

Legaltech in Hungary

A short overview

Legaltech - present state and prospects in the EU conference
8 June 2021 (online)

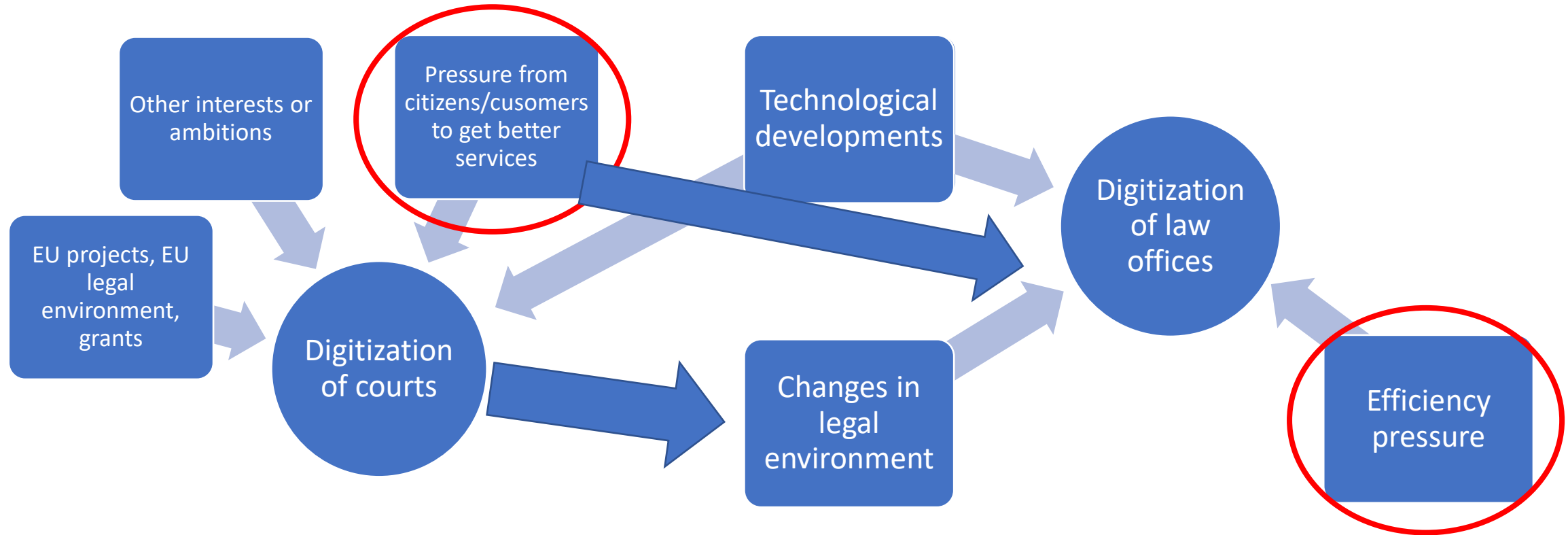
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Digital Justice Research Project

Driving forces of digitization in law



- Normally the efficiency pressure is the main drive of digitization in case of the law offices, and customer pressure for the courts
- But that is not the case in countries like Hungary: in case of court digitization the main drive is always a political or an internal organizational interest
- Because of the average small size, and lack of complexity in law firms the main drive is always a legal change which results in change at courts.

The three periods of legaltech (also known as Legaltech 1.0, 2.0, 3.0)

1970's and end 1990's

Between 1970's and end 1990's (1st generation tools)

- The period of office computerization
- Buzzword: „Paperless office“
- Hardware and infrastructure: Mainframe computers, later PC-s in local networks
- Software: electronic registration of documents, word processors, island-likeand rudimentary office automation solutions, legal databases

2010 to now

From 2010 to now (3rd generation tools)

- The period of platforms, AI and Big Data
- Buzzword: „Legaltech“ and „AI“, and „Legal analytics“
- Hardware and infrastructure: laptop, smartphone and cloud
- Software: legal analytics, online dispute resolution, AI supported document assembly, AI supported E-discovery, smart contracts and other solutions based on blockchain and AI

