

The AI Freelancer's Contract Kit

By Joe Giler

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Chapter 1: Why Your Pre-AI Contract Template Is Now a Liability

Let me start with something uncomfortable. If you're a freelancer and you still use the contract template you downloaded, borrowed, or adapted somewhere between 2015 and 2022, it probably doesn't describe how you actually work anymore. That doesn't mean it's useless. It means it has holes, and some of them sit exactly where the money and the liability are.

I'm not saying this to scare you into buying a kit. You already bought it. I'm saying it because most freelancers I talk to treat their contract like a smoke detector: installed once, never checked, and trusted to go off when something goes wrong. The problem is that the fire has changed. When you use ChatGPT, Claude, Midjourney, GitHub Copilot, Adobe Firefly, ElevenLabs, or any of the dozens of other AI tools now built into ordinary freelance work, your old contract's promises about originality, ownership, confidentiality and scope may be ones you can't actually keep.

This chapter covers what changed, which clauses in a typical older template are now risky, and how to audit and fix yours. The rest of the kit gives you full replacement language. This chapter is about seeing the problem clearly first.

Plain disclaimer, because it matters here: I'm a freelancer and business operator, not a lawyer. Nothing in this kit is legal advice. Contract law varies by country, state and province, and the law around AI and copyright is still moving. Use this kit to understand the issues and draft smarter, then have a qualified attorney in your jurisdiction review your final contract, especially before you sign anything involving large sums, IP transfers, or indemnities.

What Your Old Template Assumed About the World

Every contract carries assumptions about how the work gets made, even if it never says them out loud. Most freelance templates written before generative AI went mainstream quietly assumed four things:

1. **A human made every part of the deliverable.** The writer wrote every sentence. The designer drew every element or licensed it from a stock library with clear terms. The developer wrote the code or pulled it from open-source libraries with known licenses.
2. **Because a human made it, the freelancer owned copyright in it and could transfer that copyright.** This is the foundation of every "work made for hire" and "assignment of rights" clause you've ever signed.
3. **Time roughly tracked effort, and effort roughly tracked value.** A 2,000-word article took X hours. A logo took Y rounds. Hourly rates and day rates made sense because nobody could produce a first draft in 90 seconds.
4. **Client confidential information stayed between the two of you,** plus maybe a subcontractor you'd named. Nobody was pasting the client's unreleased product roadmap into a third-party software service that might store it, log it, or, depending on settings and terms, use it to improve its models.

All four of those assumptions are now shaky. When the assumptions under a contract break, the contract doesn't fail loudly. It fails quietly, and usually at the worst moment: when a client is unhappy, a dispute starts, or a third party shows up with a complaint.

The Copyright Problem, Stated Honestly

This is the biggest structural change, so let's be precise about it and not overstate it.

In the United States, the Copyright Office has taken the position that copyright protects works of human authorship. Material generated by an AI system, where the human didn't determine the expressive elements, isn't registrable on its own. The Office said this in its registration guidance issued in March 2023 and developed it further in its January 2025 report on copyrightability, which was part of its broader series on copyright and AI. Courts have backed the human-authorship requirement too. The *Thaler v. Perlmutter* case, where someone tried to register a work listing an AI system as the author, was rejected at the district court level, and that rejection was affirmed on appeal in 2025.

The well-known *Zarya of the Dawn* decision from 2023 is the practical example most freelancers should know. The Copyright Office allowed protection for the human-written text and for the human selection and arrangement of the comic book, but not for the individual Midjourney-generated images themselves.

What this means in plain English:

- **Human contributions can still be protected.** That includes your writing, your edits, your creative selection and arrangement, and your substantial modifications to AI output.
- **Purely AI-generated portions may not be protected by copyright at all** in the US. How much human input it takes to cross the line is still being worked out case by case. Nobody has a clean formula.
- **Other countries treat this differently.** The UK has a provision for "computer-generated works" in its copyright statute, and that provision is itself being reconsidered. Other jurisdictions have their own approaches. If your clients are international, this gets messy fast.

Now look at the typical IP clause in an older freelance template:

"Upon full payment, Contractor assigns to Client all right, title and interest, including all copyrights, in and to the Deliverables. Contractor represents and warrants that the Deliverables are original works of Contractor and that Contractor has full right to assign them."

