

CONTRACT INTERPRETATION AND ARTIFICIAL INTELLIGENCE*

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Abstract: This paper analyzes how artificial intelligence (AI) can impact contract interpretation in transnational transactions. It explores the challenges posed by differing legal systems and interpretative principles like subjective intent and objective meaning. AI's ability to detect multiple plausible meanings and resolve ambiguities in contracts is examined, along with its potential to improve efficiency and neutrality of the drafting process. Furthermore, risks such as bias, ethical issues, and resistance to AI from the legal community and practitioners are considered in this study, ultimately advocating for a balanced use of AI alongside human oversight to ensure legitimacy and compatibility with diverse legal frameworks.

Keywords: Generative AI; contract interpretation; LLM; transnational transactions

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1. INTRODUCTION

In recent years, artificial intelligence (AI) has increasingly permeated the legal field, offering new tools and perspectives across a wide range of activities. Among the many applications of AI in law, one of the most intriguing and promising is its potential to assist in the interpretation and drafting of contracts. As contracts become ever more complex and transnational in nature, it can be considerably useful to closely examine the possibility of using AI to support legal professionals in navigating linguistic ambiguities, cross-border and cultural differences, and evolving standards of interpretation.

The paper begins with a brief overview of the principles of contract interpretation, both in a transnational context and under Czech law, highlighting the key methodologies, interpretative rules, and the challenges they present in practice. The core of the

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study then turns to the growing relevance of AI in the legal domain and its applications, with a particular focus on natural language processing and large language models (LLMs) and how AI could support human actors in interpreting contracts more efficiently and consistently. Beyond interpretation, we also explore AI's potential to offer real-time, context-aware suggestions for clearer and more precise contract drafting, thus reducing the risk of litigation.

To assess these capabilities and the potential limitations of AI in this field, we introduce an experiment involving six different large language models from four different *families*.¹ Each model was tasked with analyzing a specific real-life contract dispute drawn from a decision of the Czech Supreme Court, specifically, the Supreme Court judgment 31 Cdo 684/2020.² The models were asked to interpret a disputed clause related to contractual withdrawal, which was central to the case; a common scenario under Czech law, where this legal concept is often ambiguous and frequently becomes the subject of litigation. Lastly, the models were tasked with proposing an alternative wording that would have better captured the specific meaning one of the parties allegedly intended. We then compare and evaluate their outputs, focusing on the reasoning provided, the legal accuracy of their interpretations, and their alignment with the actual court decision, using 17 criteria from the scoring system we developed specifically for this experiment.³

By reflecting on the findings of this experiment, the paper aims to provide an informed perspective on the extent to which AI can be integrated into legal interpretative processes today, and what further developments may be needed to make such tools truly reliable and effective in professional legal practice.

2. CONTRACT INTERPRETATION

2.1 CONTRACT INTERPRETATION IN A COMPARATIVE CONTEXT

Contract interpretation is a unique cognitive process. It can be defined, broadly, as the act of assigning meaning and significance to symbols⁴ and, legally, as the process of determining the meaning and legal implications of the language used in a contract, with the aim of identifying the parties' rights and obligations under the agreement.⁵ At its core, interpretation seeks to identify the intention of the parties and to give effect to their agreement in a manner that reflects their mutual understanding and the commercial purpose of the transaction. The process is both conceptually and

¹ The models utilized in our experiment include Llama 3, Gemini 2.5 Flash, Gemini 2.5 Pro, Claude AI, ChatGPT-4o, and ChatGPT-o3. A brief description of each is provided in Section 3.

² Supreme Court of Czech Republic, 31 Cdo 684/2020, 9. 9. 2020.

³ The criteria and the scoring system are mentioned in Section 3 and explained in detail in note 78.

⁴ MELZER, F. – TÉGL, P. a kol. *Občanský zákoník: svazek III: § 419–654: velký komentář* [Civil Code: Volume III: Sections 419–654: Extensive Commentary]. Praha: Leges, 2014.

⁵ The literature provides many sources for interesting and authoritative definitions of contract interpretation, to quote a few: “*The process of determining the meaning of the words used in a contract and applying that meaning to the facts of the case.*” (Oxford Dictionary of Law. 9th ed. Oxford: Oxford University Press, 2022); “*Interpretation involves determining the meaning to be given to a contract or to individual terms of a contract.*” (Commentary to UNIDROIT Principles. 2016, Art. 4.1).

practically complex, considering that it lies at the intersection of legal theory, linguistic and cultural analysis, and economic reasoning.⁶

A first and relevant element of complexity of this subject emerges from the fact that contract interpretation varies considerably across legal systems;⁷ civil law traditionally emphasizes a subjective approach focused on the parties' actual intentions, as seen in French and Italian legal systems, which tend to prioritize intent over literal wording.⁸ In contrast, common law systems like England adopt an objective approach, with courts ascertaining meaning through the lens of a reasonable person aware of contextual background,⁹ explicitly excluding, or at least not prioritizing, pre-contractual negotiations and subjective intent. Despite this theoretical divide, it is possible to observe some practical convergences: civil law jurisdictions increasingly incorporate objective elements in their analysis,¹⁰ while common law now considers contextual circumstances beyond plain text, guided by principles like commercial common sense.¹¹

⁶ On the economic analysis of contract interpretation, see POSNER, R. A. *The Law and Economics of Contract Interpretation*. *Texas Law Review*. 2005, Vol. 83, No. 6, pp. 1581–1614.

⁷ ZWEIGERT, K. – KÖTZ, H. *Introduction to Comparative Law*. Oxford: Clarendon Press, 1987, Vol. II, pp. 83–94.

⁸ In this context, the perspectives of leading scholars and jurists from the civil law tradition are particularly insightful. Friedrich Carl von Savigny, the renowned German jurist and founder of the influential “historical school” of jurisprudence, emphasized in *System des heutigen Römischen Rechts* (SAVIGNY, F. C. VON. *System des heutigen römischen Rechts*. Bd. 1. Berlin: Veit, 1840), that: “*Interpretation is the discovery of the thought which must be regarded as the meaning of the declaration of will.*” This formulation reflects the core of the subjective theory of interpretation, which continues to shape civil law approaches across jurisdictions. Echoing this orientation, prominent scholars in Italy and France have articulated similar views. Italian scholar, Giorgio De Nova affirms that: “*L’interpretazione del contratto ha come scopo primario l’individuazione della comune intenzione delle parti, alla quale deve essere attribuito valore preminente rispetto al significato letterale delle parole usate.*” [“*The primary purpose of contract interpretation is to identify the common intention of the parties, which must be given precedence over the literal meaning of the words used.*”] (DE NOVA, G. *Il contratto*. In: DE NOVA, G. *Trattato di diritto civile e commerciale*. Vol. IV, Tomo I. Milano: Giuffrè, 2005, p. 479). Similarly, the French scholar René Demogue wrote: “*L’interprétation est une opération par laquelle on recherche la pensée réelle des contractants, et non ce qu’ils ont pu dire ou écrire, si cela est en désaccord avec leur commune intention.*” [“*Interpretation is the process by which we seek the real intention of the contracting parties, and not what they may have said or written, if that is at odds with their common intention.*”] (DEMOGUE, R. *Traité des obligations en général*. Tome 5. Paris: Arthur Rousseau, 1923, p. 423).

⁹ Among the most relevant quotes in the common law traditions are the ones from Oliver Wendell Holmes Jr., an American jurist who served as an associate justice of the U.S. Supreme Court and Sir Rupert Cross, a distinguished English scholar. In *Hotchkiss v. National City Bank of New York*, 200 F. 287 (S.D.N.Y. 1911), aff’d 231 U.S. 50 (1913), Oliver Wendell Holmes Jr. famously observed that “*The making of a contract depends not on the agreement of two minds in one intention, but on the agreement of two sets of outward expressions which coincide.*” Along similar lines, Sir Rupert Cross, in his 1976 treatise *Statutory Interpretation*, defined interpretation as “*the process by which the court determines the meaning which the document would convey to a reasonable person having all the background knowledge which would reasonably have been available to the parties*” (CROSS, R. *Statutory Interpretation*. London: Butterworths, 1976). This formulation was later adopted and developed by Lord Hoffmann in *Investors Compensation Scheme Ltd v. West Bromwich Building Society* [1998] 1 WLR 896, where it served as a foundation for his influential five principles of contract interpretation.

¹⁰ VALCKE, C. *Contractual Interpretation at Common Law and Civil Law: An Exercise in Comparative Legal Rhetoric*. In: NEYERS, J. (ed.). *Exploring Contract Law*. Oxford, Portland: Hart Publisher, 2008, pp. 87–88. Online available at: <https://ssrn.com/abstract=1132364>.

¹¹ HERBOTS, J. H. *Interpretation of Contracts*. In: SMITS, J. M. – HUSA, J. – VALCKE, C. – NARCISO, M. (eds.). *Elgar Encyclopedia of Comparative Law*. Cheltenham: Edward Elgar Publishing, 2023, p. 279.

Although legal systems are often grouped into these two broad categories, this classification does not mean that all systems within a group are identical. Even when they share similar underlying principles, each legal system has its own structure, rules, and case law that govern how contracts are interpreted. These differences make the topic particularly complex, especially in transnational disputes.¹² When the applicable law is foreign to the forum, judges must interpret the contract according to a legal system they may not be familiar with.¹³ Without a deep understanding of that system's legal context, values, and interpretative methods, it can be very difficult to apply the relevant principles correctly and fairly. Furthermore, transnational contracts face acute challenges, as cultural and linguistic differences amplify ambiguities.¹⁴ In response to these challenges, harmonization efforts, such as the UNIDROIT Principles,¹⁵ the PECL,¹⁶ the DCFR,¹⁷ and the CISG,¹⁸ aim to bridge the gap between legal traditions by offering standardized and harmonized sets of interpretive rules. These instruments advocate a purposive, context-sensitive approach grounded in international usages and general principles like good faith and fair dealing. For instance, Article 4.1¹⁹ of the UNIDROIT Principles affirms that contracts are to be interpreted according to the common intention of the parties, while Article 4.3²⁰ explicitly permits consideration of all relevant

¹² On this topic MOSS, G. C. International Contracts between Common Law and Civil Law: Is Non-state Law to Be Preferred? The Difficulty of Interpreting Legal Standards Such as Good Faith. *Global Jurist* [online]. 2007, Vol. 7, No. 1 [cit. 2025-09-05]. Available at: <https://doi.org/10.2202/1934-2640.1189>.

