

Background Information ahead of judgement: Irish High Court to rule on Facebook & US surveillance case

Warning: This is a highly complex case. We have therefore prepared a summary of the case. This document was written, before the judgement by the High Court was delivered today at 10:30 (11:30 CET). At the end of this document you can find a "common misunderstandings" section. Please check [@maxschrems](#) for updates and [click here](#) for a first statement.

US Surveillance. US surveillance laws (like FISA 702 and EO 12.333) and US surveillance programs disclosed by *Edward Snowden* (like "[PRISM](#)" and "[Upstream](#)") allow the US government legally and factually to access data from large US tech companies, such as Apple, Facebook or Microsoft.

Facebook's EU-US data transfers. Facebook operates its international business outside of the United States and Canada via a separate company in Ireland called "Facebook Ireland Ltd". 85,9% of all worldwide Facebook users (everyone except USA and Canada) are managed in Dublin ([Link](#)), which is understood to be part of Facebook's tax avoidance scheme.

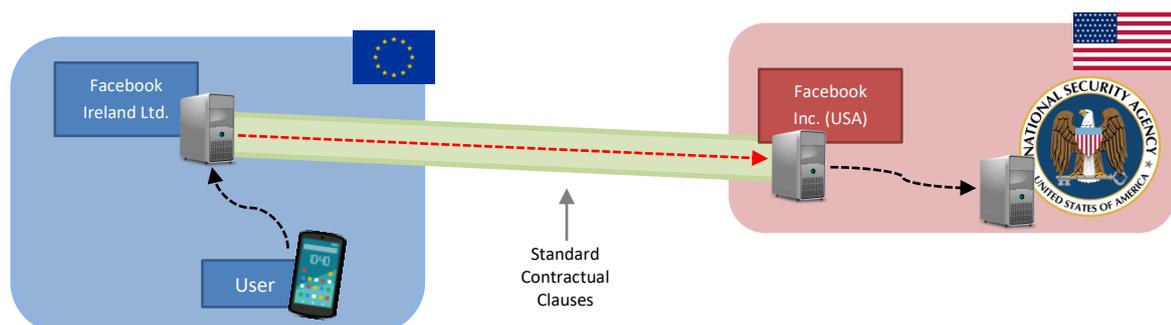
Facebook currently sends all user data to its parent company, "Facebook Inc." in the United States for processing. European law (Articles 25 and 26 of Directive 95/46/EC) requires that data can only be transferred outside of the EU if the personal data is "*adequately protected*". This is in conflict with US mass surveillance laws, which "Facebook Inc." in the USA is subject to.

Max Schrems: "*In simple terms, US law requires Facebook to help the NSA with mass surveillance and EU law prohibits just that. As Facebook is subject to both jurisdictions, they got themselves in a legal dilemma that they cannot possibly solve in the long run.*"

Standard Contractual Clauses. EU law in principle prohibits all data transfers outside of the EU, where the strict EU privacy laws do not apply. To still allow necessary data flows, there is a number of exceptions to this principle, that expand EU law through a B2B contract.

- One exception was "Safe Harbor", which Facebook used before it was invalidated by the CJEU.
- Another exception are "Standard Contractual Clauses" ("SCCs", also called "*Model Clauses*") which a non-EU company can sign to receive data from the EU ([official EU info page](#)). Facebook is currently using SCCs between "Facebook Ireland" and "Facebook Inc." [[Facebook's SCCs](#)].

All contractual systems have an "*emergency clause*" built in (Article 4 of the SCCs). This clause allows the local data protection authority (the DPC in this case), to stop data flows, even if SCCs are in place, whenever there is a conflicting law in a foreign country (in this case US surveillance laws).



