

Why your playbook needs to work for humans and AI

As legal AI tools become more autonomous, structured guidance is no longer just a nice-to-have. In 2025, playbooks are becoming the onboarding manual for your future hires - human **and** artificial.

In this session, we explored how to design a playbook that's built for the future: usable by sales, scalable by legal, and readable by AI. Here's a downloadable template to get you started:

What a good playbook looks like:

| Topic | Clause identification | Preferred position. | Fallback option. | Reasoning. |
|------------------------|--|--|--|--|
| Customer liability cap | A liability cap is a financial limit on the liability of one party under the contract. A customer liability cap is a liability cap that applies to the customer. Liability caps are often expressed for all parties together (e.g. "each party's total liability shall be limited to...") rather than separately. Look for words like "liability", "shall not exceed" or similar. | The customer's liability should be capped on an annual basis at no more than 100% of the fees paid and payable by the customer during the relevant year. Three forms of liability may be excluded from the cap: (i) liability for death or personal injury caused by the customer's negligence; (ii) liability for fraud or fraudulent misrepresentation; and (iii) any other liabilities that cannot be excluded by applicable law. Example wording: 1.1 Subject to clause 1.2, the Customer's total liability to the Supplier arising out of or in connection with this Agreement during each 12-month period shall not exceed an amount equal to the fees paid and payable by the Customer to the Supplier under this Agreement during that 12-month period. 1.2 Nothing in this Agreement limits either party's liability for (i) death or personal injury caused by negligence; (ii) fraud or fraudulent misrepresentation; or (iii) any other liability that cannot be excluded under applicable law. | We can accept either of the following additional exclusions from the customer liability cap: (i) the customer's obligation to pay the fees under the Agreement; and (ii) infringement by the customer of the intellectual property rights of the supplier. | For SaaS deals, it's common for the customer's liability to be capped on an annual basis at 100% of the fees paid and payable by the customer to the supplier under the agreement. Certain liabilities cannot be limited by law. Under English law, liability for death or personal injury caused by negligence and for fraud cannot be excluded. Any exclusion clause that attempts to exclude these liabilities is void. So it's common to expressly say that they are not excluded to ensure the rest of the exclusion clause remains valid. Sometimes, a supplier will ask for the customer's liability to pay the fees to be excluded from the cap. The logic is that (a) the amount of the fees is itself a natural cap; and (b) the supplier shouldn't be left without remedies against the customer because the supplier has used up its available liability recovering unpaid fees from the customer. Sometimes, agreements exclude contractual limitations on each party's rights to sue the other party for intellectual property infringement. This preserves the pre-contract position of the parties and stops the contract unintentionally diluting the effect of intellectual property protection. Other carve outs from the cap (for example, carve outs of any indemnification obligations) should not be accepted without prior approval from the legal team. |

But what about when using an AI tool?

XML Format (not all AI tools allow for or perform well with table inputs - these are harder for humans to read):

<rule>

<topic> Customer liability cap **</topic>**

<clause identification> A liability cap is

a financial limit on the liability of one party under the contract. A customer liability cap is a liability cap that applies to the customer. Liability caps are often expressed for all parties together (e.g. "each party's total liability shall be limited to...") rather than separately. Look for words like "liability", "shall not exceed" or similar.

</clause identification>

<preferred position> The customer's liability should be capped on an annual basis at no more than 100% of the fees paid and payable by the customer during the relevant year.

Three forms of liability may be excluded from the cap:

(i) liability for death or personal injury caused by the customer's negligence;

(ii) liability for fraud or fraudulent misrepresentation; and

(iii) any other liabilities that cannot be excluded by applicable law.

Example wording:

1.1 Subject to clause 1.2, the Customer's total liability to the Supplier arising out of or in connection with this Agreement during each 12-month period shall not exceed an amount equal to the fees paid and payable by the Customer to the Supplier under this Agreement during that 12-month period.

1.2 Nothing in this Agreement limits either party's liability for (i) death or personal injury caused by negligence; (ii) fraud or fraudulent misrepresentation; or (iii) any other liability that cannot be excluded under applicable law.

</preferred position>

<fallback option> We can accept either of the following additional exclusions from the customer liability cap: (i) the customer's obligation to pay the fees under the Agreement; and (ii) infringement by the customer of the intellectual property rights of the supplier.

</fallback option>

<reasoning> For SaaS deals, it's common for the customer's liability to be capped on an annual basis at 100% of the fees paid and payable by the customer to the supplier under the agreement.

Certain liabilities cannot be limited by law. Under English law, liability for death or personal injury caused by negligence and for fraud cannot be excluded. Any exclusion clause that attempts to exclude these liabilities is void. So it's common to expressly say that they are not excluded to ensure the rest of the exclusion clause remains valid.

Sometimes, a supplier will ask for the customer's liability to pay the fees to be excluded from the cap. The logic is that (a) the amount of the fees is itself a natural cap; and (b) the supplier shouldn't be left without remedies against the customer because the supplier has used up its available liability recovering unpaid fees from the customer.

Sometimes, agreements exclude contractual limitations on each party's rights to sue the other party for intellectual property infringement. This preserves the pre-contract position of the parties and stops the contract unintentionally diluting the effect of intellectual property protection.

Other carve outs from the cap (for example, carve outs of any indemnification obligations) should not be accepted without prior approval from the legal team.

. </reasoning>

</rule>

Key elements of a playbook rule:

- 1) **Identification:** Provide enough information so that the AI can identify where a particular playbook rule should be applied.
- 2) **Rule logic:** Provide unambiguous and non-contradictory logic for how the AI should apply the rule in question. For example, should the language exactly match the preferred position you have given or is there a step of objective checks the AI can follow to check playbook compliance.
- 3) **Examples:** Regardless of whether you are looking for exact wording, specific components, or general principles, examples must be provided if you want good outputs from an AI playbook.
- 4) **Full context:** The AI must be provided with ALL the context required to perform the logic you have outlined for it. How this context is provided will vary depending on the tool being used but make sure that the context is available to the AI within the same context window where it is executing a particular rule. For example, if you want it to check that liability doesn't exceed a cap make sure that the AI has access to how that cap is defined whilst it is checking that liability isn't exceeding it.

This might seem very strange compared with human playbooks but you might even need to remind the AI (by including this explicitly in various places in your playbooks and prompts) from what perspective it is reviewing a document. For example 'you are reviewing this document on behalf of X corp who is the vendor in this context'

- 5) **Hallucination mitigation:** This is ever evolving and, in theory, should become less of an issue. But it is key to be aware of how certain AI systems might hallucinate and build mitigation language into your playbooks and other prompts. Work with your tool vendor also because hallucinations you spot could impact other users and might be something that the vendor themselves can help mitigate at a more systemic level. Hallucination mitigation is highly specific to the particular rule and types of document.