

Viacom, YouTube air dirty laundry in legal battle

March 18 2010, By MICHAEL LIEDTKE , AP Technology Writer



This image shows the YouTube Web site Thursday March 18, 2010, in Los Angeles. Court documents unsealed Thursday as part of a 3-year-old copyright lawsuit against the online video leader reveal YouTube founders' views on copyright, and Viacom's desire to buy the the site before getting beat out by Google. (AP Photo/Richard Vogel)

(AP) -- Viacom Inc. and Google Inc.'s YouTube site began airing each other's dirty laundry Thursday, providing a tantalizing peek at the wheeling and dealing that triggered a bitter battle over the copyright laws governing the Internet.

The previously [confidential information](#) came out as part of the evidence in a [copyright](#) lawsuit that [Viacom](#) filed against [YouTube](#) in 2007 for alleged [copyright infringement](#) of "The Colbert Report," "The Daily Show" and other shows.

The sensitive documents were unsealed because Viacom and YouTube are both trying to persuade U.S. District Judge Louis Stanton to decide the case without a trial.

Both YouTube and Viacom are getting muddled in the process.

Internal YouTube e-mails depict at least one of the company's founders as a video pirate and suggest the Web site's employees were more interested in getting rich quick than adhering to copyright laws.

Other records show Viacom wanted to buy YouTube at least seven months before it filed its lawsuit and often used the Web site to promote the shows on its cable TV stations.

[Google](#) bought YouTube for \$1.76 billion in November 2006, but not before Viacom made a last-ditch effort to persuade Google to team up in a joint bid for the Web's leading video site, according to the court documents. A few months later, Google offered to pay Viacom \$590 million for licensing rights to video, according to the records.

Viacom, the owner of Paramount Pictures and cable TV channels that include Comedy Central, instead sued Google and YouTube in a complaint seeking more than \$1 billion in damages.

The media company alleges that YouTube allowed copyright-protected clips to appear on its Web site in its early days to attract a bigger audience. YouTube maintains it has always obeyed online copyright laws, which generally protect service providers from copyright claims as long as they didn't post the infringing material themselves and promptly remove it when notified about a violation.

But an e-mail exchange among YouTube co-founders Chad Hurley, Steve Chen and Jawed Karim showed there were in-house copyright

abuses.

"Jawed, please stop putting stolen videos on the site," Chen wrote in the July 19, 2005, e-mail. "We're going to have a tough time defending the fact that we're not liable for the copyrighted material on the site because we didn't put it up when one of the co-founders is blatantly stealing content from other sites and trying to get everyone to see it."

In a statement after the documents were unsealed, YouTube said Chen's e-mail was referring to some aviation videos that had been making the rounds on the Web. "The exchange has nothing to do with supposed piracy of media content," YouTube said.

Karim left YouTube before Google bought it in 2006. But he kept YouTube e-mail on his personal computer, enabling Viacom to obtain correspondence that Hurley had said he lost, according to court documents.

In a July 29, 2005 e-mail, Chen advised Hurley and Karim to "steal it" in an apparent reference to an unidentified movie clip, according to the court documents.

"We have to keep in mind that we need to attract traffic," Chen wrote after Hurley asked if he was talking about movies. "How much traffic will we get from personal videos?"

YouTube was still in a testing, or "beta," phase at the time Chen wrote his e-mails. The site didn't drop the beta tag until December 2005 when the YouTube was processing about 6,000 video clips. It now hosts more than 500 million videos, according to the court documents.

Google had its own copyright reservations about YouTube before it struck a deal. Internal documents obtained by Viacom quote Google

executives describing YouTube as "a 'rogue enabler' of content theft" and warning the site "is completely sustained by pirated content."

Viacom was sizing up YouTube as a takeover target before it launched its legal attack against YouTube.

MTV Networks, the division overseeing Viacom's cable TV operations, made the case for a YouTube bid in a July 2006 presentation.

"We believe YouTube would make a transformative acquisition for MTV Networks/Viacom that would immediately make us the leading deliverer of video online," Viacom's review said.

Viacom also hailed YouTube as "the dominant platform" for Web video and worried that the site would end up being sold to News Corp.'s MySpace. The documents didn't mention how much Viacom might have been willing to pay for YouTube.

The presentation was drawn up by Adam Cahan, an MTV Networks executive vice president. Cahan had left Google earlier in 2006 to work for Viacom.

Just a few days before Google announced its YouTube deal, Cahan tried to persuade his old employer to make a joint bid. "The idea would be: Viacom and Google buy YouTube," Cahan wrote in an Oct. 6, 2006, e-mail to Susan Wojcicki, Google's vice president of product management and the sister-in-law of Google co-founder Sergey Brin.

Since Google took over, YouTube has struck licensing deals with many media companies, which now get a cut of revenue from ads shown on the video site.

YouTube won over much of the professional media by working with

another Silicon Valley company, Audible Magic, to develop technology that automatically detects video and audio claimed by its copyright owners.

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