

Right to Veto Clause Prevents Partnership's Virtual Reality Lawsuit

Minding Your Business Blog on July 8, 2016

A judge in the Northern District Court of California ruled that a virtual reality firm's "right to veto" provision in its partnership agreement prevented the company from bringing suit against Oculus VR, LLC ("Oculus"), a company that created a popular line of 3-D virtual reality headsets. Total Recall Technologies ("TRT"), a general partnership also in the business of virtual reality headsets, sued Oculus and its founder, Palmer Luckey, claiming that Luckey and Oculus breached a contract to develop headsets for TRT. In his [Order](#), Judge Alsup examined how a general partnership gets authority to bring suit and the subsequent result if that suit was brought without the requisite authority. Judge Alsup granted summary judgment subject to certain conditions in favor of Oculus, finding that TRT lacked the authority to bring suit due to the partnership agreement's "right to veto" clause. This ruling highlights the critical nature of partnership agreements for technology-based startup companies (and, indeed, all partnerships), particularly in regard to "right to veto" clauses. While veto rights can enforce compromise and cooperation between partners, such a right may prove frustrating if the relationship between partners grows irreconcilably sour... [Continue Reading](#)

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