

Beyond the Prompt



AI Drafting Compared to Experienced Legal Counsel

An analysis of an Independent Contractor Agreement

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SUMMARY

01 The promise of AI legal tools — and the reality

02 A real-world comparison: the same contract, two ways

03 Key provisions AI got wrong or missed entirely

04 The hidden risks of DIY legal documents

05 When AI is fine — and when it isn't

06 What the right approach looks like

The AI Legal Tool Promise

What business owners hear — and what they don't

What AI promises



- Free or very low cost
- Available 24/7
- Fast — minutes, not days
- Looks and sounds professional
- No appointment needed

What AI doesn't tell you



- Generic — not tailored to your province or industry
- Misses clauses that matter for YOUR situation
- No accountability if it goes wrong
- Looks professional, but may be legally incomplete

The Real-World Test

Same type of contract. Same purpose. Very different results.

Sankar's Precedent		ChatGPT Template
Topic Definitions & Interpretation article	Lawyer 5 key terms defined	ChatGPT None — terms used without definition
Engagement	Detailed Schedule A with 30+ deliverables	Basic engagement clause, no robust performance standards.
Fees and Payment	Schedule B: approval process, invoice requirements, GST number obligation	No detailed approval process. No dispute resolution mechanism. Silent on Interest. No GST number obligation.
Termination	Includes for convenience or cause. Discusses post-termination obligations.	Less nuanced. Incomplete provisions re: post-termination obligations.
AI Tools restriction	Explicit prohibition on ChatGPT/Copilot use by sub-contractors	Completely absent
IP ownership	Assignment + fallback licence + power of attorney	Assignment only — no fallback provisions

What the Review Found

Based on a clause-by-clause analysis of both documents

10

Provisions
entirely absent

9

Provisions
weaker or incomplete

14

Provisions
adequately covered

How to read these results:

RED — Missing entirely

YELLOW — Present but weaker

GREEN — Adequately covered

Of 33 substantive provisions reviewed, only 14 were fully adequate in the ChatGPT template. That's 42%.

5 Clauses That Could Cost You



AI Tools Restriction:

Your contractor uses ChatGPT to develop intangible IP. AI-generated IP may belong to no one, or to the AI company's users under its terms of service. Without this clause, you have no legal recourse.



Background IP Clause:

Contractor embeds their own pre-existing code into your product. Without this clause, they may be able to claim a licence fee or pull it back entirely.



Force Majeure:

Project stalls for 3 months due to a global event. Without this clause, you may not be able to terminate or may face liability for doing so.



Invoice Dispute / Arbitration:

Contractor bills \$40,000 for work you didn't approve. Without a dispute clause, your only option is litigation — expensive, slow, and public.



Effects of Termination (IP Delivery):

You fire the contractor mid-project. Without this clause, there's no obligation for them to hand over incomplete code within a set timeframe.

The Hidden Cost of "Free"

What happens when an AI contract goes wrong



Scenario

With AI template — potential outcome

With lawyer-drafted contract

IP Ownership Dispute

Contractor claims ownership of IP. Litigation:
\$50,000+

Clear assignment clause prevents the dispute entirely

Employee Misclassification

CRA audit — contractor deemed employee. Back taxes + penalties: \$30,000+

Robust independent contractor clauses reduce reclassification risk

Confidentiality Breach

No survival clause. Former contractor shares your data. No legal remedy

Explicit survival + certification obligation creates enforceable rights

Unpaid Invoice Dispute

No arbitration clause. Court costs + time: months of distraction

BC Arbitration Act referral: faster, private, still costly

Why AI Can't Replace Legal Judgment



AI generates plausible text — not legal advice

ChatGPT has no knowledge of your deal, your province's laws, your industry's norms, or your specific risk tolerance. It produces text that sounds like a contract — whether or not it protects you.



Law is jurisdiction-specific

British Columbia has its own rules on arbitration, employment classification, privacy, and commercial dealings. A generic AI contract may import assumptions from US law or other provinces without flagging it.



AI cannot identify what's missing

The most dangerous gaps aren't wrong clauses — they're absent ones. AI doesn't know what it doesn't know about your situation. A lawyer asks the right questions before drafting.



No professional accountability

If a lawyer's contract fails you, they are professionally and potentially legally accountable. ChatGPT has no Law Society membership, no professional insurance, and no obligation to you whatsoever.

When AI Is Fine — and When It Isn't

AI tools can help with...

- Getting a first draft to review with your lawyer
- Understanding what a clause generally means
- Checking if a standard clause is present
- Brainstorming questions to ask before signing
- Low-stakes, informal agreements between people you trust

You need a lawyer when...

- The contract involves real money or real risk
- Intellectual property is being created or transferred
- You're hiring independent contractors regularly
- The other party has a lawyer
- Confidential business information will be shared
- There are regulatory or industry-specific obligations

What Good Legal Work Looks Like

It's more than just putting words on paper

1

Understanding your goals

A lawyer asks about your business, your risks, your industry, and your goals — before a single clause is drafted.

2

Jurisdiction-specific drafting

BC contract law, privacy obligations, tax structure, and industry regulations are built in from the start — not bolted on.

3

The gaps you didn't know about

An experienced lawyer flags what you haven't thought of because they have seen different forms of the contract.

4

Negotiation support

When the other side pushes back on a clause, your lawyer explains what you can give and what you can't — protecting your interests, not just filling blanks.

5

A document that holds up

If a dispute arises, your contract needs to be enforceable. Precedent-based drafting is tested in court. AI templates are not.

6

Ongoing relationship

Laws change. Your business evolves. A lawyer updates your templates and advises you proactively — an AI template doesn't.

The Bottom Line

- ChatGPT can produce a document that looks like a contract. At this time, it cannot produce a contract that protects your business.
- In our review: 10 provisions were entirely absent, 9 were materially weaker.
- The cost of a lawyer-drafted agreement is predictable. The cost of a failed one is not worth the paper it's printed on.
- **Use AI to get informed. Use a lawyer to get protected.**

Questions? Let's talk about your contracts.