¹³ This is based on the premise that the Rome I Regulation, or any applicable local conflict-of-law rules, designate a *lex causae* that differs from the *lex fori*.

¹⁴ Among others, terms like *good faith* carry divergent legal connotations across civil and common law systems, and concepts like *consideration* lack direct equivalents in civil law.

¹⁵ The UNIDROIT Principles of International Commercial Contracts are a set of non-binding rules developed for the first time in 1993 by UNIDROIT (International Institute for the Unification of Private Law) to provide a neutral and comprehensive framework for the interpretation, formation, validity, performance, and enforcement of international commercial contracts. (International Institute for the Unification of Private Law. *UNIDROIT Principles of International Commercial Contracts* [online]. Rome: International Institute for the Unification of Private Law, 2016 [cit. 2025-09-05]. Available at: <https://www.unidroit.org/wp-content/uploads/2021/06/Unidroit-Principles-2016-English-i.pdf>).

¹⁶ The Principles of European Contract Law (PECL) is a set of model contract law rules developed by the Commission on European Contract Law, also known as the Lando Commission, as part of an academic project to harmonize European private law (Principles of European Contract Law – PECL. In: *TRANS-LEX.org: Law Research* [online]. [cit. 2025-09-05]. Available at: <https://www.trans-lex.org/400200>).

¹⁷ The DCFR (Draft Common Frame of Reference) is a comprehensive academic text drafted by European legal scholars, with the purpose to provide a set of model rules, principles, and definitions for European private law, especially contract law, with the aim of harmonizing and guiding future EU legislation. Art. 8:101 to 8:106 provide for comprehensive rules on contract interpretation (BAR, CH. VON – CLIVE, E. – SCHULTE-NÖLKE, H. (eds.). Draft Common Frame of Reference (DCFR). In: *TRANS-LEX.org: Law Research* [online]. 2009 [cit. 2025-09-05]. Available at: https://www.trans-lex.org/400725/_outline-edition-#toc_31).

¹⁸ United Nations Convention on Contracts for the International Sale of Goods (Vienna, 1980) (CISG). In: *United Nations* [online]. [cit. 2025-09-05]. Available at: https://uncitral.un.org/en/texts/salegoods/conventions/sale_of_goods/cisg.

¹⁹ Article 4.1 UNIDROIT Principles 2016: “Article 4.1 (Intention of the parties) (1) A contract shall be interpreted according to the common intention of the parties. (2) If such an intention cannot be established, the contract shall be interpreted according to the meaning that reasonable persons of the same kind as the parties would give to it in the same circumstances” (UNIDROIT, c. d.).

²⁰ Article 4.3 UNIDROIT Principles 2016: “Article 4.3 (Relevant circumstances) In applying Articles 4.1 and 4.2, regard shall be had to all the circumstances, including (a) preliminary negotiations between the parties; (b) practices which the parties have established between themselves; (c) the conduct of the parties

circumstances, including negotiations, practices, and subsequent conduct. These instruments seek to provide a common framework that could be applied and leveraged across different jurisdictions, helping to reduce the complexity in international contract interpretation. However, it is important to remember that these instruments are only enforceable in court if the parties specifically incorporate them in their contract.²¹

2.2 CONTRACT INTERPRETATION UNDER CZECH LAW

A very interesting and specific take on contract interpretation is provided for by the Czech legal system. The first peculiarity is that the Czech Civil Code does not contain specific provisions on *contract* interpretation but rather contains rules on “*Výklad právních jednání*” which translates to “*Interpretation of juridical acts*”,²² which are set out in §§ 556 to 558 of the Czech Civil Code. These provisions therefore apply to all juridical acts and not only to contracts.²³ As a starting point, legal scholarship generally agrees that a juridical act must be interpreted whenever it is applied or when interpretation becomes necessary.²⁴ This consideration is crucial, as the first step in any interpretative process is to determine whether a particular clause actually requires interpretation, even if its wording could appear clear and unambiguous at first sight. Nevertheless, Czech legal doctrine and case law make it clear that interpretation is limited to clarifying the content of the legal act; it cannot be used to modify, replace, or expand upon the expressed will of the parties,²⁵ nor to assign a different meaning to a provision that is otherwise clear and precise.^{26, 27}

Before analyzing the current provisions on contract interpretation, we believe it is necessary to briefly look at the historical development of the Czech doctrine on the

subsequent to the conclusion of the contract; (d) the nature and purpose of the contract; (e) the meaning commonly given to terms and expressions in the trade concerned; (f) usages” (UNIDROIT, c. d.).

²¹ With the exception of the CISG, the majority of the harmonizing instruments are considered soft law and, therefore, they cannot be chosen as a governing law under PIL. See HOEKTRA, J. *Non-state rules in International Commerce Law*. London: Routledge, 2021.

²² From the translated version of the Nový občanský zákoník (NOZ) (89/2012 Sb. ACT of 3 February 2012 the Civil Code [online]. [cit. 2025-09-05]. Available at: <http://obcanskyzakonik.justice.cz/images/pdf/Civil-Code.pdf>).

²³ In Czech law, the notion of *právní jednání* – literally *juridical act* – denotes any manifestation of will capable of producing legal effects, such as contracts, unilateral declarations, or other private law acts. Within this broad category, a distinction is drawn between addressed juridical acts, where the declaration of will is directed to another party, and non-addressed juridical acts, where no specific recipient exists. The latter are not subject to the general provisions on the interpretation of juridical acts, nor does the Civil Code provide a comprehensive framework for their construction. Instead, certain types – most prominently wills – are regulated by special provisions, which stipulate that their interpretation must be guided by the actor’s actual will, established through an empirical, subjectively historical approach. See MELZER – TĚGL, c. d., p. 589.

²⁴ J. FIALA, J. – HURDÍK, J. *Contract law in the Czech Republic*. Netherlands: Kluwer Law International B. V., 2020, pp. 58–59.

²⁵ See Supreme Court of Czech Republic, 32 Cdo 939/2018; Supreme Court of Czech Republic, 21 Cdo 2300/2017; Supreme Court of Czech Republic, 27 Cdo 3759/2017; and Supreme Court of Czech Republic, 29 Cdo 61/2017.

²⁶ See Supreme Court of Czech Republic.

²⁷ BERAN, V. § 556 [Výklad právních jednání] [Interpretation of legal acts]. In: PETROV, J. – VÝTISK, M. – BERAN, V. et al. *Občanský zákoník: komentář* [Civil Code: Commentary]. 2nd ed. (3rd update). Prague: C. H. Beck, 2024.

subject in the past century. The ABGB (OZO) contained a highly developed framework, distinguishing between rules for the interpretation of contracts (§§ 914–916) and for testamentary dispositions (§§ 614, 655). By contrast, the 1950 Civil Code provided a general rule on the interpretation of legal acts (§ 31) and a specific rule for wills (§ 538); the interpretive approach was ideologically framed, considering that it prioritized conformity with the ‘rules of socialist coexistence’ and the economic plan, subordinating the parties’ true will to an ostensibly objective, socially determined perspective. Nevertheless, legal doctrine and practice acknowledged that the genuine will of the parties could not be entirely suppressed, such that the application of § 31 in practice shifted toward a predominantly subjective interpretation.²⁸

The 1964 Civil Code carried forward this trajectory in § 35, which essentially replicated the wording of § 31 while omitting special provisions on wills. Following the “Great Amendment” of 1991, however, § 35 was substantially revised and the amended text established the priority of the literal meaning of language over the actual will of the actor, with a clear favor for a more rigid formalism. In contrast, § 266 of the Commercial Code²⁹ offered a more balanced and influential model, one that was clearly inspired by Article 8 of the Vienna Convention on the International Sale of Goods.

In order to integrate these fragmented and evolving provisions, the Supreme Court³⁰ has developed and recognized several core methods of interpretation, throughout the years.³¹ These include linguistic interpretation, which focuses on the possible meanings of specific terms; logical interpretation, which examines how those terms relate to each other; and systematic interpretation,³² which considers their placement within the overall structure of the legal act. Additionally, another core method that plays a significant role in the interpretive process is teleological interpretation, which seeks to uncover the underlying purpose of the legal act.

With the enactment of the current Civil Code (Act 89/2012) adopted on 3 February 2012, and effective as of 1 January 2014, the Czech legal system embraced a blended and hybrid approach, in which both the subjective and objective interpretation methods are recognized. This represented a significant shift from the earlier Civil Code, which had long been criticized for its formalistic orientation.³³

²⁸ MELZER – TĚGL, *c. d.*, pp. 586–587.

²⁹ The old Czech Commercial Code (98/1991) – replaced by the current Civil Code in 2012 – § 266 “*Některá ustanovení o právních úkonech*” in English “*Certain provisions on legal acts*”. The article establishes rules for interpreting declarations of will in commercial law. Priority is given to the actor’s actual intent if it was known or should have been known to the addressee; otherwise, interpretation follows the meaning a reasonable recipient would assign, with commercial terms construed by trade usage. All relevant circumstances, including negotiations, established practices, and subsequent conduct, must be considered. Ambiguities are resolved *contra proferentem*, and contractual domicile or business seat is determined by what is stated in the contract unless a change is notified.

³⁰ Among others: Supreme Court of Czech Republic, 33 Cdo 4789/2009.

³¹ BERAN, *c. d.*

³² In Czech respectively: “*jazykový výklad*”, “*logický výklad*” and “*systematický výklad*”.

