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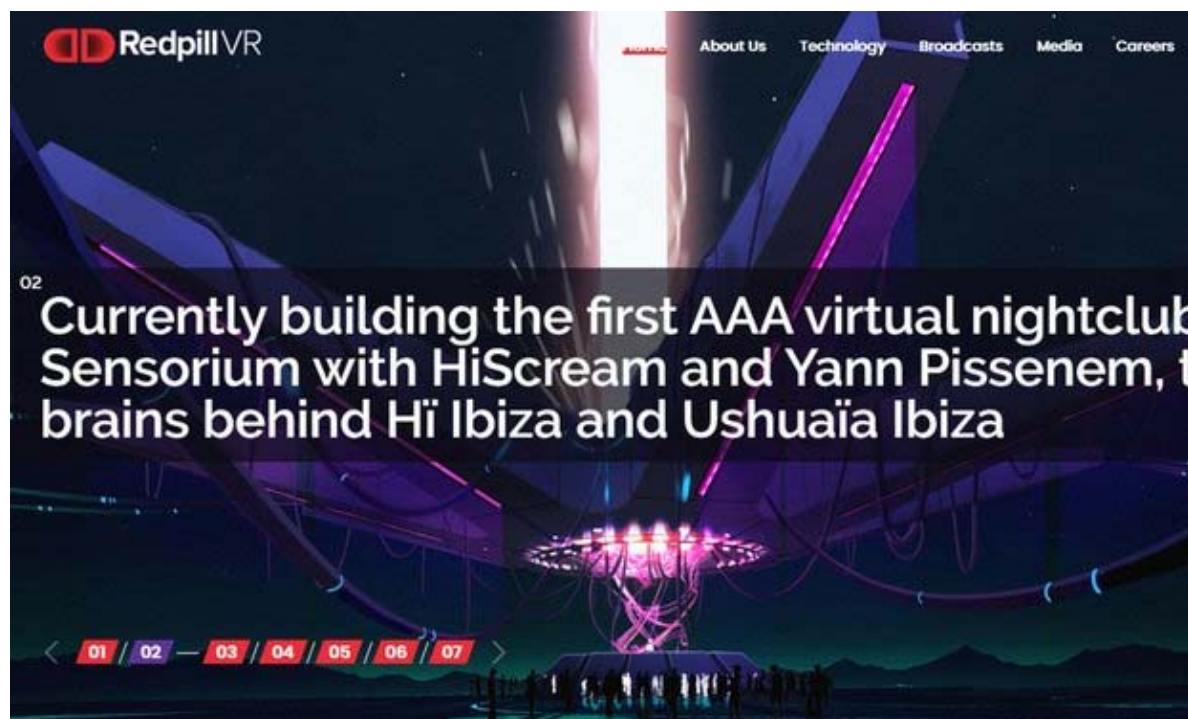
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## Virtual Reality Concert Company Sues Business Partner Over 'Hostile Takeover'

Los Angeles virtual reality company Red Pill VR Inc. sued a Canadian company it founded to develop virtual concert worlds after it reportedly refused to turn over proprietary source code.

By Alaina Lancaster | September 23, 2020



Screenshot of home page of Red Pill VR ([redpillvr.com](http://redpillvr.com)).

A California virtual reality company is seeking \$10 million in damages after a former business partner allegedly hijacked its trade secrets.

In September 2019, Red Pill VR Inc., a Los Angeles company developing a platform for virtual, interactive concerts, founded Red Pill VR Canada Inc. in Montreal. Owning 45% of all RP Canada shares, Red Pill VR created the spinoff company to develop virtual concert worlds for its sole client, Sensorium.

In a complaint (<http://www.courtlistener.com/recap/gov.uscourts.cacd.795832/gov.uscourts.cacd.795832.1.0.pdf>) filed by attorneys from Oved & Oved in New York—with Ogletree, Deakins, Nash, Smoak & Stewart acting as local counsel—Tuesday in the U.S. District Court for the Central District of California, Red Pill VR asserts that RP Canada refused to hand over source code owned by Red Pill VR after Sensorium requested access to the information.

"Instead, as part of their common plan and scheme, Defendants decided to hold the source code hostage and use it as leverage in an attempt to extract significant, unwarranted, and highly damaging concessions from Plaintiff with an apparent aim of cutting Plaintiff out of the Sensorium Contract," Red Pill VR's attorneys wrote.

After withholding the requested source code, Red Pill VR contends that RP Canada moved to sever the relationship between the two companies, release itself from its confidentiality and noncompetition restrictions and determine who owned the content's intellectual property rights.

"Defendants' strong-armed tactics to retrade their deal made it immediately obvious that Defendants fully intend to implement a completely improper and illegitimate 'hostile' takeover of Plaintiff's interest in RP Canada, while at the same time misappropriating Plaintiff's Proprietary Information, including the source code, to unfairly compete against Plaintiff for Sensorium's business," the complaint states.

On Sept. 1, Sensorium threatened to terminate its contract with Red Pill VR if it does not turn over its proprietary content and source code within 90 days, according to the complaint.

Red Pill VR is seeking \$10 million in compensatory and punitive damages and an order requiring RP Canada to relinquish its proprietary information and bar RP Canada from entering into a similar business agreement with Sensorium.

Red Pill VR's counsel, Terrence A. Oved of Oved & Oved, said in an email, "Defendants have engaged in a misguided attempt to hijack our client's industry leading and proprietary technology in violation of their contractual obligations and federal trade secret laws. We trust the court will provide swift and appropriate relief."

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