

# THE NATIONAL LAW REVIEW

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## How Blockchain Technology Will Drive Clients To Your Law Firm

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Blockchain technology is the new black of technology. You have probably heard of blockchain in relation to bitcoin and how it's bitcoin's underlying technology. But what exactly is blockchain and how does it work? Most importantly, how will it affect the way law firms do business?

### **First, an explanation is in order.**

Simply put, blockchain is said to be an immutable, anonymous, unhackable, decentralized ledger.

How does this sexy new technology work? First, a transaction is broadcast to millions of unrelated nodes, or powerful computers, throughout the world. One node passes along the information to a few nodes, which in turn pass on the information to other nodes. Essentially, the information spreads like a raging wildfire throughout the nodes that are running the blockchain software.

Miners, who run the software on these nodes, compete against other miners to solve a highly complex algorithm. It's analogous to guessing how many gumballs are in a jar. The first miner whose computer solves the puzzle earns cryptocurrency as a reward.

The miners gather several transactions into a block and add that block to a chain of previous blocks of data. Each block contains data linked to the previous block in the chain, thus, blockchain.

It is said to be immutable because it is virtually impossible to change all the transactions throughout the entire ledger. Each of the millions of computers has an exact copy of the ledger, hence, decentralized.

### **How is all of this supposed to drive clients to your law firm?**

Well, someone has actually got to understand, interpret and be able to use this information in practical ways. Blockchain's star is Bitcoin, but there are so many other uses for the technology.

Other industries, including banking, insurance, real estate and the arts have begun capitalizing on blockchain capabilities. These and other clients will expect their attorneys to be well versed in the blockchain, including its advantages and disadvantages. Law firms that position themselves into blockchain experts today will more than likely see enormous returns in the not-too-distant future.

### **Smart Contracts**

It is possible to create limited, simple contracts with blockchain, called smart contracts. Each time a criterion is met, blockchain will execute certain contract terms.



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Using smart contracts would free up a good amount of time for lawyers. Learning how to use them and offering the process to clients would help both the clients and the attorneys. Eventually, attorneys who become blockchain wizards will work out how to write more complex contracts that will continue to bring huge changes to the legal industry.

Since blockchain crosses all borders, one of the challenges that smart contracts bring is the question of jurisdiction and also legal enforcement if something unusual should pop up during the course of the contract (not an unlikely occurrence). This is something that will have to be worked out, most probably by those same attorney blockchain wizards.

## **Real Estate Law**

In real estate law, blockchain could revolutionize how title records are stored and maintained. Today there are at least two major problems with MLS data. The MLS tends to be outdated, which is something that cannot happen with blockchain. The MLS data is also quite fragmented, again something that won't happen with blockchain.

A few developing countries are beginning to use blockchain to record land purchases, as the technology is superior in recording immutable, time-stamped information.

## **Intellectual Property**

Blockchain has already been [used successfully in the music and arts industries](#). A creator's work is able to be time-stamped, establishing intellectual property rights for that creator. Work can also be stored and distributed via blockchain.

## **Estate Planning**

This is an area that could benefit from blockchain, with wills and trusts being put in the blockchain, with certain things like date of death being used as a trigger. Changes to these documents could easily be made in subsequent blockchain data, should the client so desire.

## **Conclusion**

For all of these uses, clients will come to the experts who are versed in blockchain data, what it is and how to best use it for the betterment of both clients and law firms. The train is barreling down on us right now. Don't miss your opportunity to ride this shiny new technology.

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