³³ This shift was clear and recognized also in the explanatory memorandum to the draft Civil Code (Parliamentary Press No. 362, Chamber of Deputies of the Parliament of the Czech Republic, 6th term 2010–2013), which states: “*Konkrétní charakter právního jednání se posuzuje podle jeho obsahu; posouzení tohoto obsahu není věcí volné dispozice právně jednajících osob, ale náleží právnímu zhodnocení. [...] V osnově se navrhuje opustit důraz na formální hledisko projevu, typický pro platný občanský zákoník (zejména v § 35 odst. 2) a klást větší důraz na hledisko skutečné vůle jednajících osob, jak to činí již dnes*

The subjective method focuses on the meaning intended by the person making the legal act and it is exemplified in the first sentence³⁴ of § 556(1)³⁵ of the Czech Civil Code (Act No. 89/2012 Sb.) also referred to as “NOZ”. In contracts, this refers to the jointly intended meaning of both parties.³⁶ This approach is rooted in the principle that legal acts are expressions of personal will, aimed at producing specific legal consequences. Therefore, interpretation should seek to give effect to the meaning the parties themselves intended – to be more precise the meaning the acting party intended,³⁷ or one party intended and the other “*was aware or must have known of such an intention*”.³⁸ This reflects the value placed on party autonomy and freedom of contract as the basis for establishing rights and obligations.

In contrast, the objective method evaluates the legal act from the standpoint of a third party – specifically, how a reasonable person – the person on the receiving end of the act – would interpret the expression of will, based on its outward form.³⁹ Here, what matters is not the internal intent, but the meaning that can be inferred from how the declaration appears externally. This approach prioritizes legal certainty and the protection of the addressee’s good faith. Under Czech law, this principle is represented in the second sentence of § 556(1) NOZ,⁴⁰ which states that if the parties’ true intention cannot be determined, the expression of will is given the meaning that a person – in the position of the party against whom the will was expressed, would normally assign to it. Both these methods of interpretation seek to identify the true will of the acting party from objective circumstances. The distinction lies in the range of circumstances admissible for consideration. In fact, while subjective (empirical) interpretation imposes

obchodní zákoník (zejména v § 266).” In English: “*The specific nature of a legal act is assessed according to its content; the assessment of this content is not a matter of free disposal by the persons performing the legal act, but is subject to legal evaluation. [...] The draft proposes to abandon the emphasis on the formal aspect of expression, typical of the current Civil Code (especially in Section 35(2)), and to place greater emphasis on the actual will of the persons acting, as is already the case in the Commercial Code (especially in Section 266).*”

³⁴ MELZER – TĚGL, *c. d.*, p. 584.

³⁵ Občanský zákoník č. 89/2012 Sb. [Civil Code Act No. 89/2012 Coll.] § 556(1): “*Co je vyjádřeno slovy nebo jinak, vyloží se podle úmyslu jednajícího, byl-li takový úmysl druhé straně znám, anebo musela-li o něm vědět.*” In English: “*What is expressed by words or otherwise is interpreted according to the intention of the acting person if the other party was aware or must have known of such an intention*” (89/2012 Sb. ACT of 3 February 2012 the Civil Code).

³⁶ HANDLAR, J. § 556 [Výklad právních jednání] [Interpretation of legal acts]. In: LAVICKÝ, P. et al. *Občanský zákoník I.: obecná část (§§ 1–654)* [Civil Code I.: General Part (§§ 1–654)]. 2nd ed. Prague: C. H. Beck, 2022, pp. 1767–1775.

³⁷ MELZER – TĚGL, *c. d.*, p. 588, he refers to this first type of interpretation as “*empirical interpretation*”, “*natural interpretation*” or “*subjectively individual interpretation*”, an interpretation based on the will theory and focusing on the “*real*” will of the acting party.

³⁸ Občanský zákoník č. 89/2012 Sb. [Civil Code Act No. 89/2012 Coll.] § 556(1), also in the case law Supreme Court 33, Cdo 1299/2025.

³⁹ MELZER – TĚGL, *c. d.*, p. 588 this interpretative method is also referred to as the “*normative interpretation*”, which revolves around the point of view of the external party, or the party receiving the act and focuses on the “*objective*” will of the party, as opposing to the “*real*” will of the parties.

⁴⁰ Občanský zákoník č. 89/2012 Sb. [Civil Code Act No. 89/2012 Coll.] § 556(1): “*Nelze-li zjistit úmysl jednajícího, přisuzuje se projevu vůle význam, jaký by mu zpravidla přikládala osoba v postavení toho, jemuž je projev vůle určen.*” In English: “*If the intention of the acting person cannot be ascertained, the expression of will is attributed the same meaning which would be typically attributed by a person in the position of the person against whom the will was expressed.*”

no limitation, allowing reliance on all facts that may reveal the actor's intent, objective (normative) interpretation, guided by the principle of legal certainty, restricts relevance to those circumstances observable from the perspective of the addressee of the legal act. Objective assessment is thus relativized in relation to the recipient: facts hidden from their viewpoint must be disregarded. This selective, recipient-oriented perspective is what characterizes this form of interpretation as normative.⁴¹

Therefore, Czech law does not rigidly adhere to one method or the other, as it appears clear from a comprehensive reading of § 556(1) NOZ. The judge must apply a combined model,⁴² which requires that the interpretation process begin with the analysis of the parties' intent (subjective interpretation),⁴³ but where this is ambiguous or unknown, interpretation must shift to how a reasonable person in the same position would understand the act (objective interpretation).⁴⁴ In addition to these interpretive methods, Czech legal scholarship⁴⁵ emphasizes the central role of linguistic interpretation, applicable within both subjective and objective approaches. Analysis of the contractual text and the specific wording chosen by the parties constitutes the starting point⁴⁶ and an indispensable first step in the interpretative process. The meaning in question should be the ordinary, commonly accepted one,⁴⁷ and not the interpretation given by the person analyzing the expression of will, by the specific recipient of that expression, by the party who stands to benefit from it.⁴⁸

The Czech Civil Code further provides for additional criteria. The second paragraph of §556 NOZ outlines various elements that serve as aids in interpreting a declaration of intent.⁴⁹ These include not only specific tools but also contextual factors that can clarify

⁴¹ MELZER – TÉGL, *c. d.*, p. 588.

⁴² HANDLAR, *c. d.*, p. 1767.

⁴³ According to MELZER – TÉGL, *c. d.*, the subjective interpretation is performed applying three different methods: the *simple subjective interpretation* (seeks to ascertain the parties' actual will by identifying their explicit expressions of intent regarding the interpretive question, which may be evidenced through documents, testimony, or subsequent authentic interpretations of the contract), the *subjective teleological interpretation* (seeks to infer the parties' actual will from the known and shared purpose of the contract (*ratio contractus*), giving priority to the interpretive option that best realizes the common objective the parties intended to achieve) and the *false subjective interpretation* (sometimes also rendered as pseudo-subjective interpretation in comparative legal scholarship, it seeks to reconstruct the parties' actual will from any available circumstances that reliably indicate it, distinguishing itself from normative interpretation by relying on all accessible evidence of intent rather than only on what was apparent to the addressee at the time of the act).

⁴⁴ The objective, or *normative*, interpretation is based on how the will of the acting party should be understood in light of the circumstances that the receiving party knew or could have known at the time the will was expressed. This method gives greater protection to good faith. Applying it, the focus is not on the actor's actual will, but rather on how an *honest recipient* would understand the meaning of that will and the actions taken.

⁴⁵ MELZER – TÉGL, *c. d.*, p. 606.

⁴⁶ Plenary decision of the Constitutional Court of 17. 12. 1997, file no. ÚS 33/97; judgment of the Constitutional Court of 14. 4. 2005, file no. I. ÚS 625/03.

⁴⁷ By "commonly accepted", we refer to the shared understanding of the contracting parties; what matters is not whether a third party would comprehend the meaning, but that the parties themselves have a clear and mutual understanding of it. See MELZER – TÉGL, *c. d.*, p. 606.

⁴⁸ J. ŠVESTKA, J. – DVOŘÁK, J. – FIALA, J. et al. *Občanský zákoník: komentář. Svazek I: obecná část (§ 1 až 654)* [Civil Code: Commentary. Volume I: General section (§ 1 to 654)]. Prague: Wolters Kluwer, 2020.

⁴⁹ Občanský zákoník č. 89/2012 Sb. [Civil Code Act No. 89/2012 Coll.] § 556(2): "*Při výkladu projevu vůle se přihlédne k praxi zavedené mezi stranami v právním styku, k tomu, co právnímu jednání předcházelo,*

the meaning of the expression of will.⁵⁰ In particular, interpretation takes into consideration the established course of dealing between the parties,⁵¹ the circumstances leading up to the legal act, and the parties' subsequent behavior that may reveal how they understood and applied the act.⁵² These factors help ensure that interpretation aligns with both the parties' intentions and the practical context in which the legal act was made.⁵³ Furthermore, §§ 557 and 558 provide additional criteria for the interpreter to follow while ascertaining the contract. The first provision – § 557 – codifies the “*contra proferentem*” rule:⁵⁴ where an expression allows multiple interpretations, contractual terms drafted or imposed by one party must, if ambiguous, be construed to the detriment of that party.⁵⁵ Section 558 supplements the discipline by regulating interpretation of legal acts performed in the context of dealings with entrepreneurs.⁵⁶ The article states that ambiguous expressions are construed according to their customary meaning in commercial practice.⁵⁷ In transactions between entrepreneurs, established trade usages, either general or sector-specific, are also taken into account, with contractual stipulations or mandatory law taking precedence; absent such restrictions, customary practice prevails over non-mandatory statutory provisions.

Lastly, according to the literature,⁵⁸ interpretation should also be conducted under other rules explicitly stated in the law, including the principles of honesty and good faith,⁵⁹

i k tomu, jak strany následně daly najevo, jaký obsah a význam právnímu jednání přikládají.” In English: “When interpreting the expression of will, account is taken of the regular dealings of parties in legal transactions, what preceded the juridical act, as well as the manner in which the parties subsequently demonstrated what content and relevance they attach to the juridical act.”

⁵⁰ Ibid.

⁵¹ This type of interpretation is often referred to as “historical interpretation” and it may serve both to clarify an ambiguous linguistic expression and to ascertain the legally relevant content of the juridical act, which may diverge from the explicit expression of will.

⁵² ŠVESTKA – DVOŘÁK – FIALA, *c. d.*

⁵³ MELZER – TĚGL, *c. d.*, p. 612.