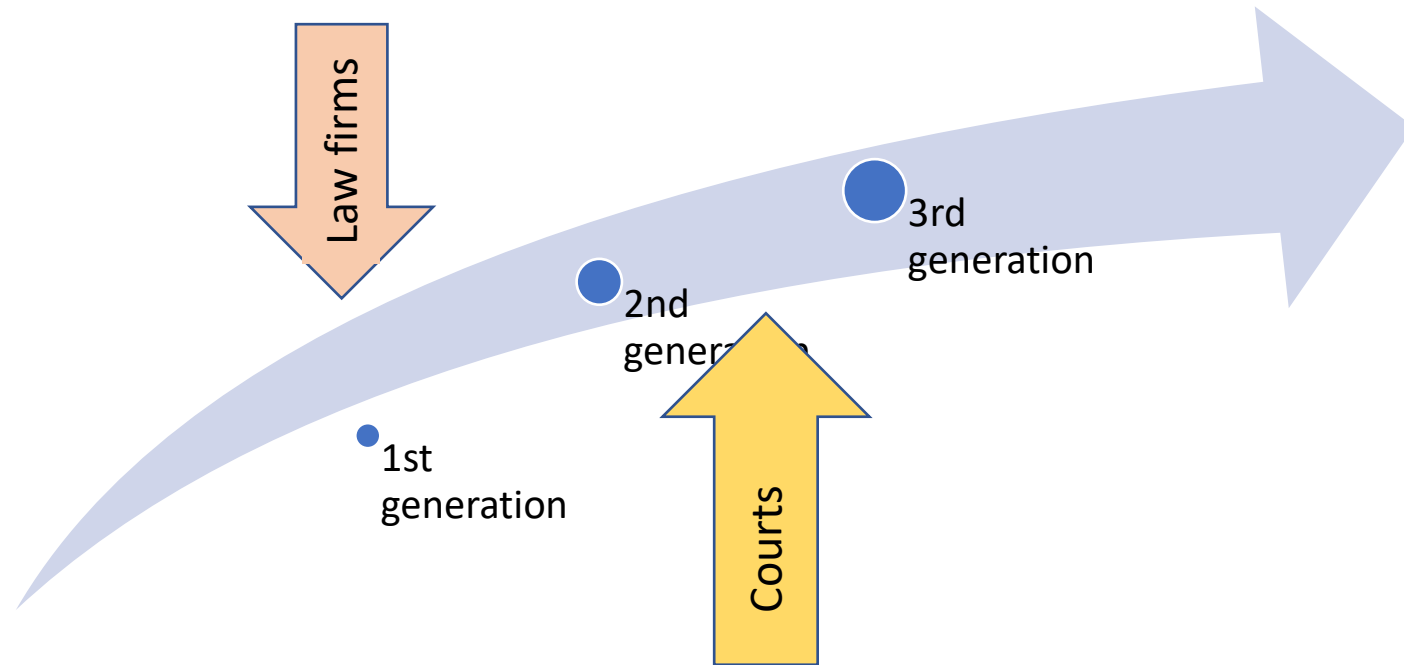
Between End 1990's and early 2010's (2nd generation tools)

- The period of Internet solutions
- Buzzword: „E-government“
- Hardware and infrastructure: PC-s, local servers, slow internet access
- Software: downloadable and online updated software, document management systems, online case rooms or extranets, client information systems, open access judicial decision databases, automatic document assembly, automation especially in non-litigatory fields

