AI) Gaps and Challenges, and Affected Future Legal Development in Various Countries

1. Introduction

Change technology and its development is change global issues that have quite a significant impact within a country. Like wise in Indonesia, technological developments have had a big impact on life public. These developments will fundamentally change society, Good from behavior, relationship patterns society, and how to work.

Indonesia as country law Of course arrange life its people with law Which applies. Law Which applies moment This It is hoped that it will be able to become the basis for solving all problems which exists. Current developments present the reality that technology has take role Which very important in life public. On Finally must recognized that technology will determine continuity life man specifically country Indonesia Which moment This currently face revolution industry 4.0.

Studies mention term revolution industry 4.0 appear First time on in 2011, when the German government introduced a utilization strategy technology called industry 4.0.1 Behind the development of industry 4.0, there is development technology Which become activator to it rolls in this era, namely artificial intelligence (AI) or commonly referred to as intelligence artificial. Shift mechanism in process manufacturing will be completed in Work machine clever Which interact One The same other with user.

Utilization intelligence artificial Wrong the only one there is on sector law specifically Which moment This middle developed is planning contract. Contract drafting can be completed via electronic contracts. This is clear evidence that the use of artificial intelligence has develop simultaneously with need man with objective for realize efficiency and lighten up burden Work. Developing technology in field law seen clear on appearance e-court . E-court is Suite process the judge Which done online.

The existence of this system is considered to have a good impact directly or indirectly to the advocate profession. If you see more Far, has born A product artificial intelligence Which move in field legal tech Which proven capable defeat ability advocate indo his job. The speed and accuracy of the legal tech is there on ability a advocate experienced.

Utilization Artificial Intelligence in
(Sugito)

**Proceeding of International Conference
on The Law Development For Public Welfare**

ISSN 2798-9313

Topic: Human Right Issues of Artificial Intelligence (AI) Gaps and Challenges, and Affected Future Legal Development in Various Countries

The presence of technology in the legal sector can be a golden door for more advanced legal industry. Industrial revolution 4.0 through connectivity and digitalization can increase manufacturing chain efficiency and quality product. But on the other hand, this could be a threat to the industry conventional law because the industrial revolution 4.0 will also disappear 800 million field Work in all over world until year 2030 Because taken switch by robot. So No can denied Indonesia as country Which own labor force and quite high unemployment rates will experience impact Which significant.

Based on introduction as has decompose in on, writer interested For research more Far about phenomenon utilization intelligence artificial on sector law contract in Indonesia. Writing This aim for know How development utilization artificial intelligence in the contract law sector so that it can encourage realization efficiency and accuracy planning contract, how draft application and method work, as well as how impact.

2. Research Methods

The method used is normative legal research. Study Normative law has the same definition as doctrinal research, namely research based on primary and secondary legal materials. Material-material law the arranged in a way systematic, studied, and withdrawn something conclusions in relation to the problem studied.

3. Results and Discussion

Draft Utilization Artificial Intelligence on Sector Law Contract indonesia in terms of terminology, minsky defines artificial intelligence as machine which capable do various matter appropriately man in use his intelligence. artificial intelligence designed for describes the quality of human life, such as work planning, solving problem, reasoning, confession on idea or idea, stimulate ability thinking, and various other activities that can stimulate fast work and efficient. More carry on, Stuart Russell and peter norvig opinion that artificial intelligence capabilities can be grouped into four, namely: system Which can think like man, system Which can Act like humans, systems that can think rationally, and systems that can Act in a way rational.

Utilization Artificial Intelligence in
(Sugito)

**Proceeding of International Conference
on The Law Development For Public Welfare**

ISSN 2798-9313

Topic: Human Right Issues of Artificial Intelligence (AI) Gaps and Challenges, and Affected Future Legal Development in Various Countries

Draft base artificial intelligence conceived For First time by Warren McCulloch and water pitts through his paper which title a logical calculus of ideas immanent in nervous activity on year 1943. in paper the, there is three topic main between other: knowledge knowledge psychology and brain nerve function, formal analysis of propositional logic, and computational theory turing. they proposed how neural networks are able to become active when given something stimulus. Network nerves the can Study And adapt by giving different reactions depending on the time of day he gave stimulus.

Then on year 1950, Alan Turing, publish writing Which title Computing Machinery and Intelligence. Writing the discuss regarding the requirements for a machine to be considered to have the capacity for intelligence worthy intelligence man like pattern think Which can do planning, learning, reasoning, and creative thinking.

Right at the end from the 1970s until now, artificial intelligence has experienced developments which fast because lots results study which published and produces practical products that are marketed globally thereby bringing profit for its users.

