

Facebook Agrees to Record \$5 Billion Settlement with FTC on Privacy Practices

Multiple media outlets are reporting today that the Federal Trade Commission has agreed to settle its case against Facebook on its privacy practices for \$5 Billion.

The Wall Street Journal reports that the vote by FTC commissioners was 3-2 in favor of accepting the agreement and split along party lines with the Republican majority favoring the settlement. According to **The Wall Street Journal**, the matter next goes to the Justice Department's civil division for final review.

According to the **Mercury News**, assuming reports are correct, this will be the largest fine imposed to date by the U.S. government on a tech company. **The Washington Post** reports that the fine is more than 200 times higher than any previous fine.

Interestingly enough, **The Wall Street Journal** is reporting that the fine obtained by the FTC exceeds what the European Union could have obtained under its privacy laws.

The Washington Post predicts that the settlement will impose serious consequences on Facebook that go far beyond just a \$5 billion fine. However, **The Washington Post** acknowledges that the dissenting commissioners opposed the settlement because they wanted some assessment of personal liability against CEO Mark Zuckerberg; commissioners reportedly decided to accept a settlement without any such assessment in order to ensure that the matter did not end up in litigation.

While controversial, the FTC's enforcement action in this matter still sets a significant precedent for the software

industry with respect to the consequences of not protecting data uploaded to or generated by software. Software companies are on notice: the FTC is closely following your privacy practices and may assess fines in the billions of dollars against you if you fail to take sufficient steps to protect user data.

Silicon Valley IP Licensing News Brief March 31, 2009

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Facebook Adopts Townhall Format to Allow Users to Comment and Vote on New Statement of Rights and Responsibilities

Facebook has decided to obtain user input on the terms and conditions comprising its new statement of rights and responsibilities, as the Silicon Valley IP Licensing Law Blog reported in the following blog post:

<http://www.siliconvalleyiplicensinglaw.com/facebook-adopts-townhall-format-to-allow-users-to-comment-and-vote-on-new->

Facebook Reverses Decision and Announces Temporary Return to Prior Terms and Conditions

Facebook has reversed its unpopular decision to change its content licensing policy and other terms and conditions in response to pressure from users and commentators on the Internet, as the Silicon Valley IP Licensing Law Blog explained in the following blog post:

<http://www.siliconvalleyiplicensinglaw.com/facebook-reverses-decision-and-announces-temporary-return-to-prior-terms-and-conditions/>

Facebook Licensing Controversy Prompts Public to Take Closer Look at Social Networking Site Terms and

Conditions

Facebook set off a controversy by amending its terms and conditions to permit broad commercialization of content on its website. The Silicon Valley IP Licensing Law Blog explored this controversy and the amended licensing terms in the following blog post:

<http://www.siliconvalleyiplicensinglaw.com/facebook-licensing-controversy-prompts-public-to-take-closer-look-at-social-networking-site-terms-and-conditions/>