
Kluwer Arbitration Blog

Hong Kong Arbitration Week 2024: 12 Angry Robots and Crowd-Sourced Dispute Resolution – Justice in the Digital Age

Wesley Pang, Duncan Watt, Aaron Yam (Eversheds Sutherland) · Tuesday, October 22nd, 2024

Kicking off Hong Kong Arbitration Week 2024, Eversheds Sutherland hosted a thought-provoking panel discussion on “12 Angry Robots and Crowd-Sourced Dispute Resolution – Justice in the Digital Age” on 21 October 2024. The panel delved into (i) the mechanisms and challenges of dispute resolution in the decentralized space, and (ii) the integration of artificial intelligence (“AI”) into judicial systems and arbitration proceedings and the underlying legal and ethical considerations.

The panel featured distinguished speakers: the Hon Mr. Justice Russell Coleman (Judge, Court of First Instance of the High Court), [Ms. Joanne Lau](#) (Secretary-General, Hong Kong International Arbitration Centre), [Ms. Silvia Ihensekhien](#) (Director of Information Security and Risk Management, Swire Coca-Cola) and [Mr. Duncan Watt](#) (Legal Director, Litigation & Dispute Management, Eversheds Sutherland). Co-moderating the discussion were [Mr. Wesley Pang](#) (Partner, International Arbitration) and [Ms. Frankie Tam](#) (Partner, Technology and Data) from Eversheds Sutherland.

Dispute Resolution in the Decentralized Space

To lay the background, the discussion began with a brief overview of the three primary evolutions of the web, denoted by the terms Web 1.0, Web 2.0 and Web 3.0. The panelists explored the concept of centralization and decentralization in the context of transitioning from Web 2.0 to Web 3.0. Notably, Web 3.0, a decentralized web, represents a groundbreaking shift to the “read-write-own” paradigm. While Web 2.0 still dominates our day-to-day lives, especially for conventional industries, companies are generally moving towards Web 3.0 to stay agile amid the fast-changing technological trends.

The discussion revolved around the challenges in enforcing judgments and arbitral awards arising out of decentralized transactions. In the Web 3.0 world, parties are able to deal with virtual assets anonymously, such as under the guise of an avatar. On the bright side, it gives freedom and privacy to the parties in the transactions. On the downside, in the unfortunate event that a dispute emerges as to the validity of the transaction and the ownership of the asset, the anonymity inherent to decentralized transactions poses significant challenges to identifying the party you intend to enforce against – all you may find is the username or avatar of that party. The other hurdle faced

by a party in enforcing its rights in a decentralized transaction is that the virtual asset in question has no real-world presence. In other words, even if a court order or arbitral award is granted in one's favor, it may not be straightforward to trace and recover the assets. However, these concerns may not be unique to decentralized transactions. Enforcement strategies employed in conventional disputes may well be applicable to the decentralized world.

A crowdsourcing online decentralized dispute resolution platform, Aragon Court, also came up in the discussion. Disputes are submitted to and determined by a group of platform users who sign up for the case and deposit a certain amount of tokens. The panel went on to discuss whether this kind of crowdsourcing dispute resolution mechanism reflects the notions of justice and impartiality that are highly valued in judicial and arbitral proceedings.

In light of the above, there remains a lot of practicality issues when it comes to resolving disputes in the decentralized space. It may be an opportune time for parties to design innovative terms in relation to dispute resolution to address those issues. After all, there is ample scope to push these boundaries.

Integration of AI in Judicial and Arbitral Proceedings

On the application of AI to dispute resolution mechanisms, Mr. Justice Coleman started off the discussion by exploring the existing role of AI in the judicial system. He referred to the [Guidelines on the Use of Generative Artificial Intelligence for Judges and Judicial Officers and Support Staff of the Hong Kong Judiciary](#), which provides that technology serves to support the judiciary in performing its role and functions more effectively and efficiently, without compromising the principles of judicial independence, impartiality, and accountability. As of now, it seems to be the judiciary's view that AI must only be used as a support tool, and it cannot replace the judge or judicial officer. When asked about the potential use of AI in judicial proceedings, Mr. Justice Coleman observed that AI may be proved to be effective in generating the appropriate sentence in tariff-based cases, such as importation of drug offences, rather than complex tasks like legal research.

The panelists further analyzed the issue of whether AI can be fully trusted in performing various tasks involved in judicial and arbitral proceedings. One example raised was the application of AI in the US in relation to sentencing. Researchers trained AI to generate appropriate sentences in criminal cases based on prior judicial decisions. By vetting the model to determine how the outcomes should be decided, it became evident that prior decisions that carry certain biases, such as racial bias, were incorporated into the results. One point worth noting is that in applying AI models, it is imperative for users to ensure that the model is upscaled and applied responsibly and ethically, and to bear in mind the computer adage "garbage in, garbage out". In order to build trust and confidence in the use of AI in judicial and arbitral proceedings, it is necessary to establish guardrails for the use of AI. As with other major international arbitral institutions, the HKIAC Arbitration Rules promote the effective use of technology (including AI) in international arbitration. It remains to be seen whether the HKIAC will provide further guidance on the best practice for employing AI in arbitral proceedings.

Key Takeaways

The integration of AI in judicial systems and decentralized dispute resolution present both opportunities and challenges. Decentralized dispute resolution platforms offer innovative solutions, but with the legal and practical obstacles in terms of enforcement, traditional legal frameworks may need to evolve to address these new realities. While AI can support and streamline the judicial process, one cannot ignore the underlying biases and the constraints on ethical judgment. Both fields underscore the need for real-time agile solutions while ensuring responsible and transparent use of technology to maintain trust and fairness in the process.

This article is part of our “live” coverage of Hong Kong Arbitration Week. More coverage from the week is available [here](#).

To make sure you do not miss out on regular updates from the Kluwer Arbitration Blog, please subscribe [here](#). To submit a proposal for a blog post, please consult our [Editorial Guidelines](#).

This entry was posted on Tuesday, October 22nd, 2024 at 8:11 am and is filed under [Artificial Intelligence](#), [HK Arbitration Week](#), [HKIAC](#)

You can follow any responses to this entry through the [Comments \(RSS\)](#) feed. You can leave a response, or [trackback](#) from your own site.