See the problem? If part of your deliverable is AI-generated, you may be promising to transfer copyright that doesn't exist. You're also warranting that you're the original author of material you didn't author in the legal sense. In most everyday projects nobody will ever test this. But if the client later tries to register the work, enforce it against a copier, sell the company (where due diligence lawyers ask exactly these questions), or gets sued, that sentence can become the reason the client comes after you.

The fix isn't to hide your AI use. The fix is to promise what's true: you assign whatever rights you hold, you disclose how AI was used, and you're clear about what's protectable and what may not be.

The Seven Clauses Most Likely to Hurt You

Here's the audit list. Pull out your current contract and check each of these. I'll explain why each one is a problem now and what better language does. Full replacement clauses show up in later parts of this kit.

1. The Blanket Originality Warranty

Old language usually says something like: "Contractor warrants that all Deliverables are original, created solely by Contractor, and do not infringe any third-party rights."

Why it's a liability now: "Created solely by Contractor" is simply false if you used AI generation in the work. "Do not infringe any third-party rights" is an absolute guarantee. Before AI, you could reasonably stand behind it for your own work. Now you're using tools trained on huge amounts of data, and several of those companies are defending themselves in copyright lawsuits brought by authors, news organizations, visual artists and stock image companies. Those suits are ongoing and I won't pretend to know how they'll end. You can't personally guarantee that a tool's output never reproduces protected material, because neither can the tool vendor. Read the terms of service. Most of them explicitly disclaim that guarantee.

What better language does: It limits the warranty to your knowledge and your own conduct. For example: you warrant that you didn't knowingly copy third-party material, that you used AI tools in line with their terms of service, and that you applied reasonable review. Some freelancers also note which tools offer IP indemnities to their commercial users. Adobe, for example, has marketed indemnification for certain Firefly enterprise customers, and several large AI vendors have announced copyright protections for some paid business tiers. Those vendor protections usually apply to the vendor's direct customer under specific conditions, not automatically to your client. Don't promise your client coverage you don't have. Read the actual terms of your specific plan.

2. The Unconditional IP Assignment

Old language: "Contractor hereby assigns all intellectual property rights in the Deliverables to Client" (often paired with a "work made for hire" designation).

Why it's a liability now: There are two separate problems.

- First, as covered above, you may be assigning rights that don't exist in the AI-generated portions. Pair that with a strong warranty and you've written the client a claim against you.
- Second, many older templates assign IP *immediately on creation* ("hereby assigns"), not on payment. That hands the client ownership before you've been paid, which wrecks one of your best collection tools. More on that in Chapter 2.

There's a quieter third problem too. "Work made for hire" has a specific legal meaning under US copyright law. For independent contractors, it only applies to certain categories of work and only with a written agreement. Many templates slap the label on everything. It doesn't automatically do what people think, which is why well-drafted contracts include a backup assignment. Ask your attorney whether your template handles this properly.

What better language does: It assigns "all rights Contractor holds, to the extent such rights exist." It makes the transfer conditional on full payment. It includes an AI-use disclosure so the client knows which elements may carry limited protection. It also carves out your pre-existing tools, templates, prompts, code snippets and workflows, so you don't accidentally hand over the reusable system you built to do the job.

3. The Confidentiality Clause That Ignores Your Tool Stack

Old language: "Contractor shall not disclose Client's Confidential Information to any third party without prior written consent."

Why it's a liability now: When you paste a client's internal documents, customer data, source code or strategy memo into an AI tool, are you disclosing it to a third party? Arguably, yes. The AI provider processes it on its servers. Depending on the product, plan and your settings, it may retain that data for a period, and consumer

tiers of some products have used conversation data for model training unless you opted out. Business and enterprise tiers typically offer stronger commitments. The details differ by vendor and change over time, so you need to check the current data-use terms for every tool you actually use.

If your contract says "no disclosure to third parties without consent" and you've been feeding client material into a consumer AI account with training enabled, you may already be in breach. If that data includes personal information about the client's customers, you may also be pulling your client into privacy law obligations, such as GDPR in Europe or state privacy laws in the US, that neither of you planned for.