End 1990's and early 2010's

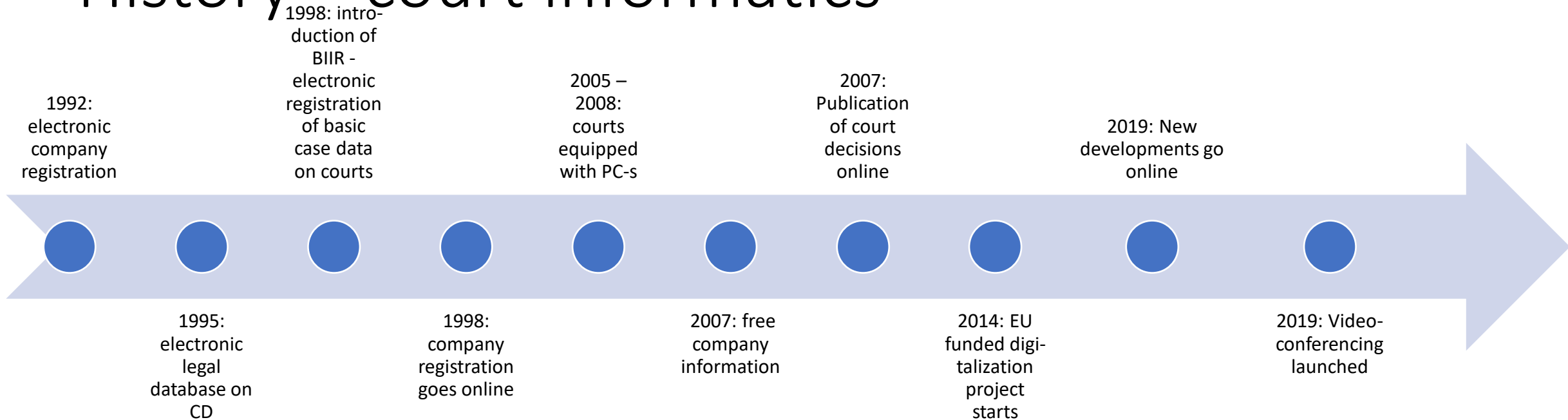
Where are we now?

- In most of the European countries courts are just introducing 2nd generation solutions.
- Law firms are lagging behind



Court informatics

History – court informatics



- Between 1998 and 2010 judiciary was completely separated from the rest of the central administration and government
- This resulted in a relative lag compared to other parts of government
- 2010: new structure, and new Chairwoman: intensive digitization starts

Legaltech at the Hungarian courts

- According to a 2016 CEPEJ study the Hungarian judicial system on a 10 grade scale is either in the 5-8, or in the 8-10 positions



In 2020 the overall picture is even better

Figure 4.3.7 Total ICT deployment rate and per category in 2018

State/entity	General Index	Decision support	Courts and case management	Communication with courts
CYP	1,52	2,12	2,45	0,00
ARM	2,78	4,37	3,41	0,54
UK:SCO	3,06	4,32	3,64	1,15
NLD	3,13	3,65	5,23	0,47
UK:NIR	3,43	2,68	5,32	2,17
SRB	3,44	3,95	3,64	2,66
BGR	3,55	3,88	6,18	0,60
AND	3,73	2,59	7,05	1,50
UKR	3,95	3,17	4,36	4,35
GRC	3,98	2,17	5,86	3,96
IRL	4,40	5,50	4,32	3,24
ALB	4,62	5,77	7,73	0,34
UK:ENG&WAL	4,72	3,02	7,23	3,91
BIH	4,80	6,19	7,27	0,91
MNE	4,87	5,13	9,09	0,34
DNK	4,96	4,14	5,05	5,68
BEL	5,08	6,68	5,86	2,68
FRA	5,19	4,61	7,73	3,20
POL	5,27	4,63	6,36	4,78
HRV	5,48	7,83	7,05	1,49
MDA	5,48	6,83	8,23	1,36
LUX	5,54	6,83	6,36	3,42
CHE	5,55	4,36	7,00	5,24
MKD	5,68	7,28	7,95	1,78
GEO	6,21	4,71	6,82	7,07
CZE	6,33	6,53	5,36	7,02
ITA	6,42	6,11	8,05	5,10
AZE	6,79	6,90	7,27	6,17
MLT	7,09	7,04	8,09	6,15
ISL	7,09	7,78	8,77	4,71
NOR	7,66	6,83	10,00	6,13
LTU	7,66	7,51	7,73	7,73
MCO	7,70	10,00	9,32	3,77
SVN	7,71	7,88	9,55	5,68
SWE	7,74	7,88	7,27	8,04
ROU	7,95	9,29	6,91	7,63
TUR	8,14	6,83	9,09	8,48
FIN	8,16	6,83	8,41	9,22
DEU	8,30	8,77	6,50	9,64
ESP	8,50	6,83	8,41	10,24
AUT	8,62	9,51	6,82	9,51
SVK	8,73	8,31	7,55	10,33
CYS	8,92	8,29	8,82	8,80
HUN	9,08	8,41	9,09	9,72
CCT	9,25	7,88	10,00	9,85
PRT	9,25	8,11	9,77	9,86
LVA	9,79	9,29	10,00	10,07
ISR	8,78	7,53	9,59	9,22
KAZ	9,23	8,94	9,09	9,64
MAR	4,76	6,83	6,59	0,86
Average	6,11	6,15	7,11	5,04