⁵⁴ Občanský zákoník č. 89/2012 Sb. [Civil Code Act No. 89/2012 Coll.] §557: “*Připouští-li použitý výraz různý výklad, vyloží se v pochybnostech k tíži toho, kdo výrazu použil jako první.*” In English: “If a term is used which allows various interpretations, in the case of doubt it is to be interpreted to the detriment of the person who used the term first.”

⁵⁵ It should be emphasized that this provision offers a subsidiary method of interpretation, applicable where the criteria laid down in § 556 do not resolve the issue and it is mostly applied in cases involving companies. See MELZER – TĚGL, *c. d.*, p. 617.

⁵⁶ Občanský zákoník č. 89/2012 Sb. [Civil Code Act No. 89/2012 Coll.] §558: “(2) *V právním styku podnikatelů se přihlíží k obchodním zvyklostem zachovávaným obecně, anebo v daném odvětví, ledaže to vyloučí ujednání stran nebo zákon. Není-li jiné ujednání, platí, že obchodní zvyklost má přednost před ustanovením zákona, jež nemá donucující účinky, jinak se může podnikatel zvyklosti dovolat, prokáže-li, že druhá strana určitou zvyklost musela znát a s postupem podle ní byla srozuměna.*” In English: “(2) In legal transactions among entrepreneurs, account is taken of business usages maintained in general or in a given industry, unless excluded by an agreement between the parties or by a statute. Unless otherwise agreed, a business usage is conclusively presumed to take precedence over non-compelling provisions of a statute; otherwise, an entrepreneur may invoke a usage if he proves that the other party must have known a given usage and was aware that it would be followed.”

⁵⁷ In relations with non-entrepreneurs, this meaning must be proven to have been known to the other party.

⁵⁸ MELZER – TĚGL, *c. d.*, § 556; BERAN, *c. d.*

⁵⁹ Občanský zákoník č. 89/2012 Sb. [Civil Code Act No. 89/2012 Coll.] § 7: “*Má se za to, že ten, kdo jednal určitým způsobem, jednal poctivě a v dobré víře.*” In English: “A person who acted in a certain way is presumed to have acted fairly and in good faith.”

the presumption in favor of the validity of legal acts,⁶⁰ and the relevance of established customs. Beyond these, interpretative guidance also stems from broader concepts, such as the presumption of rational behavior; according to this principle, in cases of doubt, the reasonable meaning is presumed to reflect the intended one.⁶¹

Now that we have analyzed and evaluated the legal framework governing contract interpretation, we can turn our focus to artificial intelligence and explore how it might facilitate and enhance the interpretative process.

3. CONTRACT INTERPRETATION AND AI

3.1 AI IN THE LEGAL CONTEXT

Artificial intelligence (AI) is fundamentally reshaping the landscape of legal analysis and contract management. With legal professionals facing increasing volumes and complexity of contractual documents, AI-powered tools are rapidly becoming indispensable for streamlining contract drafting,⁶² review, and interpretation.⁶³

Applying AI to contract interpretation can prove challenging, since the construction process is inherently complex and unique and it differs in each system. As we have seen, in the context of Czech law, contract interpretation is governed by well-established principles rooted in the Czech Civil Code. The intersection of evolving interpretative principles and the advancement of AI technologies brings both significant opportunities and notable challenges. AI has the potential to improve the precision and consistency of contract interpretation by systematically applying legal criteria and detecting ambiguities or potential risks. Additionally, it can streamline the drafting and review process by suggesting alternative or clearer formulations of legal clauses, thereby reducing the likelihood of misunderstandings between parties and improving the overall clarity and accuracy of contractual terms.

In this context, AI tools, particularly those leveraging natural language processing (NLP) and machine learning, mirror these principles in several key ways. AI's ability to analyze text aligns with the Czech emphasis on the *actual sense of words*. NLP models like GPT excel at extracting precise terms, definitions, and obligations from contracts, ensuring literal clarity. Czech law mandates interpreting clauses according to the will of the parties and within their mutual context. AI systems analyze entire documents to

⁶⁰ Občanský zákoník č. 89/2012 Sb. [Civil Code Act No. 89/2012 Coll.] § 574: “*Na právní jednání je třeba spíše hledět jako na platné než jako na neplatné.*” In English: “*Juridical acts are to be preferably considered valid rather than invalid.*”

⁶¹ ŠVESTKA – DVORÁK – FIALA, c. d.

⁶² Among others: AUTTO, H. – HAAPIO, H. – NUOTILA, J. Contracts rethought and redesigned: A new era with AI. *International Journal of Commerce and Contracting* [online]. 2024, Vol. 8, No. 1–2, pp. 7–36 [cit. 2025-09-05]. Available at: <https://doi.org/10.1177/20555636241261278>; GRUNDMANN, S. Digital Technology as a Challenge to European Contract Law. *European Review of Contract Law*. 2017, Vol. 13, No. 3, pp. 279 and following.

⁶³ Among others: ARBEL, Y. – HOFFMAN, D. A. Generative Interpretation. *New York University Law Review*. 2024, Vol. 99, No. 2, pp. 451–514; CATTERWELL, R. Automation in contract interpretation. *Law, Innovation and Technology*. 2020, Vol. 12, No. 1, pp. 81–112.

identify relationships between provisions, ensuring consistency; this capability reduces the risk of fragmented interpretations that might violate contextual coherence. While subjective analysis (focusing on parties' intent) remains inherently human, AI can provide aid by identifying patterns in drafting style and highlighting specific words and sentences which could potentially lead to uncovering the parties' true will.

3.2 INTRODUCTION TO LLM EXPERIMENT

To test these features, we set up an experiment, to investigate whether advanced language models, such as GPT-4o, GPT-o3, Claude 3, Gemini Advanced, and LLaMA 3, can accurately apply Czech legal doctrine to interpret ambiguous contractual provisions. The focus of the experiment was the interpretation of a clause concerning withdrawal from a contract in a case of delayed payment, which had been presented to the Supreme Court of the Czech Republic, in the Supreme Court judgment, 31 Cdo 684/2020.⁶⁴

The judgment addresses the enforceability and interpretation of a contractual clause believed to provide for automatic withdrawal (*"automatické odstoupení"*) upon the occurrence of certain events. The contractual clause subject of the interpretation was article V(11) of the contract which stated: *"v případě prodlení platby delší než 5 dnů odstupuje dodavatel od smlouvy o dílo"*.⁶⁵ This wording raised the question of whether the withdrawal could take effect automatically or whether it required a specific and explicit legal act. The Supreme Court emphasized the importance of proper contractual interpretation under § 556 of the Czech Civil Code, highlighting the need to apply both the subjective and objective methods, in the correct hierarchical order. It explained the combined model of interpretation, which prioritizes the parties' actual intent (subjective interpretation) but, where such intent cannot be clearly established, shifts to how the wording would be understood by a reasonable person in the same position (objective interpretation).⁶⁶ The Court also clarified the hierarchy between these approaches, stressing that subjective interpretation takes precedence where possible. Finally, the Supreme Court urged the Court of Appeal to interpret the disputed clause in accordance with these legal criteria, ensuring that the applicable interpretative framework is properly followed.⁶⁷ This guidance was particularly relevant given that the Court of Appeal had previously concluded the parties had not agreed on an "automatic withdrawal",

⁶⁴ Supreme Court of Czech Republic, 31 Cdo 684/2020, 9. 9. 2020.

⁶⁵ In English: *"In the event of a payment delay longer than 5 days, the contractor withdraws from the contract for work."*

⁶⁶ Supreme Court of Czech Republic, 31 Cdo 684/2020, 9. 9. 2020: *"Jinými slovy, pro výklad právního jednání je určující skutečná vůle (úmysl) jednajícího (která byla anebo musela být známa adresátovi), již je třeba upřednostnit před jejím vnějším projevem (např. objektivním významem užitých slov)."*

⁶⁷ Supreme Court of Czech Republic, 31 Cdo 684/2020, 9. 9. 2020: *"Odvolací soud, aniž se pokusil provést výklad ujednání článku V. odst. 11 smlouvy v souladu s pravidly pro výklad právních jednání vyloženými výše, uzavřel, že se strany nedohodly na 'automatickém odstoupení' (takové ujednání by podle odvolacího soudu muselo být 'daleko pregnančnější formulováno, aby nevzbuzovalo pochybnosti'). Již proto je jeho závěr, že nedošlo k zániku závazků ze smlouvy v souladu s (označeným) smluvním ujednáním, přinejmenším předčasný."*

reasoning that such an agreement would have to be formulated much more precisely to avoid any ambiguity.

The Supreme Court's decision provided guidance that was decisive yet somewhat limited in depth. By its institutional role, adjudicating *de iure* rather than *in facto*, the Court did not set out the precise substantive criteria applicable to the case. Instead, it confined itself, as procedurally required, to addressing the legal issues, including the deficiencies in the application of substantive law (the interpretative rules), and remitted the matter to the appellate court for a decision on the merits. In any case, the reasoning of the Court was rather succinct, leaving the determination of the correct application of the interpretative rules to the appellate court.

3.3 METHODOLOGICAL FRAMEWORK

For our experiment, we selected a total of six large language models, from four distinct model families: Llama 3, Gemini 2.5 Flash, Gemini 2.5 Pro, Claude AI, ChatGPT-4o, and ChatGPT-o3. Each model was presented with the same prompt,⁶⁸ written in English language,⁶⁹ which included the contractual clause whose interpretation was at issue in the case and reproduced some questions similar to those the Supreme Court had to answer to resolve the case. The final question in the prompt requested that the model redraft the contested clause to clearly express the parties' intention to provide for automatic withdrawal from the contract;⁷⁰ for this question, we explicitly required the response to be written in Czech.

