

Litigation

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Steve Wozniak Gets Second Chance to Sue YouTube for Bitcoin Scam

By Maia Spoto

Documents

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 - YouTube verification badges could be platform's own speech

Apple Inc. co-founder Steve Wozniak's claim that YouTube verification badges render YouTube liable for a Bitcoin scam could stand against a sweeping federal law that shields online platforms from lawsuits, a California appeals court ruled.

Associate Justice Charles E. Wilson for California's Sixth Circuit Court of Appeal cited precedent that says a website can be held responsible for content it distributes if it users are required to provide that content, or if the platform itself creates the content, according to a March 15 published opinion.

The ruling could define new limits for a federal law—Section 230 of the Communications Decency Act—designed to promote the growth of the internet by shielding online platforms from liability for third-party content it publishes. Critics say the law has been interpreted too expansively.

Wozniak's case could be compared to a US Court of Appeals for the Ninth Circuit holding that a roommate-matching website was liable for personal information, such as gender and sexual orientation, that users were required to provide for their profile pages, Wilson said.

Wozniak had argued before a panel of judges in January that YouTube played a part in a scam that altered videos of him and other tech icons to promote a phony Bitcoin giveaway. YouTube awarded verification badges—checkmarks next to a user's name to signify that the account really belongs to that user—to accounts that ran the scam videos.

"It can reasonably be inferred from these allegations that YouTube is wholly responsible for creating the information concerning the authenticity of the channel owners in the verification badges," Wilson wrote. "Unlike the scam videos themselves, the third-party scammers did not create or develop the verification badges—defendants allegedly did."

The hoax also used videos of other celebrities, such as Tesla Inc. CEO Elon Musk and Microsoft Corp. co-founder Bill Gates, Wozniak's suit said.

The appeals court sent the case back to trial court for Wozniak to amend his claims related to verification badges. The second amended complaint didn't allege specifically how the badges materially contributed to the scam, the appeals court wrote.

Cotchett, Pitre & McCarthy LLP is representing Wozniak. Wilson Sonsini Goodrich & Rosati is representing YouTube.

The case is Wozniak v. YouTube, LLC, Cal. Ct. App., 6th Dist., No. H050042, published opinion 3/15/24.

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