

## Blockchain Technology and the Legal Field

In a world changing daily, staying at the forefront of technology and innovation is key for most major industries. The legal field may not be seen as a leader in implementing new technology, but new technology, such as blockchain technology, can still be implemented in the legal field. Through the use of blockchain technology, the legal field can not only save time and money but also improve overall operational efficiency.<sup>1</sup>

If you have heard of cryptocurrency, for example, Bitcoin, Ethereum, or Non-Fungible Tokens (NFTs), then you have seen how blockchain technology can be used. Blockchain, at its simplest, can be described as a shared, immutable ledger that facilitates the process of recording transactions and tracking assets<sup>2</sup> in a business network.<sup>3</sup> Blockchain technology can be broken down into three key elements: (1) distributed ledger technology, (2) immutable records, and (3) smart contracts.<sup>4</sup> Distributed ledger technology allows transactions to be recorded only once and eliminates the duplication of efforts that are typical of traditional business networks.<sup>5</sup> Immutable records are designed so no one participating in the blockchain network can change or tamper with a transaction in the shared ledger.<sup>6</sup> Smart contracts are a set of rules stored on the blockchain that, when met, can trigger other events to happen.<sup>7</sup> These three elements of blockchain technology, when implemented and customized, can be used in multiple areas of the legal field.

In the legal field, blockchain technology can allow one to digitally sign and immutably store legal agreements through the use of scripted text, smart contracts, and automated contract management.<sup>8</sup> Blockchain technology can be implemented in the process of chain of custody as well.<sup>9</sup> During the chain of custody process, evidence is being exchanged numerous times, parties are logging evidence in and out of storage, and the physical signing of forms creates a paper trail of its movements.<sup>10</sup> Through blockchain technology, one could generate and track a unique evidence token for every item of data collected and received and store this data in a public/private blockchain.<sup>11</sup> By doing this, the chance to tamper with the evidence can be eliminated.

Another major use of blockchain that can be implemented in the legal field is through smart contracting. Smart contracting can turn paper or digital contracts into programmable

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<sup>1</sup> See Manav Gupta, *Blockchain for Dummies* 9,10 (John Wiley & Sons, Inc., 3<sup>rd</sup> IBM Ltd ed. 2020), <https://www.ibm.com/downloads/cas/OK5M0E49>.

<sup>2</sup> “An *asset* can be tangible (a house, car, cash, land) or intangible (intellectual property, patents, copyrights, branding).” *What is Blockchain Technology?*, IBM (Sept. 1, 2022, 10:30 AM), <https://www.ibm.com/topics/what-is-blockchain>.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Blockchain in the Legal Industry*, CONSENSYS (Sept. 1, 2022, 10:40 AM), <https://consensys.net/blockchain-use-cases/law/>.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

components through a blockchain network.<sup>12</sup> By doing this, the legal field would have the ability to automate the application of terms and conditions automatically.<sup>13</sup> Smart contracting also allows for the automatic release of funds after completing certain tasks or milestones.<sup>14</sup> For example, funds could be released after the appropriate parties have signed or approved a smart contract.

As blockchain technology continues to grow and be used in industries worldwide, it will be interesting to see if or even when blockchain technology will be implemented in the legal field. Recognizing the potential benefits is just the start of a future where blockchain is used and implemented in the legal field.

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<sup>12</sup> ABC Legal Service, *Legal Tech: How Blockchain Can Easily Transform the Legal Profession*, ABC LEGAL (Oct 5, 2020), <https://www.abclegal.com/blog/legal-tech-blockchain#:~:text=Blockchain%20has%20multiple%20use%2Dcases,conduct%20a%20multitude%20of%20services>.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*