The models were presented solely with the primary prompt, without the inclusion of any supplementary legal contextual information, such as the civil law provisions on interpretative rules, the relevant case law, or the doctrinal theories cited above. This

⁶⁸ This is the prompt which was given to all model: "You are a Czech legal expert. Interpret the following clause under Czech law (esp. §§ 555–558 NOZ). Clause: *V případě prodlení platby delší než 5 dnů odstupuje dodavatel od smlouvy o dílo. Please answer:*

1. *Is this provision valid?*

2. *Does this clause allow for automatic rescission without further action?*

3. *Does it require an explicit act of withdrawal by the contractor?*

4. *How would a Czech court interpret this clause in light of the rules on contract interpretation under Czech law?*

5. *How would a Czech court interpret this clause in light of § 556(1) NOZ and the intention of the parties?*

6. *If the parties had truly intended to allow for automatic withdrawal from the contract without requiring any further legal act, how should such a clause be worded so that it would be valid and enforceable under Czech law? Answer in Czech language. The final question was asked separately to avoid influencing the model's earlier responses."*

⁶⁹ An interesting observation emerged when the prompt was translated and presented in Czech: each model – except for Llama 3, which was unable to respond in Czech – produced slightly different answers compared to their responses to the English version. These variations suggest that the language of the prompt may influence how the models interpret legal content, potentially due to differences in language-specific training data or contextual understanding. For the purposes of this study, we focused exclusively on the results obtained using the English-language prompt. However, this finding opens up an intriguing avenue for future research, particularly regarding how linguistic context may affect the reasoning and output of multilingual language models in legal analysis.

⁷⁰ The final question (number 6) was the following: "If the parties had truly intended to allow for automatic withdrawal from the contract without requiring any further legal act, how should such a clause be worded so that it would be valid and enforceable under Czech law? Answer in Czech language."

approach was deliberately adopted to assess the models’ capacity to generate legal advice in the absence of prior legal context or supporting material. Given that these systems are language models, providing additional context would likely have yielded more predictable responses, more closely aligned with the input. The objective of the experiment, on the other hand, is precisely to examine the nature of the answers produced without external guidance, and to evaluate whether the models exhibit tendencies toward hallucination.⁷¹

Before examining the individual responses, it is worth noting that all models answered every question in the prompt, except for Llama 3, which indicated that it is not yet able to generate text in Czech and therefore could not complete the final task. Overall, the answers provided by the models were consistent and largely in line with the applicable Czech legal framework, although there were notable differences in terms of response length, legal reasoning complexity, and linguistic formulation. A summary of the results is presented in Table 1.

Table 1: Summary of the results of the AI model experiment

	Validity of the clause	Automatic withdrawal	Rules on interpretation of contract	Will of the parties	New proposed wording (drafting)
Llama 3	Likely	Unlikely	Literal meaning, context and nature, prior drafts	Yes, if it can be ascertained	N/A
Gemini 2.5 Flash	Likely	No	Common intention of the parties, if not clear: objective standard (reasonable person), literal meaning, context, purpose	Common intention, will must be clear since automatic rescission would be a significant deviation from the general principle	V případě prodlení s platbou delšího než 5 dnů smlouva o dílo automaticky zaniká.
Gemini 2.5 Pro	Yes	Unlikely	Actual will of the parties, objective interpretation/ reasonable person standard, <i>Contra proferentem</i> , <i>In favorem negotii</i>	Actual mutual intention of the parties: if the party could prove it (i.e., through email correspondence)	Smluvní strany se dohodly, že tato smlouva o dílo zaniká splněním rozvazovací podmínky. Touto rozvazovací podmínkou je prodlení objednatele s úhradou ceny díla (nebo její části), které potrvá déle než 5 dnů. K zániku smlouvy

⁷¹ In the context of LLMs, the term hallucination designates the production of outputs that are linguistically well-formed and contextually plausible, yet factually inaccurate, unverifiable, or irrelevant. Hallucinations may manifest as erroneous attributions or fabricated information and they arise from the probabilistic essence of LLMs, which generate responses by predicting the most statistically likely sequence of tokens based on their training data, rather than through recourse to structured knowledge or facts, as a human interpreter would do.

	Validity of the clause	Automatic withdrawal	Rules on interpretation of contract	Will of the parties	New proposed wording (drafting)
Gemini 2.5 Pro				the judge would have enforced automatic withdrawal	dochází automaticky, a to prvním dnem následujícím po marném uplynutí této pětiden- ní lhůty, aniž by bylo zapotřebí jakéhokoli dalšího právního jednání ze strany zhotovitele.
Claude AI	Yes	No	Objective interpre- tation (reasonable person), context, purpose oriented interpretation	Analysis of will of the parties in this specific case	Smlouva se automaticky ruší uplynutím 5 dnů od splatnosti jakékoli platby bez nutnosti dalšího oznámení či právního úkonu kterékoli ze stran.
Chat GPT 4o	Yes	No	Common intention of the parties, reasonable person. Beyond literal wording, no auto- matic termination	Actual and shared intention, if not possible then objective inter- pretation based on reasonable expectations	Tato smlouva se automatic- ky zrušuje dnem, kdy dojde k prodlení objednatele s platbou delšímu než 5 dnů od data splatnosti. Smluvní strany se výslovně dohodly, že zrušení smlouvy v tomto případě nastává ze zákona, bez nutnosti jakéhokoliv projevu vůle dodavatele.
Chat GPT o3	Yes	No	Wording, Com- mon intention, Circumstances and subsequent practi- ce, technical terms, Interpretation <i>contra proferentem</i>	Interpretation of the will of the parties in the specific case: intention of supplier is to protect against delay in payment, intention of the customer is to accept that the delay will allow supplier to termi- nate the contract	Smluvní strany sjednávají roz- vazovací podmínku ve smyslu § 548 odst. 2 občanského zá- koníku tak, že pokud bude ob- jednatel v prodlení s úhradou jakékoli peněžité pohledávky podle této smlouvy déle než 5 (pět) kalendářních dnů ode dne její splatnosti, tato smlouva bez dalšího právní- ho jednání kterékoli ze stran zaniká okamžikem marného uplynutí uvedené lhůty. Záni- kem smlouvy nejsou dotčena (i) práva stran na náhradu škody, (ii) smluvní pokuty, (iii) úroky z prodlení, ani jiná ujednání, která mají podle své povahy trvat i po zrušení smlouvy.

In evaluating the performance of each model and the quality of their respective answers on the topic of contract interpretation under Czech law, we applied a structured scoring system. Each answer was assessed based on a comprehensive set of criteria designed to reflect both legal accuracy and analytical depth. A total of 18 criteria were used,⁷² organized into five main categories: Legal Accuracy and Completeness, In-depth Doctrinal Understanding, Structure, Clarity and Coherence, Systematic Analysis, Understanding of the Subject, and Usefulness of the answer in real-world contexts. Each criterion was weighted equally, with a score from 0 to 2 points⁷³ assigned per criterion met.

The results of the scoring are summarized in Table 2.

3.3 CHAT GPT

We commence our analysis with ChatGPT, which is arguably the most widely recognized and commonly utilized artificial intelligence model currently available on the market. Developed by OpenAI and based on the GPT architecture, ChatGPT is a conversational AI model designed to understand and generate human-like text. The most notable upgrade, GPT-4o (released in May 2024), is a multimodal model

⁷² Scoring criteria and potential scoring system

1) Legal Accuracy and Completeness

- a) Clear explanation of the *subjective interpretation* approach (intent of acting parties).
- b) Correct application of *objective interpretation* (reasonable person standard) when subjective intent is indeterminable.
- c) Analysis of the literal meaning of the wording and decision to move beyond it.
- d) Recognition of the *combined model* – starting with subjective, shifting to objective if needed.
- e) Correct understanding of the hierarchy of the interpretative methods, with emphasis on the supremacy of the parties' intentions.
- f) Inclusion of secondary interpretive aids under § 556(2): context, course of dealing, conduct, etc.
- g) Correct answer in the direction of the Supreme Court (i.e., if the clause would have been more clear it could have been enforceable).

2) In-depth doctrinal understanding

- a) Discussion of supporting interpretive principles: good faith, *contra proferentem*, rationality presumption.
- b) Use of recognized interpretive methods (linguistic, logical, systematic, teleological).

3) Structure, clarity, and coherence

- a) Logical flow.
- b) Complexity of reasoning and clarity of articulation.
- c) Clarity in legal terminology and use of Czech legal terms.
- d) Consistency and avoidance of contradictions or confusion between subjective and objective approaches.

4) Systematic analysis and understanding of the subject

- a) Correct references to § 556.
- b) Reference to relevant case law.
- c) Reference to the relevant private law rules.

5) Usefulness of the answer in real-world contexts

- a) The answer is useful for legal analysis and provides a comprehensive explanation of the applicable discipline.
- b) The last question provides for ready to use options of withdrawal clauses, which would be acceptable under Czech law.

⁷³ We used a scoring system to evaluate the answers, assigning 0 points when the response was unsatisfactory, 1 point when it provided a partial or acceptable result, and 2 points when the answer was complete and fully satisfactory.

Table 2: Results from the scoring of the models based on the criteria outline in note 78 and 79

Category	Cri- teria	Chat GPT o4	Chat GPT 3o	Gemini 2.5 Flash	Gemini 2.5 Pro	Claude Sonnet 4	Llama 3
1. Legal Accuracy and Completeness	1a	1	2	2	2	1	1
	1b	1	0	2	2	1	0
	1c	2	2	2	1	1	1
	1d	2	1	2	2	0	0
	1e	2	1	2	2	0	0
	1f	0	2	2	2	0	1
	1g	2	1	2	1	1	0
2. In-depth Doctri- nal Understanding	2a	0	0	1	1	0	0
	2b	0	1	2	1	1	0
3. Structure, Clarity and Coherence	3a	1	2	2	2	1	1
	3b	1	1	2	2	1	1
	3c	1	2	2	2	1	1
	3d	2	0	2	2	0	0
4. Systematic Analysis and Understanding	4a	2	2	1	2	0	0
	4b	0	0	0	1	0	0
	4c	2	1	1	1	0	0
5. Usefulness of the answer	5a	1	1	2	2	1	1
	5b	2	1	2	2	1	0
Total score		22	20	31	30	10	7

capable of processing text, audio, images, and video within a single unified system. This allows for more natural, efficient, and context-aware interactions, with improved reasoning, faster performance, and reduced computational costs compared to earlier versions.⁷⁴ OpenAI’s o3 family of reasoning-centered LLMs marks a deliberate pivot from the speed-optimized GPT-4o line toward deeper analytical fidelity.⁷⁵ According to its developers, these attributes position o3 not merely as an incremental upgrade but as a research-grade reasoning engine whose architecture privileges methodological rigor, extended-context synthesis, and agentic problem-solving over raw throughput. Both models have real time web search embedded functions powered by Bing, according to web sources.⁷⁶

⁷⁴ This description was provided by chat GPT o4 and double checked against the information found on OpenAI website (GPT-4o System Card: Open AI [online]. 8. 8. 2024 [cit. 2025-09-05]. Available at: <https://cdn.openai.com/gpt-4o-system-card.pdf>).

