"Liability in Artificial Intelligence"

In the advent of technology, smart contracts have been increasingly disruptive to the legal industry. Notwithstanding this, there is little consensus as to the definition of smart contracts and much debate surrounding their legality. The purpose of this essay is to clarify what smart contracts are and whether they are legally enforceable. Specifically, we address key misconceptions regarding smart contracts and examine how smart contracts compare with traditional legal contracts, in particular their limited contractual flexibility. We present the argument that while the automated performance of smart contracts increases contractual efficiency and certainty, it curtails the freedom to contract and modifies the need for trust in contractual relationships. In light of this, this essay raises questions regarding the scope of smart contract use and liability when mistakes pertaining to contractual terms arise. The legal answers to these questions still remain generally undeveloped in most countries, such as Singapore where there is little legislation targeted at smart contracts. This essay thus concludes that it is critical for countries to examine these issues in relation to their own laws so as to ascertain whether smart contracts are ultimately compatible and enforceable in each country.