Wrong One subfield from artificial intelligent is machine learning Machine learning is method Which utilise machine For Study in a way automatic based on pattern and only need order more A little compared to man. Harry Surden explain that machine learning consists of computer algorithms that require initial data to learn so that capable increase its performance to a number of task Which got it with Good from time to time. Term learning or learning is A form metaphor Because actually system computer created for copy and surpass ability think man. so the term learning more accurately refers to machine capabilities computer in processing processing data Which works for establish/explain a rule or predict data at a certain time will come.

Artificial utilization intelligence on legal sector has penetrate field law contract. Contract is connection law between two party or based more on an agreement to give rise to legal consequences in the form of rights and obligations that must be fulfilled by the parties involved.¹⁵ Party- party in do planning contract must fulfil five principle as Which mentioned in the Book Constitution Civil law (Code Civil).

Utilization Artificial Intelligence in
(Sugito)

**Proceeding of International Conference
on The Law Development For Public Welfare**

ISSN 2798-9313

Topic: Human Right Issues of Artificial Intelligence (AI) Gaps and Challenges, and Affected Future Legal Development in Various Countries

First, the principle of freedom of contract based on Article 1338 paragraph (1) of the KUH Civil state that all agreement Which made Which in a way legitimate applies as Constitution for they Which make it. Based on this article, then this principle provides freedom for the parties to: (1) make or No make agreement; (2) stage agreement with anybody; (3) determine fill agreement, implementation, And the requirements; And (4) determine form agreement in form oral or written.

Second, the principle of consensualism based on Article 1320 paragraph (1) of the Civil Code Which explain that in determine whether it is valid or not an agreement must be met with an agreement for both parties. The agreement is not must be held formally, unless there is sufficient agreement from the party both sides. This means an agreement can be made either verbally or formal.

Third, principle certainty law or principle pacta sunt servanda related with the consequences of the agreement. This principle comes from Article 1338 paragraph (1) of the KUH Civil. The principle of legal certainty means that the parties who do agreement own position Which balanced. As for party thirdly, they must not intervene in the contents of the agreement or in other words must respect the substance of the law because of the agreements made is valid and applies as law for the parties bound by it inside.

Fourth, principle faith Good based on Chapter 1338 paragraph (3) Civil Code Civil which states, "Agreements must be carried out in good faith". this principle want that para party required for carry out substance contracts based on trust, honesty, and good will without exists coercion to use reach objective together.¹⁷

Utilization Artificial Intelligence in
(Sugito)



Topic: Human Right Issues of Artificial Intelligence (AI) Gaps and Challenges, and Affected Future Legal Development in Various Countries

Fifth, the principle of personality based on Article 135 and Article 1340 of the KUH Civil law, the principle of personality is the principle that determines who a person will be do and/or make contract only for interest individual just, which only applies between para party Which make it.¹⁸

Based on the principles of contract design above, it can be withdrawn the common thread is that the contract contains specific things that are requirements for the parties such as definition clauses, transaction clauses, specific clauses, and clause provision general. first, clause definition (definition) is clause which discuss about definition for needs contract which aim for streamline clauses furthermore so that no need exists repetition.

Second, clause transaction (operative language) is clauses Which containing transaction Which will done. Third, Specific clauses are clauses that regulate specific matters in a matter transactions such as payment for the object of the contract. Fourth, the provisions clause general is a clause that regulates legal domicile, settlement dispute, choice law, announcement, whole from agreement, And other- other.

Development artificial intelligence Which thereby fast added with the ability to do things that can be done by humans and can even be better than humans also influence field law including in planning contract. of course need towards law, especially in drafting contracts, is very high. for that, utilization artificial intelligence in planning contract need applied in Indonesia sake efficiency. Like case artificial intelligence applied in Europe and America used by legal practitioners like advocate.

Artificial intelligence Which moment This middle developed in sector law known with term legaltech. Technology This create various the possibility of innovation to provide low-cost legal

Utilization Artificial Intelligence in
(Sugito)



Topic: Human Right Issues of Artificial Intelligence (AI) Gaps and Challenges, and Affected Future Legal Development in Various Countries

services and more efficient.²¹ Classification user end service legaltech There is three, that is lawyer to lawyer (L2L), lawyer to business (L2B), And lawyer to consumer (L2C).

Legaltech can classified become three type each according to type the service. First, known with term enablers technologies or technology Which designed for can help processing document law in digital form. an example of this technology can be seen with emergence service storage cloud and cybersecurity. Second, known as support process solutions as a service specifically designed for streamline the managerial work of a small office such as doing management of the Human Resource and Development (HRD) division, Business Development, to managing office administration and finances. Third, substantive law solutions Which is technology Which capable support, or can replace service service law in a way litigation.