⁷⁵ Introducing OpenAI o3 and o4-mini. In: *OpeAI* [online]. 16. 4. 2025 [cit. 2025-09-05]. Available at: <https://openai.com/index/introducing-o3-and-o4-mini/>.

⁷⁶ See KANE, R. Gemini vs. ChatGPT: What’s the difference? [2025]. In: *zapier* [online]. 14. 7. 2025 [cit. 2025-09-05]. Available at: <https://zapier.com/blog/gemini-vs-chatgpt/>; KERNER, S. M. ChatGPT search:

The ChatGPT-4 model, once presented with the prompt, concentrated primarily on the factual aspects of the case, rather than offering a thorough academic or doctrinal contextualization. Despite this, it did include in its answers both the subjective and objective approaches to interpretation.⁷⁷ Notably, while the term *subjective interpretation* was not explicitly used, the model referred consistently to the will of the contracting parties, demonstrating a sound grasp of the principle.

The model accurately identified the hierarchical nature of interpretative methods, clearly stating that the true intention of the parties must be ascertained first, and only in the absence of determinable intent should the objective standard (reasonable person approach) be applied.⁷⁸ However, the model failed to elaborate on supporting interpretive principles such as *contra proferentem*, good faith, or teleological interpretation, and made no reference to the combined model of interpretation explicitly.

While the response was generally clear, it could have been more effective with better flow and internal cohesion, as some parts felt a bit mechanical and disconnected. The use of Czech legal terminology was correct and consistent. Importantly, the distinction between subjective and objective methods was maintained without confusion. Article 556 of the Czech Civil Code was properly identified as the key provision, while less relevant provisions (e.g., § 555) were appropriately omitted. Although the model did not cite case law, it did refer to the relevant provisions of private law and integrated them adequately.⁷⁹

In terms of practical utility, the alternative drafting proposed was functional, if basic. There was an emphasis on using specific wording to ensure automaticity and compliance with the requirements of a “*rozvazovací podmínka*” as outlined in § 548 of the NOZ.⁸⁰ We identified certain imperfections in the drafting, concerning the technical use of the legal terminology.⁸¹ Furthermore, we believe it is likely that the clause would have posed significant comprehension challenges for a non-legal party, absent clarification or interpretation provided by legal counsel. Finally, a cautionary note was included

Details about OpenAI’s search engine. In: *TechTarget* [online]. 13. 12. 2024 [cit. 2025-09-05]. Available at: https://www.techtarget.com/whatis/feature/SearchGPT-explained-Details-about-OpenAIs-search-engine?utm_source=chatgpt.com or https://yoast.com/chatgpt-search/?utm_source=chatgpt.com.

⁷⁷ The model provided the following answer to question 4, edited for readability: “Under § 556(1) NOZ, interpretation is based primarily on: • Common intention of the parties at the time of contract conclusion. • If that cannot be ascertained: meaning that would be attributed by a reasonable person. [...]”

⁷⁸ See note 83.

⁷⁹ The model mentioned § 2002 of the Czech Civil Code in answer 3: “Despite the clause being worded as if the contractor automatically withdraws, under § 2002(1) OF THE CZECH CIVIL CODE, withdrawal requires a unilateral legal act (explicit manifestation of will).” and answer 4 “Given that § 2002 OF THE CZECH CIVIL CODE still requires a withdrawal act, the court would probably construe this clause as granting the contractor the right to withdraw after a 5-day delay, not as automatic termination.”

⁸⁰ The model answered to question: “Pokud by smluvní strany skutečně chtěly, aby k odstoupení od smlouvy došlo automaticky, tedy bez nutnosti jakéhokoliv právního úkonu (projevu vůle) druhé strany, bylo by třeba výslovně formulovat ustanovení jako rozvazovací podmínku dle § 548 odst. 2 občanského zákoníku.”

⁸¹ The wording “*automaticky zrušuje*” cannot be considered technical legal language and the term “*ze zákona*” was used improperly.

regarding the risk of restrictive judicial interpretation, indicating a practical understanding of enforceability concerns.⁸²

B) CHATGPT-O3

An initial point of interest emerged from the differing translations provided by ChatGPT-3o and ChatGPT-o4, notably the use of “shall withdraw” in the former versus “withdraws” in the latter.

This model, while not explicitly naming the subjective method, placed significant emphasis on the will and internal deliberation of the parties.⁸³ Although it did not clearly articulate the objective method or the combined interpretative hierarchy, it referenced numerous interpretative aids in §§ 555 and following of the NOZ, and incorporated interpretive principles such as *contra proferentem* (though connected primarily to § 558 rather than as a general principle).⁸⁴ The model appeared to misidentify the parties, assuming action against the supplier,⁸⁵ which, while contextually inaccurate, was a reasonable inference given the absence of background details.

The response was somewhat stronger in doctrinal referencing than ChatGPT-4o, offering explanations of relevant provisions and interpretive principles in relation to the case. Answers were provided in Czech despite the English-language prompt, which, while unusual, allowed for technically accurate legal terminology throughout.

The final response concerning the drafting of the clause was also not as detailed and precise as we would have expected. The model successfully identified the key concepts necessary for making the clause enforceable; however, the final wording appeared mechanical and unnatural, falling short of the standards expected in professional legal drafting.⁸⁶

Nevertheless, it provided drafting advice aligned with legal best practices, such as internal contract consistency and communication protocols.⁸⁷

As a final observation on the overall performance of the ChatGPT family of models, it is worth noting that both ChatGPT-4o and ChatGPT-o3 identified the *rozvazovací podmínka* pursuant to § 548 of the NOZ as the appropriate legal construct to ensure the

⁸² The following wording was part of the answer to question 6: “[...] *Upozornění: Soudy budou takové ustanovení posuzovat restriktivně, proto je důležité: • výslovně vyjádřit vůli stran. • Zajistit, že k automatickému zrušení dojde bez pochybností.*”

⁸³ The model provided the following answer to question 5: “Podle § 556 odst. 1 se rozhodující pozornost věnuje skutečné vůli stran k okamžiku uzavření smlouvy. • Úmysl dodavatele: chránit se proti situaci, kdy objednatel neplatí déle než 5 dnů. • Úmysl objednatele: pravděpodobně přijmout, že takové prodlení dodavateli umožní kontrakt zrušit, avšak nikoli, že smlouva zanikne bez jakékoli kontroly. [...]”

⁸⁴ The model provided the following answer to question 4: “§ 558 – výklad k tíži původce. I kdyby byla nejistota, sporné ustanovení by bylo vyloženo k tíži dodavatele (původce) a neve prospěch ‘automatického’ zrušení.”

⁸⁵ See note 90.

⁸⁶ The model answered to question 6: “Smluvní strany sjednávají rozvazovací podmínku ve smyslu § 548 odst. 2 občanského zákoníku tak, že pokud bude objednatel v prodlení s úhradou jakékoli peněžitě pohledávky podle této smlouvy déle než 5 (pět) kalendářních dnů ode dne její splatnosti, tato smlouva bez dalšího právního jednání kterékoli ze stran zaniká okamžikem marného uplynutí uvedené lhůty.”

⁸⁷ The model provided the following answer to question 6: “3. *Upozorňovací (ne-)povinnost. Lze přidat větu typu ‘Dodavatel není povinen prodlení předem oznamovat; zánik nastane i bez výzvy.’ – aby soud neměl tendenci dovozovat dodatečnou ‘loajalitu’.*”

enforceability of the clause – an interpretative approach also adopted by Gemini 2.5 Pro, as will be discussed further below. This convergence reflects a basic but correct understanding of relevant Czech contractual doctrine, and not only of the specific contract law issue under discussion. Overall, the ChatGPT models performed competently, though in a relatively straightforward and rather unelaborate manner. The responses were generally easy to read and synthetically structured but lacked the doctrinal richness and analytical precision expected in more advanced legal interpretation.

3.4 GOOGLE GEMINI

Google's Gemini is a multimodal AI that can natively process various data types like text, images, and video. Within the Gemini family, the 2.5 Flash model is optimized for speed and efficiency, making it suitable for high-volume, real-time tasks, while the 2.5 Pro model is a more powerful, all-around version designed for complex reasoning and creative collaboration.⁸⁸ According to available sources, these models are also equipped with real-time web search capabilities; however, unlike ChatGPT, which relies on Bing, they operate through integration with Google Search.⁸⁹

A) GEMINI FLASH 2.5

Gemini Flash 2.5 performed consistently well across all evaluative criteria. It provided a balanced theoretical exposition of the subjective and objective interpretive models, combined with practical application to the case.⁹⁰ The model correctly articulated the sequential hierarchy: first applying the subjective method and then transitioning to the objective method only if necessary, thus accurately capturing the essence of the combined model.

In addition, the model referenced a variety of interpretive methods: linguistic, contextual, and teleological. However, a slight deduction was applied under criterion 4(a), due to minor inaccuracies in associating interpretive provisions with the correct articles. For instance, subjective and objective interpretation were initially connected to § 555,⁹¹

⁸⁸ An overview of the Gemini app. In: *Gemini* [online]. [cit. 2025-09-05]. Available at: <https://gemini.google/overview/>.

⁸⁹ See note 82 above.

