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ChatGPT in a Contract Drafting Class

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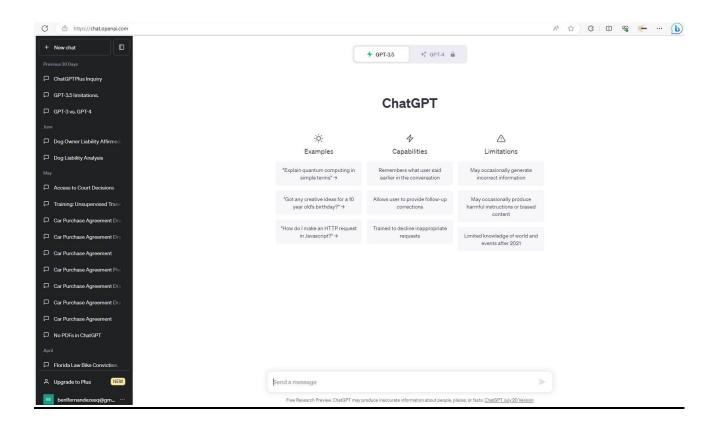
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HOW CHATGPT CAN BE USED FOR A CONTRACT DRAFTING CLASS

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https://openai.com/chatgpt

I. ChatGPT Was Not Trained on Contract Drafting

A. ChatGPT was trained on publicly available websites on the internet.

ChatGPT was also trained in September of 2021

ChatGPT's base model, GPT-3, was trained primarily on

- The Common Crawl dataset (<u>https://commoncrawl.org</u>),
- WebText2 (the text of web pages from all outbound Reddit links from posts with 3+ up votes),
- Books1 and Books2, and
- Wikipedia(!).

ChatGPT did not have access to copyrighted works or databases.

ChatGPT did not have access to "Drafting Contracts, How and Why Lawyers do what they do" (or any other contract drafting textbook).

ChatGPT did not have access to pay sites for attorneys.

B. ChatGPT was trained using a method called unsupervised learning on a large dataset of text from the internet. During training, the model learned to predict the next word in a sentence given the context of the previous words.

ChatGPT does not follow conventions in a textbook

ChatGPT does not use analogous sample documents

II. On Its Own ChatGPT is Does Not Work Well Enough for a Law School

<u>Class</u>

Draft a car purchase agreement using the following facts. Do not include any other provisions. Assume that no statutes apply to the transaction.

1. The parties are Barbara Balram, the seller, and Tom Rogers, the buyer.

- 2. The car is a red, 20xx Acura.
- 3. It has been driven 26,000 miles.

4. The purchase price is \$11,000. The buyer will pay the seller with a certified check.

5. The seller owns the car, and it is not subject to any liens.

6. The car has been maintained in accordance with the owner's manual and is in good operating condition, normal wear and tear accepted.

7. The closing will take place on the last day of the month that follows the month in which the car purchase agreement is signed

8. With respect to the period beginning of the day the agreement is signed and ending on the closing date, the seller promises not to paint the car and not to drive it more than 500 Miles. The seller also promises to garage the car and to continue to maintain it.

9. The buyer only has to close if the seller has performed his obligations and if the seller's representations and warranties are true on the date they were made and on the closing date as is they were made on that date, except to the extent the agreement contemplates that specific facts may change.

10. The date of the agreement is January ____, 2022.

CAR PURCHASE AGREEMENT

This Car Purchase Agreement ("Agreement") is entered into on January ___, 2022, by and between:

Seller<mark>: Barbara Balram [Address]</mark> [City], [State], [Zip Code]

Buyer<mark>: Tom Rogers [Address]</mark> [City], [State], [Zip Code]

1. **DESCRIPTION OF VEHICLE**

The Seller agrees to sell to the Buyer, and the Buyer agrees to purchase from the Seller, the following vehicle:

Make: Acura Year: 20xx Color: Red Mileage: 26,000

2. PURCHASE PRICE

The Buyer agrees to pay the Seller a total purchase price of \$11,000 (USD). The payment shall be made in the form of a certified check.

3. OWNERSHIP AND LIENS

The Seller represents and warrants that they are the legal owner of the vehicle, free and clear of any liens, encumbrances, or claims.

