Facebook's Oculus facing $500 million bill in copyright case

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In this June 11, 2015, file photo, Oculus founder Palmer Luckey holds up the new Oculus Rift virtual reality headset for photographers following a news conference, in San Francisco. In a verdict reached Wednesday, Feb. 1, 2017, Facebook's virtual-reality subsidiary and two of its founders, Luckey and Brendan Iribe, are facing a sobering reality after a jury hit them with a $500 million bill for infringing on the rights of a video-game maker. (AP Photo/Eric Risberg, File)

Facebook's virtual-reality subsidiary and two of its founders are facing a

sobering reality after a jury hit them with a $500 million bill for violating the intellectual property rights of video-game maker ZeniMax Media.

The verdict reached Wednesday in a Dallas federal court represents about one-fourth of the $2 billion that Facebook paid two years ago to buy Oculus, a developer of virtual-reality gear and software.

The jury concluded that Oculus and co-founders Palmer Luckey and Brendan Iribe infringed on ZeniMax Media's copyrights and trademarks as they built their products. Oculus vowed to appeal the decision.

Although ZeniMax isn't a household name, the Rockville, Maryland, company has some powerful and famous connections. Its board includes President Donald Trump's younger brother, Robert; CBS Corp. CEO Leslie Moonves; Hall of Fame baseball player Cal Ripken Jr.; and blockbuster movie producer Jerry Bruckheimer. In addition, ZeniMax CEO Robert A. Altman is married to Lynda Carter, who played Wonder Woman in the 1970s TV series.

"While we regret we had to litigate in order to vindicate our rights, it was necessary to take a stand against companies that engage in illegal activity in their desire to get control of new, valuable technology," ZeniMax said in a statement.

ZeniMax's lawsuit revolved around a mind-numbing area of the law that typically doesn't draw a lot of attention. But the case became higher profile last month when Facebook CEO Mark Zuckerberg, one of the world's richest men, came to testify.

In this Thursday, June 11, 2015, file photo, Oculus CEO Brendan Iribe holds up the Rift virtual reality headset during a news conference in San Francisco. In a verdict reached Wednesday, Feb. 1, 2017, Facebook's virtual-reality subsidiary and two of its founders, Iribe and Palmer Luckey, are facing a sobering reality after a jury hit them with a $500 million bill for infringing on the rights of a video-game maker. (AP Photo/Eric Risberg, File)

During his appearance, Zuckerberg denied that Oculus had stolen any of its technology from ZeniMax and revealed that buying Oculus cost Facebook more than just the initial $2 billion acquisition price. He said Facebook also agreed to pay $1 billion to retain and motivate Oculus workers.

The ZeniMax case could further raise the cost of the Oculus acquisition. Oculus is on the hook for $300 million in damages. Iribe is responsible

for $150 million, and Luckey is saddled with the remaining $50 million.

In a statement, Oculus said it was pleased that the jury rejected allegations that it stole trade secrets from ZeniMax. The jury instead found violations of copyrights, trademark and contractual laws. Had Oculus lost on all the issues raised in ZeniMax's allegations, it could have been slapped with $2 billion in damages.

"Oculus products are built with Oculus technology," the company said. "Our commitment to the long-term success of VR remains the same, and the entire team will continue the work they've done since day one."