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Law Firms Face Hurdles Advising In-House Depts. On AI Risks

By Sarah Martinson

Law360 (August 14, 2025, 3:07 PM EDT) -- Law firm attorneys are finding it challenging to advise in-house counsel on risks associated with artificial intelligence tools when companies are taking different approaches to rolling out the technology and the regulatory landscape is continually evolving.

Filipp Kofman, a partner in Davis Wright Tremaine LLP's technology group and co-leader of the firm's AI team, recently told Law360 Pulse that companies in all industries view implementing AI "as critical to their survival and competitiveness," but using the technology increases their legal risks.

Kofman said he works with some companies to develop comprehensive frameworks for evaluating AI tools over the course of weeks, but other companies are feeling pressure to deploy AI tools quickly and can't spend weeks formally assessing tools.

"We are trying to respond to realities on the ground because ... what I've seen time and time again is when legal starts becoming an impediment to the business, the risk is not just making their internal clients unhappy, the risk is them getting sidestepped altogether in this race to deploy, and that's the worst possible outcome," Kofman said.

Another challenge for some lawyers when it comes to advising in-house counsel on AI risks is the evolving regulatory environment.

Matthew F. Ferraro, a partner in Crowell & Moring LLP's privacy and cybersecurity group, said the AI regulatory and compliance landscape is being shaped by laws and regulators at the state, federal and international levels, as well as by litigation.

"It's like a kaleidoscope — there are many different shapes and contours to the evolving regulatory and compliance picture," Ferraro said. He added that most of the new AI laws are coming from U.S. states.

For a while, it seemed as if the enforcement of new state laws regulating AI might be paused with the inclusion of a moratorium in the federal budget reconciliation bill, but that piece of legislation passed without the ban.

According to Bryan Cave Leighton Paisner LLP's tracker of state legislation on AI, nearly 30 states already have laws on the technology and close to 40 have proposed legislation.

Last year, California passed a slew of laws regulating AI, including a requirement for generative AI

developers to publicly disclose information about datasets used to train their models.

In June, New York legislators passed the Responsible AI Safety and Education Act, establishing reporting and disclosure requirements for large developers of AI models, according to a Covington & Burling LLP blog post. However, New York Gov. Kathy Hochul has not signed the law yet.

Kris Chandler, chair of the AI commission at Benesch Friedlander Coplan & Aronoff LLP, said it's challenging to advise in-house counsel on AI risks when there are so many different state laws coming out on the technology.

Meanwhile, there's also "a number of states that don't have any artificial intelligence laws specifically on the books, and they're leveraging old laws that may not be carefully structured in a way to account for the nuances of artificial intelligence," Chandler said.

Chandler said he navigates this challenge by having an open conversation to first understand clients' objectives for using AI and their risk appetite.

Some law firms are leveraging technology to help clients navigate risks associated with AI.

Last month, Debevoise & Plimpton LLP told Law360 Pulse that the firm is building a subscription platform to assist in-house counsel with managing risks while adopting AI tools.

Through the platform, called Suite of Tools for Assessing AI Risk, users can access a wide range of content related to AI, including generic use cases, regulatory trackers, sample policy documents, trainings and lessons learned on adoption, according to Avi Gesser, a partner and co-chair of Debevoise's data strategy and security group.

Gesser said one of the benefits of the platform for in-house counsel is its efficiency. Instead of clients having calls with Debevoise attorneys only to learn they need documents that the firm already has, they can see all the firm's available AI policy documents and risk assessments beforehand, he said.

As part of their subscription, clients can also request that the firm do additional AI risk assessments, if they are not already available on the platform and would be beneficial to other users, according to Gesser.

"There's a real value in having all the work that's been done previously in STAAR plus all the new work that's being done in STAAR every month," he said.

Crowell also gives its current clients access to an AI regulation tracker and allows them to get customized updates on new laws and policies, according to Ferraro.

Ferraro said Crowell also gives certain clients free access to its internal generative AI tool, CrowellAI, which is set up to do certain tasks that have been vetted by the firm.

"We want clients to know as well that they should be thinking about [AI]. They should be asking us questions as these issues come up for them," he said.

--Editing by Marygrace Anderson and Karin Roberts.

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