In more detail

- The CEPEJ study distinguishes four areas of court informatics:
 - General (hardware, network, internet access)
 - „Direct assistance to judges and clerks” or recently „decision support technologies” (expert systems, especially legal databases, document automation and access to repositories, and other government databases)
 - Administration of cases, and court management systems (office automation, document management and case management tools, management information systems, incl. statistical tools, like staff workload measuring tools)
 - Communication between courts, professionals and court users (remote access to case documentation, videoconferencing systems)

Decision support

- Legal databases are provided by an external supplier (Wolters Kluwer). The quality of services are high.
- Access to other government databases are not limitless, but in most of the cases it is there
- Dictation (Speech-to-Text) systems are in place and functioning properly though not used everywhere
- Document automation (automated or semi-automated document assembly) is very limited – in this field developments are planned

Administration of cases, case management systems

- There are two (nearly separate) systems, the „old” case management system, containing the data of the cases and a new one containing all court documents
 - BUT: the handling of cases internally is still based on **printed** documents.
- The old management system has basic management information and statistical functions, but there are still a lot of information that should be collected on an ad hoc basis with manual work for the management of the courts
- There are no tools based on artificial intelligence or fully automated case management tools
- There is only one exception to this: a court of registry system that gives a possibility for a fully automated process, (although this is not used).
 - However, the problem here is that the foundations of the system are 20 years old and represent a completely different philosophy than all the other systems.

Communication (4 systems)

- In civil and criminal matters the electronic communication is the default from 2019 („E-per” „Electronic-trial”)
 - It is a combined system, with a downloadable (offline) official form-filling software, and downloadable forms
 - A central gateway with authentication
 - Which forwards the messages to the court system
- Electronic „case-room” is available for attorneys, where they can remotely read the documents of their cases
- VIA VIDEO (own developed videoconferencing system for witness hearings). Used mainly in criminal cases. During the pandemic the judges used Skype for Business for internal meetings.
- Communication with the outside world: many developments on the public website
 - New search engine for searching the decisions
 - New functions for the public, like „litigation duration calculator”
- This caused minor turbulences, but finally attorneys also get used to it