1) Implications Utilization Artificial Intelligence on Sector Law in Indonesia

Artificial intelligence on sector law known as legal tech. The use of legal technology which is currently being developed by many countries country in world connection with contract is utilization artificial intelligence for makes it easier para designer contract in designing, reviewing and analyzing contracts. The smart contract feature is one of the various forms of convenience in the legal sector, especially in the field of contract design which is currently able to be provided by legal tech. Feature smart contracts the own ability as contracts generator systems

For make design contract complete along with with analysis law on the contract. This feature offers correct standard form contract accuracy and standards, appropriate legal language or diction, to balance para party concerning substance Which arranged.

Utilization Artificial Intelligence in
(Sugito)

**Proceeding of International Conference
on The Law Development For Public Welfare**

ISSN 2798-9313

Topic: Human Right Issues of Artificial Intelligence (AI) Gaps and Challenges, and Affected Future Legal Development in Various Countries

Feature smart contracts This Already start developed by Lots country, dozens of them were developed by local companies including institutions bank finance in Singapore and Malaysia. 30 Its presence in Indonesia only need count time just, remember development financial technology Which the more fast developed in land water moment This. If feature smart contracts has succeeded in entering and developing in Indonesia, of course there will be Lots party Which helped by his presence. Para corporate lawyer, legal division in company, paraNotary Public, and profession law other will get help advanced which can ensure accuracy review contract, the analysis, as well as accuracy election diction, and form standard contract on stage planning. activity which related with planning contract will more efficient and effective.

4. Conclusion

Artificial intelligence present for help various work man in the legal field so that the work of the professionals serving in this sector can be done more efficiently, both in terms of time, energy and cost. Artificial intelligence on sector law known as legal tech. Utilization legal tech Wrong the only one is for makes it easier para contracts drafter in designing, reviewing, and analyzing contracts (smart contract). this smart contract feature has the ability to act as a contract generator systems for make design contract complete along with with legal analysis of the contract. This feature offers raw form accuracy contract Which Correct And standardized, Language or diction law Which appropriate, until balance para party concerning substance Which arranged.

Temporary That, besides capable presenting profit, already can predicted Also presenting a number of risk Work And challenge. Risk Work what is meant is how far the machine's ability to provide something results Which desired as well as possibility taking decision based on

Utilization Artificial Intelligence in
(Sugito)



Topic: Human Right Issues of Artificial Intelligence (AI) Gaps and Challenges, and Affected Future Legal Development in Various Countries

humans biased. Risk other work that potential happen is leakage data personal and cyber-attack.

Temporary challenge Which intended is influence artificial intelligence to professions Which Already moreover formerly There is before his presence. although thereby predictions takeover a number of professional in sector law Which moment This Is there any or not closing the opportunity for the emergence of several new professions that have not been explored by capability artificial intelligence and only Can done by man. On Finally artificial intelligence must can positioned limited provider help for profession law.

5. References

Amrizal, Victor, and Qurrotul Aini. Intelligence Artificial. Jakarta: Page Moeka Publishing, 2013.

Anderson, Lindsey. "Human Rights in the Age of Artificial Intelligence." Accessnow.Org. Last modified 2018. Accessed December 21, 2020. <https://www.accessnow.org/cms/assets/uploads/2018/11/AI-and- Human-Rights.pdf>.

Ashley, Michael, and Neil Sahota. Own the AI Revolution: Unlock Your Artificial Intelligence Strategy to Disrupt Your Competition. New York: McGraw Hill Publishing, 2019.

Berutu, Lisfer. "Realize Justice Simple, Fast and Cost Light With e- Court." Journal Scientific World Law 5, no. 1 (2020): 41–53.

Bhora, Darshan, and Kuldeep Shravan. "Demystifying the Roles of Artificial Intelligence in Legal Practice." Nirma University Law Journal 8, no. 2 (2019): 1–13.

HS, Salim. Contract Design & Memorandum of Understanding (MoU). Jakarta: Ray Graphics, 2007.

Hofmann, Erik, and Marco Rusch. "Industry 4.0 and the Current Status US Well US Future Prospects on Logistics." Computers in Industry 89, no. August (2017): 23–34.

Think. "Accurate Due Diligence, Done in Minutes." Kirasystems.Com. Last modified 2018. Accessed September 27, 2020.