4. CONDITION OF VEHICLE

The Seller represents and warrants that the vehicle has been maintained in accordance with the owner's manual and is in good operating condition, with normal wear and tear accepted.

5. CLOSING DATE

The closing of this transaction shall occur on the last day of the month that follows the month in which this Car Purchase Agreement is signed.

6. SELLER'S PROMISES

From the date of signing this Agreement until the closing date, the Seller agrees to the following:

a. The Seller shall not paint the car.

- b. The Seller shall not drive the car more than 500 miles.
- c. The Seller shall garage the car.
- d. The Seller shall continue to maintain the car.

7. BUYER'S <mark>RIGHT</mark> TO CLOSE

The Buyer's obligation to close this transaction is subject to the following conditions:

a. The Seller has performed all obligations stated in this Agreement.

b. The Seller's representations and warranties made on the date of this Agreement and on the closing date remain true and accurate, as if made on the closing date, except to the extent this Agreement contemplates that specific facts might change.

IN WITNESS WHEREOF, the parties have executed this **Car Purchase Agreement** as of the date first above written.

Seller:

Barbara Balram

Buyer:

Tom Rogers

III. <u>ChatGPT's Deficiencies Can be Somewhat Compensated for by</u> <u>Providing it with a Sample Agreement</u>

House Purchase Agreement

This House Purchase Agreement, dated August 15th, 2022, is between Sally Seller (the "Seller") and Bob Buyer (the "Buyer").

Background

This Agreement provides for the sale to the Buyer of the Seller's house at 7221 Perada Drive, Walnut Creek, California 94595 (the "**House**") and the land on which it is situated.

The Seller and the Buyer agree as follows.

Article 1 - Definitions

1.1 Definitions. The terms defined in the preamble and recitals have their assigned meanings and each of the following terms has the meaning assigned to it:

"Agreement" means this House Purchase Agreement, its schedules, and exhibits, each as amended from time to time.

"Closing" means the consummation of the transaction that this Agreement contemplates.

"Closing Date" has the meaning assigned to it in section 2.3.

"Premises" means the House, the land described in Exhibit A, and the household items that Schedule 1.1 lists.

Article 2 - Purchase and Sale

2.1 Purchase-and-Sale. At the Closing, the Seller shall sell the Premises to the Buyer, and the Buyer shall purchase the Premises from the Seller.

2.2 Purchase Price. The purchase price for the Premises is \$200,000.

2.3 The Closing. The Closing is to occur on September 15, 20 22, or another date as to which the Seller and the Buyer agree (the date the transaction closes, the "**Closing Date**"). It is to take place at the offices of Abbott and Peabody LLP, 100 Geary Street, San Francisco, California, beginning at 9 a.m. local time.

2.4 Instruments of Transfer; Payment of Purchase Price; Further Assurances.

- (a)**Sellers Deliveries**. At the Closing, the Seller shall execute and deliver to the Buyer
 - (i) A general warranty deed for the Premises, substantially in the form of **Exhibit B**; and
 - (ii) Any other instrument or instruments of transfer that may be necessary or appropriate to vest in the Buyer good title to the Premises.
- (b)**Buyers Deliveries.** At the Closing, the Buyer shall deliver to the Seller by wire transfer \$200,000 in funds immediately available in San Francisco, California.
- (c) **Further Assurances.** Following the Closing, at the request of the Buyer, the Seller shall deliver any further instruments of transfer and take all reasonable action that may be necessary or appropriate to the vest in the Buyer good title to the Premises.

Article 3 – Seller's Representations and Warranties

The Seller represents and warrants to the Buyer as follows:

3.1 The House. The House was built in 1953, along with the other houses in the neighborhood.

3.2 The Roof. The roof of the House is four years old.

3.3 Appliances. All of the appliances in the House are in excellent condition, except for the dishwasher, which is not working.

3.4 Cable. The House is wired for cable television, and the cable is functioning properly.

3.5 Swimming Pool.

- (a)**The Pool.** The swimming pool is in the backyard of the House. It's dimensions are 30 ft by 10 ft.
- (b) Water Heater. A water heater that uses propane gas heats the pool. The water heater is on the Premises and is in good working condition, ordinary wear and tear accepted.
- (c) Propane Gas Tank. The propane gas tank is on the Premises, and it is it is exactly one half full with propane gas.