What better language does: It names the categories of tools you use (or the specific tools), states your data-handling practices (for example, "Contractor uses business-tier accounts with model training disabled where the vendor offers that option"), and gets the client's written consent up front. It also gives the client a way to mark certain material as "no AI processing," which some clients will absolutely want. Then, and this is the part people skip, you actually follow it.

4. Hourly or Day-Rate Pricing Language

Old language: "Client shall pay Contractor \$X per hour for services rendered, invoiced based on time records."

Why it's a liability now: This one hurts your income, not your legal exposure. If AI cuts a task from six hours to two, hourly billing hands the whole productivity gain to the client. You got faster and you got paid less for it. Worse, some clients now expect AI-driven price cuts and will ask you to justify every hour ("couldn't ChatGPT do this in ten minutes?").

There's also a truthfulness issue. If you bill hourly and pad hours to make up for AI speed, you're misrepresenting your time. Don't do that. It's dishonest, and if a dispute ever pulls your time records into view, it's a disaster.

What better language does: It moves you to project-based, deliverable-based or value-based pricing wherever you can, with hourly kept only for open-ended advisory or support work. The contract prices the outcome: "One 2,500-word long-form article including research, drafting, fact-check, and one revision round: \$X." How fast you

produce it is your business. Your expertise, judgment, quality control and accountability are what the client pays for.

The hard truth here: project pricing only works if your scope is tight. That's the next clause.

5. Vague Scope and Unlimited Revisions

Old language: "Contractor will provide website copy for Client's new site. Revisions will be made until Client is satisfied."

Why it's a liability now: AI made revisions feel cheap, so clients ask for more of them. "Can you just try ten more versions of the tagline?" "Can you regenerate the hero image in a few more styles?" "Let's see what it looks like in a different tone." Each request feels small. Together they eat your margin alive. "Until Client is satisfied" is an open-ended commitment that gives the client a veto over when you get paid.

Scope creep has another AI-era version: clients sending you their own AI-generated drafts to "just polish." That can be real work, sometimes more than writing from scratch, because you're untangling confident nonsense. If your scope says "editing" and doesn't define it, you'll end up doing a full rewrite at an edit price.

What better language does: It defines the deliverable concretely (word counts, page counts, number of concepts, file formats, pages, features). It specifies a fixed number of revision rounds and defines what one round is (one consolidated set of feedback, delivered in one document, within X business days). It states the price for extra rounds. It explicitly addresses client-supplied drafts, including AI-generated ones, and says whether heavy rewriting is billed separately.

6. The Uncapped Indemnity

Old language: "Contractor shall indemnify, defend and hold harmless Client from any and all claims, damages, losses and expenses arising out of or relating to the Deliverables or Contractor's services."

Why it's a liability now: Read that sentence again. "Any and all claims... arising out of or relating to." No cap. No limit to claims caused by your own fault. If a client's marketing campaign using your AI-assisted copy draws a complaint from a regulator, a competitor, or a rights holder, this clause arguably makes you responsible for all of it, including their lawyers' fees. You might be paid \$1,500 for the project and carry unlimited downside.

Many freelancers sign these because big clients push their own paper (their own contract template) and the indemnity is buried on page 9. With AI in the mix, the chance that some third party claims your deliverable infringes something is no longer purely theoretical.

What better language does: It limits your indemnity to claims caused by your own breach, negligence or willful misconduct. It excludes claims arising from client-supplied materials, client modifications, or the client's own use of AI tools. It caps your total liability, commonly at the fees paid under the contract, or some multiple of them if the client insists. It makes indemnity mutual where that's fair: the client indemnifies you for materials they provide.

Will every client accept a cap? No. Large companies sometimes refuse. At that point you have a business decision to make, and you should consider professional liability insurance (often sold as errors and omissions, or E&O). Premiums vary a lot by profession, revenue and coverage limits. Get quotes and read the policy for AI-related exclusions, because some insurers have started adding or clarifying them.

7. Silence About the Client's Own AI Use

Old language: Nothing. Older templates don't address it at all.

Why it's a liability now: Clients use AI too. They'll take your delivered brand guidelines and feed them into a tool to churn out 200 social posts. They'll run your code through Copilot and change it. They'll feed your illustration into an image model to generate "variations." Then, when something goes wrong, the question is whose work caused the problem.

There's also a portfolio question. Some clients now insist on "no AI" in their work, sometimes for good reasons: their industry, their brand, their own customers'