Positions of Parties. The three parties of the procedure took the following principle positions:

- Mr *Schrems* is of the view, that a 'targeted solution' is available and a reference to the CJEU is not necessary. The Irish DPC could have used Article 4 of the "Standard Contractual Clauses" decision to stop the specific data sharing of Facebook only. Mr Schrems has never taken any issue with the system of "Standard Contractual Clauses"
- The Irish *Data Protection Commissioner* took the view that there is a larger, systematic issue concerning SCCs. The DPC took the view, that as the validity of the SCCs is at stake the case should therefore be referred to the CJEU. Contrary to Mr Schrems' view, the DPC felt, that it cannot utilize Article 4 of the SCCs, as this would be an unfair treatment of Facebook.
- *Facebook* was in substance of the view, that there is no problem concerning US surveillance laws. Consequently there is no need for a reference and Facebook does not violate EU fundamental rights by transferring data to the United States. It also took the position that, even if there would be a problem, US surveillance falls under the exception of EU law for "national security".

Max Schrems: *"I am of the view the Standard Contractual Clauses are perfectly valid, as they would allow the DPC to do its job and suspend individual problematic data flows, such as Facebook's. It is still unclear to me why the DPC is taking the extreme position that the SCCs should be invalidated across the board, when a targeted solution is available. The only explanation that I have is that that they want to shift the responsibility back to Luxembourg instead of deciding themselves."*

History of the Case. The case is based on a complaint, filed by Mr Schrems against Facebook in 2013:

- The case is based on a complaint [[PDF](#)] brought by Mr Schrems against Facebook Ireland Ltd. before the Irish Data Protection Commissioner ("DPC") in 2013 (4 years ago).
- The DPC first refused to investigate the complaint, calling it "*frivolous*", but Mr Schrems subsequently succeeded before the CJEU, which overturned the "Safe Harbor" (a EU-US data sharing system) in 2015 [case [C-362/14](#)] and ruled that the DPC must investigate the complaint.
- After the invalidation of "Safe Harbor", Facebook used another legal tool to transfer data outside of the EU, called "*Standard Contractual Clauses*" (SCCs) [[Facebook's SCCs - PDF](#)].
- SCCs are a contract between Facebook Ireland and Facebook USA, where Facebook USA pledges to follow EU privacy principles [[official EU Info Page](#)].
- The case subsequently continued with an updated complaint [[PDF](#)] in 2015. The Irish DPC joined Mr Schrems view that the SCCs cannot overcome fundamental problems under US surveillance laws, and specifically agreed that there is no proper legal redress in the United States in such cases. Other issues raised in Mr Schrems complaint have not been investigated yet.
- The DPC refused to use its power to suspend data flows of Facebook as asked by Mr Schrems.
- Instead of only prohibiting Facebook's EU-US data transfers under Article 4 of the SCCs, the DPC took the unusual move of issuing proceedings against Facebook Ireland Ltd. and Mr Schrems before the Irish High Court. In the procedure the DPC aims to invalidate the SCCs entirely by referring the case to the European Court of Justice (CJEU) in Luxembourg.
- The case was heard for five Weeks in February 2017. The United States Government was joined as an "amicus" to the case, along two industry lobby groups and the US privacy non-profit "EPIC".

Common Misunderstandings. There are a number of misunderstandings regarding this case. We have tried to address the most relevant issues:

- Separate “Class Action”: There is separate case on an Austrian “class action” pending before the CJEU between Mr Schrems and Facebook Ireland. This is a wholly different case, which was referred by the Austrian Supreme Court and is not connected to this case at the Irish High Court. Today’s case was initiated by the Irish DPC against Facebook and Mr Schrems.
- “All EU-US data flows challenged”: Not all EU-US data flows are under challenge. The situation is specifically problematic regarding US companies that are “*electronic communication service providers*”, because the relevant law (FISA 702) only applies to them. Most “normal” businesses (like trade in goods and services and alike) do not fall under such US surveillance laws and there is therefore no direct conflict with EU laws. The problem is however similar for most other large US technology providers that provide IT outsourcing services (e.g. “cloud services”) to the EU.

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