⁹⁰ The model provided the following answer to question 4: “A Czech court would interpret this clause in line with the principles laid out in §§ 555–558 NOZ, with a strong emphasis on § 556 NOZ. 1. Objective vs. Subjective Interpretation (§ 555 NOZ): The court would first attempt to ascertain the common intention of the parties when they entered into the contract. If that common intention regarding the automaticity of rescission is not clear or was not known to the other party, the court would apply an objective standard: how would a reasonable person in the position of the recipient (the client) understand this clause? [...] 3. Contextual Interpretation (§ 556(1) NOZ): The court would consider the clause within the entire context of the contract for work. Does any other provision suggest automatic termination? Is there a general understanding between the parties about self-executing clauses? In the absence of such clear indications, the default legal interpretation would prevail. 4. Purpose of the Clause: The court would consider the purpose of the clause – to provide the supplier with a remedy in case of significant payment delay. [...] An automatic rescission could lead to unintended and potentially detrimental consequences for both parties if, for instance, the supplier wished to continue the contract despite the delay.”

⁹¹ The model provided the following answer to question 2: “[...] § 555 NOZ (Interpretation of Legal Acts): States that a legal act is to be interpreted according to the intention of the person performing it, if the

and contextual interpretation was misattributed to § 556(1) rather than § 556(2). These inconsistencies appeared to be superficial errors, as subsequent paragraphs corrected the associations.

The model's inclusion of issues such as the burden of proof⁹² and legal uncertainty demonstrated a pragmatic and nuanced legal understanding, considering that these considerations, although not typically highlighted in doctrinal analysis, are highly relevant in judicial practice. The response was logically structured and linguistically clear, with precise use of Czech legal terms.

The clause redrafting exercise was particularly commendable, and the response provided by Gemini 2.5 Flash to the final question was arguably the strongest among all the models evaluated. The redrafting of the clause was exceptionally well-executed, demonstrating a high level of legal precision, practical foresight, and contextual awareness. Gemini Flash 2.5 offered several alternative formulations tailored to different contractual risks and interpretative emphases.⁹³ It also provided rationale for the chosen wording and advised the inclusion of notification mechanisms, aligning with Czech courts' tendency to favor conservative interpretations.⁹⁴ The overall response was comprehensive, actionable, and context-aware.

B) GEMINI 2.5 PRO

The Gemini 2.5 Pro model demonstrated an advanced level of analysis, although it appeared to have identified the specific case law upon which the clause was based, thus potentially compromising the neutrality of its interpretation.⁹⁵ This insight,

intention was known to or must have been known to the other party. If not, it is interpreted according to the meaning that would be attributed to it by a reasonable person in the position of the person to whom it was addressed. [...]"

⁹² The model provided the following answer to question 5: "[...] *Proof of Intention: If the supplier argued for automatic rescission, they would have a difficult time proving that this was the common intention, especially if the wording is not exceptionally clear (e.g., using phrases like "smlouva zaniká automaticky", or "strany se dohodly na automatickém zániku"). The burden of proof would be on the party asserting the automatic effect. [...]*"

⁹³ The following text was provided as part of the answer to question 6: "*1. S důrazem na automatický zánik smlouvy: 'V případě prodlení objednatele s platbou delším než 5 dnů smlouva zaniká automaticky uplynutím pátého dne prodlení, aniž by bylo třeba dalšího úkonu dodavatele.' 2. Explicitní vyloučení potřeby projevu vůle: 'Pokud objednatel bude v prodlení s platbou po dobu delší než 5 dnů, platí, že dodavatel tímto okamžikem odstoupil od smlouvy, a to bez nutnosti jakéhokoli dalšího oznámení či úkonu ze strany dodavatele.' 3. Jasně spojení podmínky se zánikem: 'Smluvní strany se dohodly, že při prodlení objednatele s platbou přesahujícím 5 dnů se tato smlouva považuje za zrušenou ke dni uplynutí pátého dne prodlení, přičemž tímto dnem nastávají účinky odstoupení od smlouvy.'*"

⁹⁴ The following text was provided as part of the answer to question 6: "*Je však třeba zdůraznit, že i s takto formulovanou klauzulí se v praxi mohou objevit spory ohledně její aplikace, například v případě, že si jedna ze stran nebude vědoma prodlení, nebo pokud nastanou jiné okolnosti. Proto je vždy vhodné mít i u takových klauzulí připravenou standardní proceduru pro případné oznámení, byť by bylo jen deklaratorní povahy (tj. jen potvrzovalo, že k odstoupení došlo).'*"

⁹⁵ While conducting the experiment Gemini 2.5 Pro provided the following explanation under its "thinking" process, edited for readability: "*Interpreting Legal Intent: I've been immersed in the Czech Civil Code, focusing on interpretative rules and withdrawal rights. My analysis includes examining the Supreme Court decision 31 Cdo 684/2020. I'm focusing on party intent, in favorem negotii, and understanding when withdrawal is a right, not an automatic consequence. Clarifying Legal Consequences: I'm now fully immersed in the nuances of Czech contract law. [...]* The analysis of Supreme Court case 31 Cdo 684/2020

however, enriched its answer to question 2, where it discussed the interpretative dichotomy between recognizing the clause as a *rozvazovací podmínka* (condition subsequent) or as establishing a right to withdraw.⁹⁶ The model persuasively argued that Czech courts would be more inclined to interpret such clauses as withdrawal rights requiring notification, in line with legal certainty principles.

In answering question 3, the model adopted a practitioner-oriented tone, offering pragmatic advice – such as always issuing a termination notice – to avoid enforceability issues.⁹⁷ This orientation distinguished its response from others, aligning closely with the expectations of legal professionals.

The model accurately presented the hierarchical interpretive framework, discussing both subjective and objective elements in relation to the facts, and citing possible forms of contextual evidence (e.g., pre-contractual emails) as tools for establishing the parties' true intentions.⁹⁸ This application of interpretive tools demonstrated a clear and methodical reasoning process. The model ultimately concluded that the clause would likely be interpreted as conferring a right to withdraw, rather than effecting automatic termination.

Finally, Gemini 2.5 Pro also performed well in the drafting exercise, delivering clear and technically proficient wording across three distinct versions, each accompanied by relevant explanations, demonstrating why each clause would be considered strong and enforceable in a court of law.

3.5 LLAMA 3

Llama 3 is the latest open-source large language model (LLM) developed by Meta, engineered to comprehend and produce human-like text. Building on the foundation of Llama 2 and trained on extensive datasets, it introduces notable enhancements in contextual comprehension, logical reasoning, and the ability to manage longer text sequences. According to its developers, Llama 3 excels at a variety of tasks, including writing, language translation, and question answering.⁹⁹

has been invaluable in understanding the distinction between a right to withdraw and automatic termination. [...]"

⁹⁶ The model provided the following answer to question 2: "*This is the core question, and the answer depends on the interpretation of the parties' intent. The clause is ambiguous and can be interpreted in two primary ways:*

a) As a Resolutive Condition (Rozvazovací podmínka) – Automatic Termination [...] b) As a Contractual Right of Withdrawal (Právo na odstoupení) – Requires Explicit Action [...]"

⁹⁷ The model provided the following answer to question 3: "*[...] A prudent legal expert would advise the contractor to always send a formal, written notice of withdrawal to the client to avoid any ambiguity. Relying on an automatic termination interpretation is risky, as a court might later find that an explicit act was necessary, meaning the contract was never validly terminated.*"

⁹⁸ The model provided the following answer to question 5: "*[...] Scenario 1: Intent for Automatic Termination was Clear: If the contractor could prove, for instance through email correspondence, that they had explicitly stated during negotiations, 'Just to be clear, if you are late by more than 5 days, the contract automatically ends, no questions asked,' and the client had agreed, a court would likely enforce this as an automatic termination based on their shared, known intent. [...]*"

⁹⁹ What is Llama 3? Beginner's Step-by-Step Guide [2025]. In: *GURU* [online]. [cit. 2025-09-05]. Available at: <https://www.getguru.com/reference/what-is-llama-3>.

When prompted, Llama 3 produced a notably brief answer, offering limited analytical depth and a hesitant approach to the interpretive issues raised. Across the first three questions, the model appeared uncertain,¹⁰⁰ providing non-committal answers that lacked doctrinal clarity or determinative reasoning. This tentative approach reduced the reliability of the output and limited its usefulness for legal analysis.

Particularly disappointing was the model's response to the fourth question, where it incorrectly emphasized the primacy of literal interpretation as the starting point under Czech law.¹⁰¹ While this assertion loosely reflects the content of Article 555 of the Czech Civil Code, the reference is imprecise and doctrinally misleading. Article 555 pertains generally to the interpretation of legal acts and is not the principal provision governing contractual interpretation. By prioritizing literal meaning without referencing the hierarchical structure of interpretative methods, and specifically, the initial focus on the parties' mutual intention as outlined in Article 556, the model misrepresented the established legal framework.

Furthermore, the model made a confusing assertion that a court would likely uphold the clause's literal wording unless it resulted in absurdity or significant imbalance.¹⁰² While the responses to the earlier questions were broadly in line with the general consensus among the other models, suggesting that the clause in question would not likely be upheld as constituting automatic withdrawal, this particular statement was potentially misleading and out of sync with Czech judicial practice.

Finally, the model failed to complete the redrafting task, as it currently does not support Czech language output. Instead of providing a revised version of the clause, the model returned an error message.¹⁰³ This inability to fulfill a key part of the prompt further diminished the model's overall performance.

In conclusion, Llama 3 demonstrated a superficial understanding of Czech contract interpretation and failed to deliver the doctrinal accuracy or practical utility required for this exercise. Given these limitations, it was assessed as the weakest performer in the comparative evaluation.

3.6 CLAUDE SONNET 4

Claude is an artificial intelligence assistant developed by Anthropic, designed to perform a broad range of tasks including question answering, writing, data

¹⁰⁰ This emerged from the use of terms such as “the clause *seems* to be a type of rescission clause” in the answer to question 1, “the phrase ‘*dodavatel odstupuje od smlouvy*’ *could* be translated to [...]” in the answer to question 2 and “Given the analysis above [...] it seems that an explicit act or declaration of withdrawal by the contractor would be necessary” in the answer to question 3.

¹⁰¹ The model provided the following answer to question 4: “Czech courts would likely interpret this clause by looking at the literal meaning of the words used (§ 555 NOZ), considering the context and the nature of the contract (§ 556 NOZ), and possibly the prior drafts or negotiations if any ambiguity exists. [...]”