Utilization Artificial Intelligence in
(Sugito)

**Proceeding of International Conference
on The Law Development For Public Welfare**

ISSN 2798-9313

Topic: Human Right Issues of Artificial Intelligence (AI) Gaps and Challenges, and Affected Future Legal Development in Various Countries

<https://kirasystems.com/how-kira-works/due-diligence/>.

Klungtveit, Christine. "Is Artificial Intelligence Good or Bad for Lawyers?" The Lawyer Portals. Last modified 2018. Accessed September 29, 2020.

<https://www.thelawyerportal.com/blog/artificial-intelligence-good-bad-lawyers/>.

Kusumawardani, Qur'aniDewi. "Progressive Law and Development Technology Intelligence Artificial." Veritas Et Justitia 5, no. 1 (2019): 166–190.

LeCun, Yann, Joshua Bengio, and Geoffrey Hinton. Deep Learning. Canada: Macmillan Publishers Limited, 2015.

Marzuki, Peter Mahmud. Legal Research. Jakarta: Kencana Prenadamedia, 2014.

Muhtarom, M. "Principles of Contract Law: An Inner Foundation Making Contract." Suhuf 26, no. 1 (2014): 48–56.

Muneeza, Aishath, and Zakariya Mustapha. "The Potential of Fintech in Enhancing the Use of Regards Contracts in Islamic Banking." International Journal of Islamic Economics and Finance (IJIEF) 3, no. 2 (2020): 305–334.

Nilsson, Nils John. The Quests for Artificial Intelligence: A History of Ideas and Achievements. Cambridge: Cambridge University Press, 2010.

OECD. Artificial Intelligence in Society. Paris: OECD Publishing, 2019.

Reuters, Thomson. "Put Legal Forms and Contracts on the Fast Tracks." Thomsonreuters.Com. Last modified 2017. Accessed September 27, 2020. <https://legal.thomsonreuters.com/en/solutions/fast-track-drafting>.

Russell, Stuart, and Peter Norvig. Artificial Intelligence: A Modern Approach. Third Edit. Upper Saddles Rivers: Prentice Hall, 2020.

Sahota, Neil. "Will AI Put Lawyers out of Business?" Forbes.Com. Last modified 2019. Accessed September 29, 2020.

<https://www.forbes.com/sites/cognitiveworld/2019/02/09/will-ai-put-lawyers-out-of-business/?sh=3f1b00a031f0>.

Utilization Artificial Intelligence in
(Sugito)



Topic: Human Right Issues of Artificial Intelligence (AI) Gaps and Challenges, and Affected Future Legal Development in Various Countries

Salmeron-Manzano, Esther. "Legaltech and Lawtech: Global Perspectives, Challenges, and Opportunities." *Laws* 10, no. 2 (2021): 24.

Satya, Venti Eka. "Strategy Indonesia Face Industry 4.0." *Info Short Field Economy and Policy Public* 10, no. 9 (2018): 19–24.

Sitorus, Syahrul. "Opinion Law (Legal Opinion) And Test Appropriateness from facet Law (Legal Due Diligence)." *Wisdom* 15, no. 2 (2018): 166–178.

Surden, Harry. "Machines Learning and Law." *Washington Law Reviews* 89, no. 1 (2014): 87–115.

Susskind, RE *Tomorrow's Lawyers: An Introduction to Your Future*. Oxford: Oxford University Press, 2013.

Susskind, RE, and D Susskind. *The Future of The Professions: How Technology Will Transform the Work of Human Experts*. Oxford: Oxford University Press, 2015.

Tsang, Lincoln, Daniel A. Kracov, Jacqueline Mulryne, Louise Strom, Nancy Perkins, Richard Dickinson, Victoria M. Wallace, and Bethan Jones. "The Impact of Artificial Intelligence on Medical Innovation in Europe Union and United States." *Intellectual Property & Technology Law Journal* 29, no. 8 (2017): 1–8.

Bucerius Law School, 2016.

Wulandari, Andi Sri Rezky, and Abd. Basir. "Implementation of Profit Sharing Principles in Financing in Bank Sharia According to Constitution Banking Sharia." *Equator Law Reviews* 1, no. 1 (2020): 61–76.

Yogaswara, Reza. "Artificial Intelligence as a Driver for Industry 4.0 And the challenges for the government and private sectors." *society journal telematics and Information* 10, no. 1 (2019): 67–72.

Yudoprakoso, Paulus Vishnu. "Artificial Intelligence as a Process Tool Drafting Constitution in effort face revolution industry 4.0 in indonesia." *simbur light* 25, no. 2 (2018): 134–14

Utilization Artificial Intelligence in
(Sugito)