3.6 Living Room Paint Color. The living room's walls are painted eggshell white and were painted one year ago.

3.7 Premises. The land on which the House is situated is a oneacre lot that is actually accurately described in Exhibit A.

Article 4 - Buyers Representations and Warranties

The Buyer represents and warrants to the Seller as follows:

4.1 Financing. The Buyer has sufficient funds to purchase the Premises without obtaining a loan.

Article 5 - Sellers Covenants

From the date of this Agreement to the Closing Date, the Seller shall perform as follows:

5.1 Dishwasher. The Seller shall cause the dishwasher to be repaired.

5.2 Paint. The Seller shall not paint the walls of any room in the House.

5.3 Propane Gas Tank. The Seller shall cause the propane gas tank to be at least one third full on the Closing Date.

5.4 Settlement of Border Dispute. The Seller shall pay all costs related to settlement of the border dispute with the owner of the house at 7221 Perada Drive, Walnut Creek, California 94595.

5.5 carpet cleaning. The Seller shall

- (a)Cause all carpeting in the house to be professionally cleaned before the Closing Date and
- (b)Pay for the cost of cleaning, but not more than \$500, no later than the Closing Date.

Article 6 - Conditions to the Seller's Obligations

The Seller is obligated to consummate the transactions that this Agreement contemplates only if each of the following conditions has been satisfied or waived honor before the Closing Date.

6.1 Representations and Warranties. The Buyer's representations and warranties must have been true on the day they were made and

must be true as of the Closing Date with the same force and effect as though made on and as of the Closing Date.

6.2 Covenants. The Buyer must have performed each of the covenants to be performed by him on or before the Closing Date.

6.3 Buyer's Closing Certificate. The Seller must have received a certificate of the Buyer, certifying to the truth of the statements and Sections 6.1 and 6.2.

Article 7 - Conditions to the Buyer's Obligations

The Buyer is obligated to consummate the transactions that this Agreement contemplates only if each of the following conditions has been satisfied or waived honor before the Closing Date.

7.1 Representations and Warranties. The Seller's representations and warranties must have been true on the date they were made and must be true as of the Closing Date with the same force and effect as though made on and as of the Closing Date, except to the extent that this Agreement contemplates changes.

7.2 Covenants. The Seller must have performed each of the covenants to be performed by her on or before the Closing Date.

7.3 Sellers Closing Certificate. The Buyer must have received a certificate of the Seller, certifying to the truth of the statements and Sections 7.1 and 7.2.

7.4 Property Line Dispute Resolution. The Seller and the owner of the house at 7221 Perada Drive, Walnut Creek, California 94595 must have settled their dispute as to the property line establishing the boundaries of the land between the two houses.

Article 8 - Termination

8.1 Sellers Right to Terminate.

- (a)**Grounds for Termination and Notice of Termination.** The Seller may send a notice to the Buyer regarding this Agreement's termination if any one or more of the following events has occurred on or before the Closing Date
 - (i) **Misrepresentations and breaches of warranties.** The condition stated in Section 6.1 has not been satisfied or waived.
 - (ii) **Covenants.** The condition is stated in Section 6.2 has not been satisfied or waived.
 - (iii) **Closing certificate**. The condition is stated in Section 6.3 has not been satisfied or waived.
- (b) Effective date of termination. If the Seller sends a notice regarding this Agreement's termination as permitted by section 8.1(a), this Agreement terminates on the day of the Buyer receives the notice.
- (c) **Consequences of termination.** On termination of this Agreement under this Section 8.1, neither party has any further rights or obligations under this Agreement, except for the Seller's rights and the Buyers obligations arising from any Buyer misrepresentation, breach of warranty, or breach of covenant.

8.2 Buyer's Right to Terminate

- (a)**Grounds for Termination**. The Buyer may send a notice to the Seller regarding this Agreement's termination if any one or more of the following events has occurred on or before the Closing Date.
 - (i) **Misrepresentations and Breaches of Warranties.** The condition is stated in Section 7.1 has not been satisfied or waived.
 - (ii) **Covenants**. The condition stated in Section 7.2 has not been satisfied or waived.