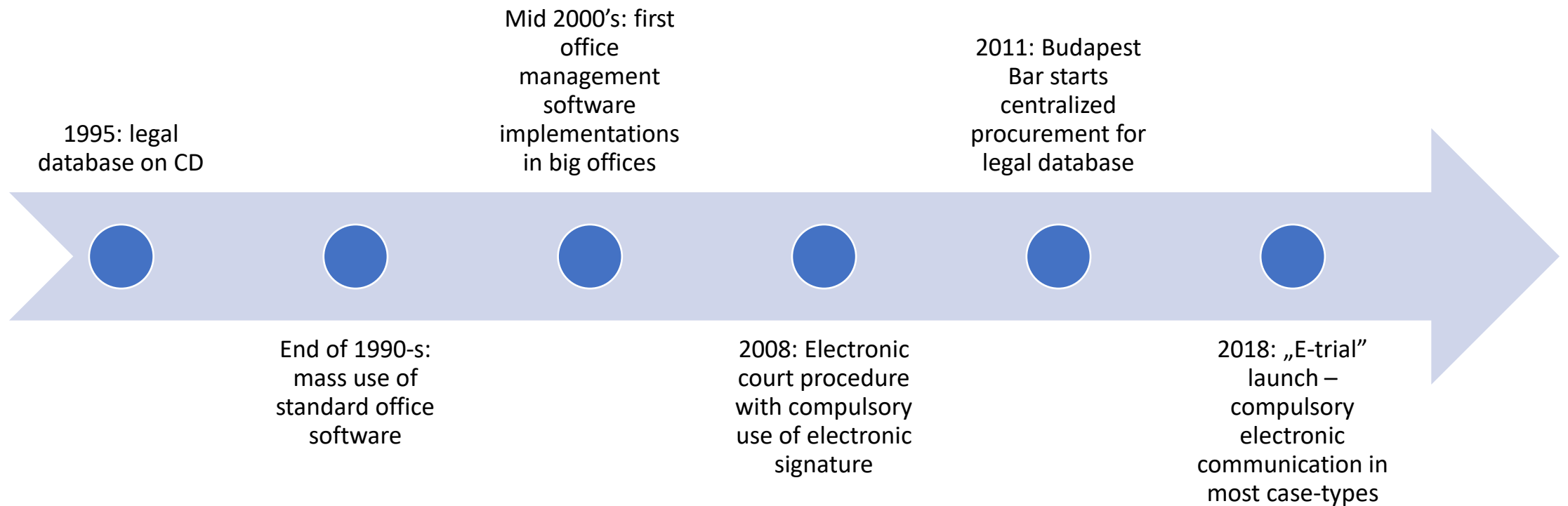
Evaluation

- In court informatics Hungary is in the forefront of Europe with its 2nd generation solutions.
- But note, that 1. „no obvious link between the level of IT equipment and good results as reflected in the efficiency indicators” and „(t)he States and entities with the most highly developed IT are not necessarily the most efficient.”
- 2. IT without proper legal framework, governance, and other „soft” values, like quality of judgements, judicial independence, AND the perception of independence by the citizens, does not work properly

Legaltech in law firms*

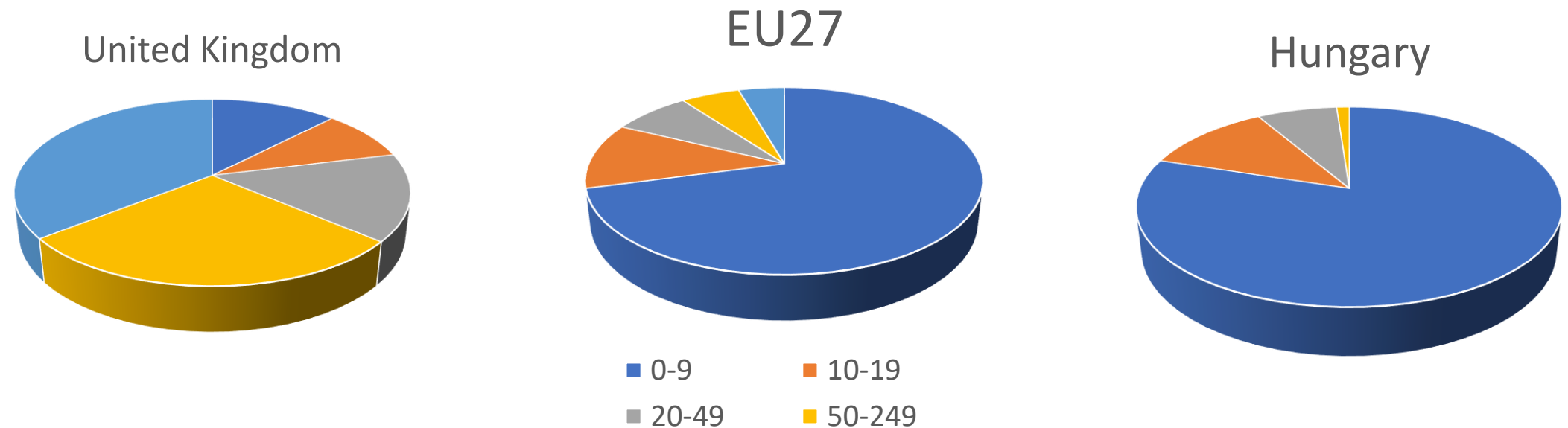
* The following part of the presentation is based on Péter Homoki's presentation (*„Overview on the average state of the art of IT capabilities of small law firms in the European Union“*), prepared for the CCBE (Council of Bars and Law Societies of Europe), prepared in the framework of the AI4LAWYERS project JUST /JACC/EJU/AG/2019, Grant n: 881527, supported by the EU

