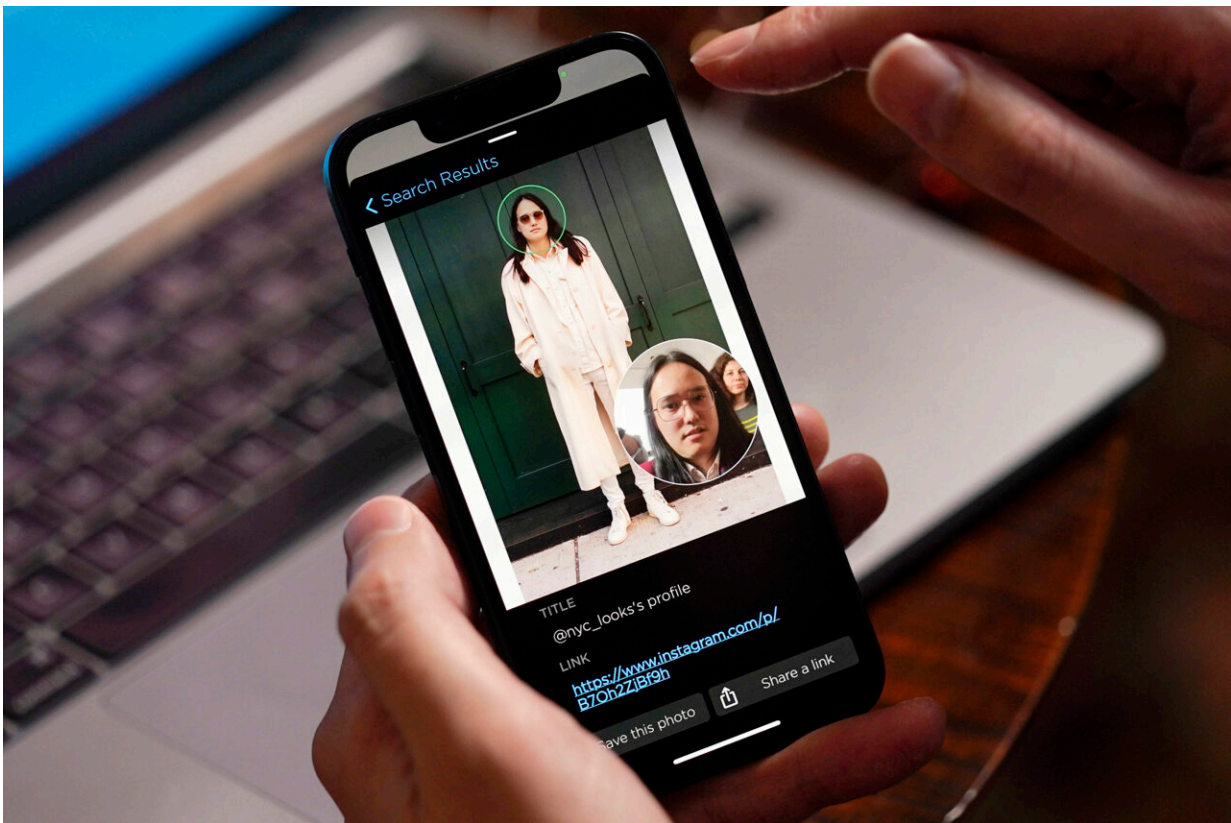


Facial recognition startup Clearview AI settles privacy suit

June 22 2024, by Kathleen Foody



Hoan Ton-That, CEO of Clearview AI, demonstrates the company's facial recognition software using a photo of himself in New York on Tuesday, Feb. 22, 2022. Facial recognition startup Clearview AI has reached a settlement in a lawsuit alleging its massive collection of images violated the subjects' privacy rights. Attorneys estimate the deal could be worth more than \$50 million. Credit: AP Photo/Seth Wenig, File

Facial recognition startup Clearview AI reached a settlement Friday in an Illinois lawsuit alleging its massive photographic collection of faces violated the subjects' privacy rights, a deal that attorneys estimate could be worth more than \$50 million.

But the unique agreement gives plaintiffs in the federal suit a share of the company's potential value, rather than a traditional payout. Attorneys' fees estimated at \$20 million also would come out of the [settlement](#) amount.

Judge Sharon Johnson Coleman, of the Northern District of Illinois, gave preliminary approval to the agreement Friday.

The case consolidated lawsuits from around the U.S. filed against Clearview, which pulled photos from social media and elsewhere on the internet to create a database it sold to businesses, individuals and government entities.

The company settled a separate case alleging violation of privacy rights in Illinois in 2022, agreeing to stop selling access to its database to private businesses or individuals. That agreement still allowed Clearview to work with federal agencies and local law enforcement outside Illinois, which has a strict digital privacy law.

Clearview does not admit any liability as part of the latest settlement agreement.

"Clearview AI is pleased to have reached an agreement on this [class action settlement](#)," James Thompson, an attorney representing the company in the suit, said in a written statement Friday.

The lead plaintiffs' attorney Jon Loevy said the agreement was a "creative solution" necessitated by Clearview's financial status.

"Clearview did not have anywhere near the cash to pay fair compensation to the class, so we needed to find a creative solution," Loevy said in a statement. "Under the settlement, the victims whose privacy was breached now get to participate in any upside that is ultimately generated, thereby recapturing to the class to some extent the ownership of their biometrics."

It's not clear how many people would be eligible to join the settlement. The agreement language is sweeping, including anyone whose images or data are in the company's database and who lived in the U.S. starting on July 1, 2017.

A national campaign to notify potential plaintiffs is part of the agreement.

The attorneys for Clearview and the plaintiffs worked with Wayne Andersen, a retired federal judge who now mediates legal cases, to develop the settlement. In court filings presenting the agreement, Andersen bluntly writes that the startup could not have paid any legal judgment if the suit went forward.

"Clearview did not have the funds to pay a multi-million-dollar judgment," he is quoted in the filing. "Indeed, there was great uncertainty as to whether Clearview would even have enough money to make it through to the end of trial, much less fund a judgment."

But some privacy advocates and people pursuing other [legal action](#) called the agreement a disappointment that won't change the company's operations.

Sejal Zota is an attorney and legal director for Just Futures Law, an organization representing plaintiffs in a California suit against the company. Zota said the agreement "legitimizes" Clearview.

"It does not address the root of the problem," Zota said. "Clearview gets to continue its practice of harvesting and selling people's faces without their consent, and using them to train its AI tech."

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Citation: Facial recognition startup Clearview AI settles privacy suit (2024, June 22) retrieved 28 June 2024 from

<https://techxplore.com/news/2024-06-facial-recognition-startup-clearview-ai.html>

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