- (iii) Sellers Closing Certificate. The condition stated in Section 7.3 has not been satisfied or waived.
- (iv) Property Line Dispute. The condition is stated in Section 7.4 has not been satisfied or waived.

(b)Termination under Sections 8.2(a)(i), 8.2 (a)(ii), or 8.2(a)(iii).

- (i) Effective date of termination. If the Buyer sends a notice regarding this Agreement's termination under any one or more of Sections 8.2(a)(i), 8.2 (a)(ii), or 8.2(a)(iii), this Agreement terminates on the date the Seller receives the notice.
- (ii) Consequences of termination. On termination of this Agreement under any one or more of Sections 8.2(a)(i), 8.2 (a)(ii), or 8.2(a)(iii), neither party has any further rights or obligations, except for the Buyer's right and the Sellers obligations arising from any Seller misrepresentation, breach of warranty, or breach of contract.
- (c) Termination under Section 8.2(a)(iv).
 - (i) **Effective Date of Termination.** This Agreement terminates on the day the Buyer receive the notice regarding termination.
 - (ii) Consequences of Termination. On termination of this Agreement under section 8.2(a)(iv), neither party has any further rights or obligations.

Article 9 - General Provisions

9.1 Assignment and Delegation. Neither party may assign its rights or delegate its obligations under this Agreement without the consent of the other party which part which party shall not unreasonably withhold its consent.

9.2 Assigns. This Agreement binds and benefits the parties and their respective permitted assigns.

9.3 Merger. This Agreement states the final an exclusive agreement between the parties regarding the transaction that this agreement contemplates. It supersedes all previous negotiations and agreements.

9.4 Counterparts. The parties may execute this Agreement and counterparts, each of which is an original, but all of which constitute only one agreement between the parties.

9.5 Severability. If any provision of this Agreement is it legal or unenforceable that provision is severed from the Agreement, and the other provisions remain in effect only if the essential business and legal provisions are legal and enforceable.

9.6 Governing Law. The laws of California without regard to its conflict of laws principles govern all matters arising under or relating to this Agreement, including torts.

9.7 Notices. The parties must send all notices in writing. No notice is deemed received until the addressee has received it.

9.8 Waiver of Right to a Jury Trial. Each party waves its right to a trial by jury in all matters relating to an arising under this Agreement, including torts. Each party has initialed this provision to indicate that the party has read the provision and makes the waiver knowingly, intentionally and voluntarily.

To evidence the parties' agreement to this Agreement, they have executed and delivered it on the date stated in the preamble.

Seller

Buyer

Sally Seller

Bob Buyer

Car Purchase Agreement

This Car Purchase Agreement (the "Agreement") is entered into on [Date], 2022 (the "Effective Date"), by and between Barbara Balram, the seller ("Seller"), and Tom Rogers, the buyer ("Buyer").

Background:

This Agreement provides for the sale of a red, 20xx Acura (the "Car") by the Seller to the Buyer.

Article 1 - Definitions

1.1 Definitions: The terms defined in the preamble have their assigned meanings, and the following terms have the meaning assigned to them:

a) "Agreement" means this Car Purchase Agreement, including any schedules and exhibits, as amended from time to time.

Article 2 - Purchase and Sale

2.1 Purchase and Sale: The Seller agrees to sell the Car to the Buyer, and the Buyer agrees to purchase the Car from the Seller.

2.2 Purchase Price: The purchase price for the Car is \$11,000.

Article 3 - Closing

3.1 Closing Date: The closing shall occur on the last day of the month that follows the month in which this Car Purchase Agreement is signed.

3.2 Closing Location: The closing shall take place at a mutually agreed location.

Article 4 - Representations and Warranties

4.1 Seller's Representations and Warranties: The Seller represents and warrants to the Buyer that:

a) The Seller is the legal owner of the Car, and the Car is free from any liens or encumbrances.

b) The Car has been driven for approximately 26,000 miles.

c) The Car has been maintained in accordance with the owner's manual and is in good operating condition, normal wear and tear accepted.

Article 5 - Payment

5.1 Payment Method: The Buyer shall pay the Seller the purchase price of \$11,000 by a certified check.

Article 6 - Seller's Obligations

6.1 Car Restrictions: From the Effective Date until the closing date, the Seller agrees to:

a) Not paint the Car.

b) Not drive the Car more than 500 miles.

c) Garage the Car and continue to maintain it in its current condition.