History – law firms



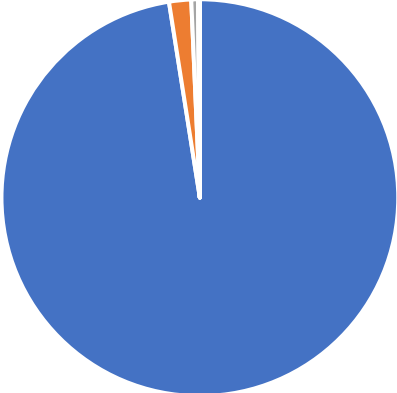
Law firms in Hungary

- Distribution of law firms in size categories based on **persons employed** in the sector*

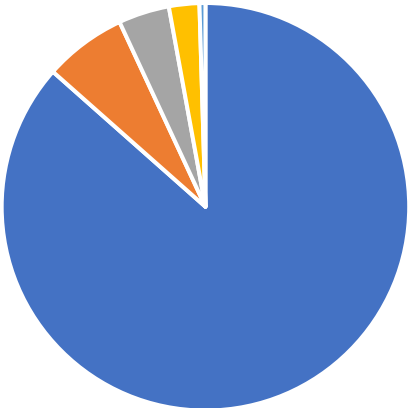


The same by number of firms

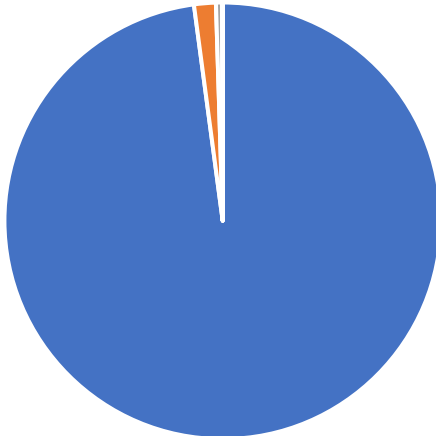
European Union



United Kingdom



Hungary



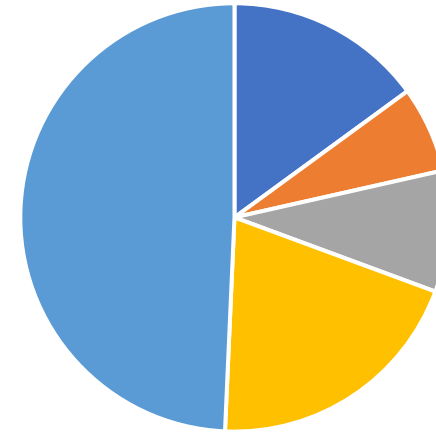
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- 10-19
- 20-49
- 50-249
- 250+

Distribution of law firms in size categories based on **turnover** in the sector (EU countries + UK)

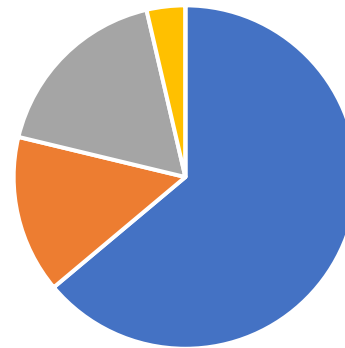
EU27



United Kingdom



Hungary



■ 0-9 ■ 10-19 ■ 20-49 ■ 50-249 ■ 250+

What is the consequence?

- The average size of the law firms (in terms of employers, number of cases, and complexity of cases) is simply too small to digitize their processes, let alone automate them –
- Manpower is relatively cheap: candidate attorneys are always available >>>> there is no efficiency pressure
- Big customers with huge number of cases are mainly hiring big law firms
- There is a huge gap between the 100-150 big, mainly international law firms, and the 12 000 rest. The legal market is sharply divided, (as the whole economy) to few big and a lot of small entities – as well as the legal technology landscape.
- This small number of huge firms use cutting edge technologies, or at least they experiment with them:
 - Legal analytics tools, especially document classification software
 - Advanced groupwork, and workflow management tools
 - Document automation, document assembly sometimes based on AI (machine learning)
 - Practice management software with advanced document management, billing, etc. functions.
- Small firms are only using those solutions, for which they had been forced to use.
- No wonder, that Legaltech seems to be a very anglo-saxon thing.

Practice management software use in Hungary in law firms

Practice management software usage