¹⁰² The model provided the following answer to question 4: “[...] Given the clause’s straightforward language regarding withdrawal upon a specific condition (delay longer than 5 days), the court would likely uphold the clause’s literal meaning unless it leads to an absurdity or significant imbalance, particularly if one party is a consumer or in a weaker position.”

¹⁰³ The model provided the following answer to question 6, edited for readability: “I don’t understand Czech yet, but I’m working on it. I will send you a message when we can talk in Czech.”

analysis, mathematics, programming, and creative work. The Claude 4 model family currently includes variants such as Claude Opus 4 and Claude Sonnet 4, the latter being optimized for general-purpose use with a focus on efficiency, speed, and cost-effectiveness.¹⁰⁴

The answers generated by Claude Sonnet 4 were succinct and lacking in analytical depth. While it addressed the core questions posed in the prompt, the response did not demonstrate the doctrinal rigor or structural clarity expected in legal analysis.¹⁰⁵ The overall organization of the answer was fragmented and lacked coherence, detracting from its usefulness in both academic and practical legal contexts.

Substantively, the model did refer to objective interpretation; however, it misattributed this approach to § 555 of the Czech Civil Code instead of the correct § 556 NOZ.¹⁰⁶ This reflects a fundamental inaccuracy in legal referencing, which was not later compensated or corrected in other answers – contrary to what happened with Gemini 2.5 Flash. While the model acknowledged the importance of contextual interpretation, it failed to mention the subjective approach explicitly or accurately. The only indirect allusion to the parties’ intentions appeared in a section labeled “Purpose-Oriented Interpretation”,¹⁰⁷ which made a general observation that courts presume parties aim to create rights and obligations rather than permit automatic legal effects to occur without their knowledge.

When confronted directly with a question concerning the parties’ intention, the model attempted to deduce their likely intent during the drafting process. However, this analysis was not anchored in a systematic interpretive framework and lacked any reference to the hierarchy of interpretive methods or to the combined model (i.e., starting with the subjective approach and shifting to the objective where necessary).¹⁰⁸ Furthermore, there was no discussion of interpretive principles such as *contra proferentem*, good faith, or systemic interpretation, nor were relevant sections of the Civil Code or case law adequately invoked to support the analysis.

¹⁰⁴ This description was provided by interrogating Claude Sonnet 4 and later verified on website: Build with Claude. In: *ANTHROPIC* [online]. [cit. 2025-09-05]. Available at: <https://docs.anthropic.com/en/home>.

¹⁰⁵ The model provided the following answer to question 3: “Yes, an explicit act of withdrawal is required. Under § 556(2) NOZ, withdrawal from contract must be delivered to the other party to be effective. The contractor must: • Make a clear declaration of withdrawal • Deliver this declaration to the client • The withdrawal becomes effective upon delivery (not upon occurrence of the condition).”

¹⁰⁶ The model provided the following answer to question 3: “Czech courts would apply § 555 NOZ principles: • Objective interpretation: Courts would examine what reasonable parties would understand from this wording in the given context. The phrase ‘odstupuje dodavatel’ would be interpreted as creating a contractual right, not an automatic consequence. • Systematic interpretation: The clause would be read in context of the entire contract and applicable legal framework, particularly the mandatory delivery requirement under § 556(2) NOZ. • Purpose-oriented interpretation: Courts recognize that parties typically intend to create rights and remedies, not automatic legal consequences that might occur without their knowledge.”

¹⁰⁷ See note 112.

¹⁰⁸ The model provided the following answer to question 5: “§ 556(1) NOZ context: While this provision allows for conditional contract termination, Czech legal doctrine and case law establish that withdrawal rights must be actively exercised. The provision creates the basis for withdrawal, not automatic termination. Party intention analysis: Courts would likely conclude that reasonable contracting parties intended: • To give the contractor a remedy for non-payment • To require conscious decision-making about contract termination • To ensure the other party receives notice of termination • To avoid situations where contracts terminate without parties’ knowledge”.

Due to the absence of correct legislative references and the model's failure to integrate doctrinal principles into its reasoning, the legal reliability and analytical value of the answer are significantly limited. The response could not have been considered satisfactory or dependable within a professional legal context.

In contrast, the model's performance on the final question concerning redrafting of the clause was somewhat more acceptable. It provided three alternative formulations. The first was simplistic, but suitable; the second was the most comprehensive and aligned best with Czech interpretive standards; the third was ambiguous and unclear, thereby reducing its practical utility. While these options were not without merit, they did not fully compensate for the shortcomings in the model's legal reasoning in the prior sections.

Overall, Claude Sonnet 4 demonstrated only a surface-level engagement with the interpretive framework of Czech private law. Its answers were neither doctrinally robust nor practically reliable, and it did not meet the expected standard for structured, legally sound analysis.

4. CONCLUSIONS

By comparing the outputs of multiple large language models, this study highlights how effective current AI systems understand and apply the Czech legal rules of contract interpretation.

When assessing the models' output, the authors did so with clear expectations in mind. We looked for the models to deliver legally grounded answers to the prompts, integrating the reasoning of the Supreme Court and applying the interpretative criteria and rules outlined in the first part of this paper. In particular, we expected the models to recognize and apply the subjective method of interpretation, to account for its hierarchical relationship with the objective method, and to show a broad and systematic understanding of the interpretative framework. From the results we can infer that while LLMs are capable of identifying the key interpretative elements set out in § 556 of the Civil Code, their ability to carry out doctrinally sound and structured legal reasoning remains uneven. While all models performed relatively well in the contract drafting task, often producing legally plausible and syntactically correct clauses, their interpretation of ambiguous contractual provisions revealed more substantial limitations. These discrepancies reflect how LLMs function at a technical level:¹⁰⁹ rather than reasoning from legal principles, they generate statistically likely language based on patterns learned from large datasets. This allows them to replicate the form of legal argumentation but often without its underlying conceptual rigor, especially when faced with complex or jurisdiction-specific interpretive tasks.

Nevertheless, the study also demonstrates that AI can meaningfully assist in both interpreting and drafting contracts. For example, models such as Gemini Flash 2.5 and

¹⁰⁹ For a *gentle* explanation of how LLM models work see ARBEL, Y. – HOFFMAN, D. A. Generative Interpretation. *New York University Law Review*. 2024, Vol. 99, No. 2, pp. 24 and following.

Gemini 2.5 Pro showed notable strengths in applying Czech interpretive principles, accurately reflecting the structure of the combined interpretative model and emphasizing contextual coherence. Gemini Flash 2.5, in particular, produced the most comprehensive and actionable redrafting of the clause in question, indicating a practical grasp of judicial reasoning and best practices in legal drafting. In contrast, models such as Claude Sonnet 4 and Llama 3 failed to deliver doctrinally reliable answers, often lacking legal precision and analytical depth. Even among top performers, inconsistency or mistakes in legal reasoning, such as the minor inaccuracies exhibited by Gemini 2.5 Flash, despite its otherwise sophisticated analysis, highlight the need for further model refinement and, crucially, sustained human oversight.

These findings offer valuable insights for legal practitioners exploring the integration of AI tools into contract analysis workflows. At the same time, they underscore several persistent limitations that warrant caution. All AI models are susceptible to *hallucinations*, plausible-sounding but incorrect or fabricated content, which continue to fuel skepticism about the institutional use of such tools in legal settings.¹¹⁰ Bias,¹¹¹ limited interpretative nuance, and lack of transparency in data sources¹¹² remain key concerns and should be addressed by practitioners and judges who intend to employ these tools in their legal practice. Additionally, many AI tools do not yet guarantee data confidentiality, raising significant issues regarding privacy and compliance, especially in light of the requirements established under the GDPR and the EU's AI Act.¹¹³

Ultimately, while AI tools cannot replace human legal judgment – particularly in matters involving interpretive discretion, ethical reasoning, or systemic coherence – they already offer tangible value in enhancing the efficiency, clarity, and consistency of contract drafting and analysis. Their proper role is to support and augment legal expertise, by managing routine interpretative tasks, surfacing relevant statutory provisions, and suggesting clearer or more enforceable contractual language, AI allows legal professionals to focus on strategic, normative, and client-specific dimensions of lawyering. As these technologies continue to evolve, the legal community must adapt in parallel – developing frameworks to integrate AI responsibly, not as an autonomous

¹¹⁰ MERKEN, S. New York Lawyers Sanctioned for Using Fake ChatGPT Cases in Legal Brief. In: *Reuters* [online]. 26. 6. 2023 [cit. 2025-09-05]. Available at: <https://www.reuters.com/legal/new-york-lawyers-sanctioned-using-fake-chatgpt-cases-legal-brief-2023-0622/>; GREGORCIC, B. – PENDRILL, A.-M. ChatGPT and the Frustrated Sokrates. *Physics Education* [online]. 2023, Vol. 58, No. 3, pp. 1–9 [cit. 2025-09-05]. Available at: <https://doi.org/10.1088/1361-6552/acc299>; SIONTIS, K. C. – ATTIA, Z. I. – ASIRVATHAM, S. J. – FRIEDMAN, P. A. ChatGPT Hallucinating: Can It Get Any More Humanlike? *European Heart Journal* [online]. 2024, Vol. 45, No. 5, pp. 321–23 [cit. 2025-09-05]. Available at: <https://doi.org/10.1093/eurheartj/ehad766>.

¹¹¹ ARBEL, Y. – HOFFMAN, D. A. Generative Interpretation. *New York University Law Review* [online]. 2024, Vol. 99, No. 2, pp. 50.

¹¹² Many of them contain disclaimers in this sense, see for example Introducing ChatGPT. In: *OpenAI* [online]. [cit. 2025-09-05]. Available at: <https://openai.com/blog/chatgpt>.

¹¹³ REGULATION (EU) 2024/1689 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139, and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797, and (EU) 2020/1828 (Artificial Intelligence Act), (EU) 2024/1689. *Official Journal of the European Union* [online]. L series, 12. 7. 2024 [cit. 2025-09-05]. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=OJ:L_202401689.

legal actor but as a supporting tool, ensuring its use aligns with legal certainty, party autonomy, and the doctrinal integrity of national legal systems.

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