Article 7 - Buyer's Obligations

7.1 Closing Conditions: The Buyer's obligation to close is subject to the following conditions:

a) The Seller has fulfilled all obligations under this Agreement.

b) The Seller's representations and warranties remain true and accurate as of the date they were made and on the closing date.

Article 8 - Governing Law

8.1 Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the jurisdiction where it is executed.

IN WITNESS WHEREOF, the parties have executed this Car Purchase Agreement as of the Effective Date.

Seller:

Barbara Balram

Buyer:

Tom Rogers

IV. <u>Breaking the Contract Up, Providing the Relevant Facts and a Sample</u> <u>Provision, and Making the Instructions Very Explicit Makes ChatGPT</u> <u>Effective Enough to use for a Class on Contract Drafting</u>

Query 1:

Draft the title and preamble for a car purchase agreement. The parties are Barbara Balram, the seller, and Tom Rogers, the buyer. The date of the agreement is January ____, 2022. Use the following sample title and preamble as a precedent. Draft the provision the same way the following provision was drafted. Do not add any additional language or provisions.

House Purchase Agreement

This House Purchase Agreement, dated August 15th, 2022, is between Sally Seller (the "Seller") and Bob Buyer (the "Buyer").

Response 1:

Car Purchase Agreement

This Car Purchase Agreement, dated January ____, 2022, is between Barbara Balram (the "Seller") and Tom Rogers (the "Buyer").

Query 2:

Draft a definitions section for the car purchase agreement. Use the following sample definitions section as a precedent. Draft the provision the same way the following provision was drafted. Do not add any additional language or provisions.

Article 1 - Definitions

1.1 Definitions. The terms defined in the preamble and recitals have their assigned meanings and each of the following terms has the meaning assigned to it:

"Agreement" means this House Purchase Agreement, its schedules, and exhibits, each as amended from time to time.

"Closing" means the consummation of the transaction that this Agreement contemplates.

"Closing Date" has the meaning assigned to it in section 2.3.

"Premises" means the House, the land described in Exhibit A, and the household items that Schedule 1.1 lists.

Response 2:

Article 1 - Definitions

1.1 Definitions. The terms defined in the preamble and recitals have their assigned meanings and each of the following terms has the meaning assigned to it:

"Agreement" means this Car Purchase Agreement, its schedules, and exhibits, each as amended from time to time.

"Closing" means the consummation of the transaction that this Agreement contemplates.

"Closing Date" has the meaning assigned to it in section 2.3.

"Car" means the red, 20xx Acura being sold under this Agreement.

"Seller" refers to Barbara Balram, the party selling the Car.

"Buyer" refers to Tom Rogers, the party purchasing the Car.

Query 3:

Draft a purchase and sale section for the car purchase agreement. The purchase price is \$11,000. The buyer will pay the seller with a certified check. The closing will take place on the last day of the month that follows the month in which the car purchase agreement is signed. Use the following sample definitions section as a precedent. Draft the provision the same way the following provision was drafted. Do not add any additional language or provisions.

Article 2 - Purchase and Sale

2.1 Purchase and Sale. At the Closing, the Seller shall sell the Premises to the Buyer, and the Buyer shall purchase the Premises from the Seller.

2.2 Purchase Price. The purchase price for the Premises is \$200,000.

2.3 The Closing. The Closing is to occur on September 15, 20 22, or another date as to which the Seller and the Buyer agree (the date the transaction closes, the "Closing Date"). It is to take place at the offices of Abbott and Peabody LLP, 100 Geary Street, San Francisco, California, beginning at 9 a.m. local time.

2.4 Instruments of Transfer; Payment of Purchase Price; Further Assurances.

(a) Sellers Deliveries. At the Closing, the Seller shall execute and deliver to the Buyer

(i) A general warranty deed for the Premises, substantially in the form of Exhibit B; and

(ii) Any other instrument or instruments of transfer that may be necessary or appropriate to vest in the Buyer good title to the Premises.

(b) Buyers Deliveries. At the Closing, the Buyer shall deliver to the Seller by wire transfer \$200,000 in funds immediately available in San Francisco, California.

