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# Half a Billion in Damages for IP Claims

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Facebook is the latest company suffering from a large verdict due to an [intellectual property claim](#). Now Facebook is facing the prospect of paying a judgment to the plaintiffs of \$500 million. This is a huge sum to pay, and it is rare for a court verdict to be so large, but it is not rare for a company to face these kinds of lawsuits after being acquired by a larger company with deep pockets.

According to reports, this case began when top executives left a virtual reality company named ZeniMax to start their own company, Oculus VR. Then, soon after leaving, Facebook bought Oculus VR for over \$2 billion. The court case was over whether the top executives took protected intellectual property with them when they left, and whether it damaged the original company.

After a protracted litigation, the case ended with a jury handing Facebook (as the acquiring company) a verdict of \$500 million. The winning claims against Facebook and Oculus VR were that the executives violated non-disclosure agreements, infringed copyright laws, and improperly used Zenimax trademarks. Of course Facebook is going to appeal the result of the case, but overturning a jury's verdict is difficult to do.

## Due Diligence and Unwanted Baggage

There are several lessons that any business can take away from this case. First, that when one company acquires another, they not only acquire the assets and positive parts of a company, but the bad parts as well. This includes existing liabilities the company may or may not know about. In fact, an acquiring company is not in the clear until all the applicable statutes of limitations have run, after taking over a company.

Another lesson is that these kinds of cases are common. The dream of many small companies is to be one day bought by a bigger fish in the sea. Those big fish who are out buying companies to improve their own, limit competition, or other reasons, have deep pockets. The first rule of plaintiff's law is to look for a company, person, or thing with deep pockets. This is a general consideration in acquiring any company.

A more important lesson from this case is the actual [process of acquiring a new company](#) and what that entails. Mergers and acquisitions is a complex and challenging area of law. It takes a level of technical knowledge, experience, and ability that is not found in every law office around. It is so complex and challenging because of the number of laws, rules, regulations, and statutes involved in most transactions. But even more than this are the implications that come into play when merging or acquiring.

Those implications and considerations include liability from former company's, employees, as well as state, federal, and local compliance. Doing great work on mergers and acquisitions, <sup>2</sup> requires the right legal team, with the right experience. It is one thing to say you can lead a

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company in acquiring a company, and it is quite another to actually be able to do so. At [The Royse Law Firm](#) we are just the team your company needs to acquire or merge with any other company. [Contact us](#) today.