Israel

Dr Omri Rachum-Twaig, FISCHER (FBC & Co.), Tel Aviv

1.   What is the understanding or definition of AI in your jurisdiction?

The term artificial intelligence (AI, בינה מלאכותית or Bina Melakhutit) is used in Israel to refer to software that is able to perform tasks that normally require human intelligence, such as reasoning, learning, decision making and problem solving. There is no legal definition for AI.

2.   In your jurisdiction, besides legal tech tools (ie, law firm or claim management, data platforms, etc), are there already actual AI tools or use cases in practice for legal services?

Several AI tools are available in Israel. Some of which are based on Israeli developments, including LawGeex, which uses AI to review and approve contracts, and FirstRead which assists in automated generation of legal documents. Other tools are globally available and are used in Israel such as Harvey.ai and SpellBook.

3.   If yes, are these AI tools different regarding:
    • independent law firms;
    • international law firms; and
    • in-house counsel;
    and what are these differences?

The adoption of AI tools for the legal profession in Israel is still developing and, therefore, there are no substantial differences in adoption between local law firms, international law firms and in-house departments.

4.   What is the current or planned regulatory approach on AI in general?

Lawyers

Legal services are regulated in Israel by the Israeli Bar Association Law (1961), which stipulates that only licensed lawyers can provide legal services. The law does not explicitly address the use of AI or other technologies for legal services, but it implies that lawyers are responsible for the quality and ethics of their legal work, regardless of the tools they use. Therefore, lawyers who use AI tools for legal

services may be required to ensure that they comply with the rules of professional conduct, such as confidentiality, competence, diligence and loyalty.

Courts

The use of AI in courts is not yet existing or regulated in Israel, but there are some initiatives and experiments to explore its potential and challenges. For example, the Israeli Ministry of Justice has launched a pilot project to use AI to help standardise criminal sentencing based on previous court decisions.

General

Israel does not have a comprehensive or specific legal framework for AI, but it has several laws and regulations that may apply to certain aspects or domains of AI, such as data protection, intellectual property, consumer protection, competition, cybersecurity and human rights.

5.   What are the current or planned regulations on the general use of AI or machine learning systems?

As mentioned in Question 4, Israel does not have a specific statutory legal framework for AI or machine learning systems and the Ministry of Justice and Ministry of Innovation explicitly published a statement that Israel does not intend to adopt general AI legislation, but rather address AI concerns on a sector-by-sector basis.

There are several laws and regulations that may apply to certain aspects or domains of AI or machine learning systems, depending on the nature, purpose and context of their use. Some of these laws and regulations are:

- **The Protection of Privacy Law (1981):** This law regulates the collection, processing and transfer of personal data, and grants individuals the right to request access, correct and delete their personal data. It also imposes obligations on data controllers and processors, such as obtaining consent, providing privacy notices which ensure security and notifying people of breaches. The law applies to AI or machine learning systems that use personal data – either for training models or for the operation of the AI system itself – as it refers to any processing of personal data for technological purposes.

- **The Copyright Law (2007):** This law protects the rights of authors and owners of original works of literature, art, music, software and databases. It also grants exceptions and limitations for certain uses of copyrighted works, such as fair use, quotation, education

and research. The law may apply to AI or machine learning systems that create, use or infringe copyrighted works, such as text, image, video and audio generation, analysis or recognition. However, the law does not clarify some of the issues and uncertainties raised by AI or machine learning systems, such as the authorship, ownership, originality and liability of AI-generated works, or the scope and conditions of fair use of copyrighted works by AI and machine learning systems. The Ministry of Justice published an opinion stating that the training of AI models based on copyright protected works generally qualifies as fair use under Israeli law.

- **The Consumer Protection Law (1981):** This law regulates the rights and obligations of consumers and suppliers in various transactions, such as contracts, warranties, advertisements, cancellations and compensation. It also prohibits unfair or misleading practices, such as fraud, deception, coercion and discrimination. The law may apply to AI or machine learning systems that are involved in consumer transactions, such as e-commerce, chatbots, recommender systems and smart devices. However, the law does not address some of the challenges and risks posed by AI or machine learning systems, such as the disclosure, consent, quality, safety and accountability of AI-based products or services, or the protection of consumer data and privacy.

6. Is free data access an issue in relation to AI?

Free data access is an important issue in relation to AI, as AI or machine learning systems rely on large amounts of data to learn, improve and perform their tasks. Free data access can enable the innovation, research and education of AI in Israel, as well as the transparency, accountability and participation of the public and private sectors in the development and use of AI. However, the legal framework in Israel does not currently address the concept of free data access in relation to AI. The Ministry of Justice has published an opinion regarding the applicability of fair use defences with respect to training AI models based on copyrighted materials, but this has not yet been addressed in courts.

7. Are there already actual court decisions on the provision of legal services using AI or decisions concerning other sectors that might be applicable to the use of AI in the provision of legal services?

There are no court decisions in Israel that directly address the provision of legal services using AI.

8. What is the current status – planned, discussed or implemented – of the sectoral legislation in your jurisdiction on the use of AI in the legal profession or services that are traditionally provided by lawyers?

There is no specific legislation in Israel on the use of AI in the legal profession or services that are traditionally being rendered by lawyers. The Israeli Bar Association Law (1961), however, prohibits non-lawyers from providing legal services. This effectively means that legal AI startups cannot currently provide their tools to consumers without the involvement of licensed lawyers.

9. What is the role of the national bar organisations or other official professional institutions?

The Israel Bar Association is a statutory body that represents and regulates the legal profession in Israel. The Israel Bar Association has the powers to set forth binding legal ethics guidelines which could apply, in the future, to the use of AI support tools in the legal profession. It is also equipped to challenge non-lawyers who are effectively offering quasi-legal services in violation of the Israeli Bar Association Law (1961).