

## Facebook Buys Face-Swapping App Masquerade

By **Matthew Perlman**

*Law360, New York (March 10, 2016, 1:00 PM ET)* -- Masquerade Technologies Inc., which makes the face-swapping app MSQRD and developed the technology behind it, said Wednesday that it has been purchased by Facebook Inc., as the social networking giant continues to build out its creative and video features.

Terms of the deal were not disclosed.

Masquerade's tools allow users to apply filters, masks and special effects to live videos, including overlays that make the subjects look like celebrities. In a statement on the company's website, Masquerade CEO Eugene Nevgen, said that the use of video for communications is exploding in popularity, and that Masquerade has been working hard to make the experience more fun. Teaming with Facebook, he said, will bring their product to more people than he ever imagined.

"At Masquerade, we've worked hard to make video more fun and engaging by creating filters that enhance and alter your appearance. Now, we're excited to join forces with Facebook and bring the technology to even more people," Nevgen said in a statement. "This is a scale of audience we never imagined was possible."

MSQRD will continue to be available as a standalone app, Nevgen said, and should expect some new features.

Facebook said that key members of Masquerade's team, including its founders, Nevgen, Sergey Gonchar and Eugene Zatepyakin, will join the company in its London office following the acquisition. In a statement, Facebook praised Masquerade's technological developments and said they would be used to expand its video offerings.

"Masquerade has built a fantastic app, MSQRD, with world-class imaging technology for video. We're excited to welcome Masquerade to our team and continue enhancing the Facebook video experience," a Facebook spokesman said in a statement.

Masquerade was founded in 2015, but the company said it has been working on its proprietary self-learning face tracking algorithm and a special effects platform since 2010. The company had previously been invested in by venture capital outfit Gagarin Capital, Masquerade said.

Facebook has been building out creative tools for its users over the past year or so, including the ability

to add stickers, text and filters to photos. Masquerade's technology could enable similar features for video, which has been another area of focus for the social networking platform.

The company started to roll out a live video feature late last year, allowing users to broadcast video of themselves to friends. Earlier in 2015, Facebook introduced video calling to its Messenger app.

In 2012 Facebook nabbed the trendy photo-sharing app Instagram in a \$1 billion in cash and stock deal. In 2014 the company shelled out a whopping \$19 billion for mobile messaging service WhatsApp.

Facebook was represented in the Masquerade purchase by Fenwick & West LLP, with a team including Greg Roussel, Luis Bacalao, Gilad Yacubovich, Jeremy Kazzaz, Scott Spector, Laura McIntyre, Hans Andersson, Ralph Pais, Michael Riskin, Adam Halpern, Larissa Neumann and Julia Ushakova-Stein.

Masquerade was represented by Cooley LLP, with a team including Kevin Rooney, Peter Burns, Eric Malis, Kristin Leavy, David Wittenstein, Laura McDaniels, Camille Formosa and Jonathan Rivinus.

--Additional reporting by Karlee Weinmann and Liz Hoffman. Editing by Rebecca Flanagan.