(c) Further Assurances. Following the Closing, at the request of the Buyer, the Seller shall deliver any further instruments of transfer and take all reasonable action that may be necessary or appropriate to the vest in the Buyer good title to the Premises.

Response 3:

Article 2 - Purchase and Sale

2.1 Purchase and Sale. At the Closing, the Seller shall sell the Car to the Buyer, and the Buyer shall purchase the Car from the Seller.

2.2 Purchase Price. The purchase price for the Car is \$11,000.

2.3 The Closing. The Closing is to occur on [Last day of the month following the month in which the Car Purchase Agreement is signed], or another date as to which the Seller and the Buyer agree (the date the transaction closes, the "Closing Date"). It is to take place at a mutually agreed location, beginning at [time].

2.4 Instruments of Transfer; Payment of Purchase Price; Further Assurances.

(a) Seller's Deliveries. At the Closing, the Seller shall execute and deliver to the Buyer:

(i) The title transfer documents for the Car, including the certificate of title, registration documents, and any other necessary documents to transfer ownership of the Car to the Buyer.

(ii) Any other instrument or instruments of transfer that may be necessary or appropriate to vest in the Buyer good title to the Car.

(b) Buyer's Payment. At the Closing, the Buyer shall pay the Seller the purchase price of \$11,000 by certified check.

(c) Further Assurances. Following the Closing, at the request of the Buyer, the Seller shall deliver any further instruments of transfer and take all reasonable action that may be necessary or appropriate to vest in the Buyer good title to the Car.

Query 4:

Draft an inspection provision for the car purchase agreement. The buyer has to give the seller 24 hours' notice of the inspection, and pay for the costs of the inspection. The inspection can take place on any weekday between the hours of 9:00 a.m. and 5:00 p.m. If the results are not satisfactory to the buyer, the buyer can cancel the agreement. Only draft the inspection provision so that it reflects these facts. Do not add any additional language or requirements.

Response 4:

Inspection

3.1 Notice of Inspection: The Buyer shall provide the Seller with at least 24 hours' written notice prior to conducting an inspection of the Car.

3.2 Inspection Costs: The Buyer shall bear all costs associated with the inspection.

3.3 Inspection Timeframe: The inspection shall take place on any weekday between the hours of 9:00 a.m. and 5:00 p.m.

3.4 Inspection Results: If the inspection results are not satisfactory to the Buyer, the Buyer may cancel this agreement.

[No additional language or requirements are added as per the request.]

Draft an inspection provision for the car purchase agreement. The buyer has to give the seller 24 hours' notice of the inspection, and pay for the costs of the inspection. The inspection can take place on any weekday between the hours of 9:00 a.m. and 5:00 p.m. If the results are not satisfactory to the buyer, the buyer can cancel the agreement. Only draft the inspection provision so that it reflects these facts. Do not add any additional language or requirements.

Response 5:

Inspection

3.1 Notice of Inspection: The Buyer shall provide the Seller with a written notice at least 24 hours in advance of the scheduled inspection.

3.2 Inspection Costs: The Buyer shall be responsible for all costs associated with the inspection, including any fees or charges.

3.3 Inspection Timeframe: The inspection shall be conducted on any weekday between the hours of 9:00 a.m. and 5:00 p.m.

3.4 Inspection Results: If the results of the inspection are not satisfactory to the Buyer, the Buyer shall have the right to cancel this agreement.

V. <u>Because of the Existence of Programs Like ChatGPT, Law School</u> <u>Professors Need to Change How They Teach Contract Drafting</u>

A. We should not allow students to us ChatGPT for assignments and assessments

Students learn legal skills by practicing them. They need to do the work themselves.

- B. Give Students assignments and assessments
 - a. for which there is no corresponding sample in the textbook.
 - b. that are timed and take advantage of ExamSoft's ability to restrict a student's access to online sources during the exam.
- C. Watch for indicators ChatGPT did the drafting:
 - A contract that reflects the facts in the exercise but is not drafted using any of the conventions in the textbook.
 - A contract that reflects most of the conventions in the textbook but is missing the formatting conventions ChatGPT cannot reproduce (e.g. nothing is bolded or centered).
 - Contract provisions that begin correctly but then go on to add a lot of extra language that was not in the prompt, much of which is either inappropriate or incorrectly drafted.