Yesterday, Benchmark, the powerful venture firm and a majorUbershareholder, [filed a lawsuit](#) against the companys recently ousted CEOTravis Kalanick in a remarkable move. The suit seeks to remove Kalanick from the board, while eliminating three additional board positions that it says Kalanick sought (and won) approval for last year, partly by withholding crucial information from the board.

The central issue: When Kalanick resigned as CEO, he also resigned from his board seat, but he quickly re-appointed himself to one of those outstanding and fraudulently procured seats, says Benchmark. It now alleges that Kalanick ultimately hopes to pack the board to facilitatehis desired re-appointment as Ubers CEO, and it aims to stop that maneuver.

The suit casts Kalanick in a highly unflattering light yet again. But if I were an investor in Benchmarks funds, Id be just as furious with the venture firm. What was Benchmark thinking, giving Kalanick three new board seats and carte blanche to do with them whatever he liked?

Its beyond belief that the firm wasnt acutely aware of Kalanicks management style a year ago when it agreed to this crummy deal. It had front row seats into what was happening at the company not to mention unfettered access to the endless media coverage that Ubers controversial corporate culture has received since its initial launch in San Francisco. AFebruary blog post by former Uber engineer Susan Fowler may have set off the chain of events leading to this moment, but nothing new transpired between last year and this year other than intensified media scrutiny combined with growing public outrage.

It feels a little to me like they painted themselves into a corner, and now theyre crying about it, says succession expert Jeff Cohn of Benchmarks lawsuit. It was poor and unusual governance practice, and now its come back to bite them. Adds Cohn, There was always doubt around Kalanicks style.

We reached out to Benchmark earlier this morning. The firm hasnt responded to our request as of this writing.

Despite the unprecedented nature of the suit Benchmark has been sued in the past by a former portfolio company but has never sued one of them, as far as we know it isnt surprising, looking back at the last decade or so.As one institutional investor with many years of experience (and a penchant for privacy) tells us, Giving away three board seats is far from standard operating procedure, but as youve seen over time, the leverage has swung from investors to founders, and now theres this worship of the genius entrepreneur founder who can do no wrong.

The problem, continues this person, is that, thats bullshit. It started with the Google guys, then Mark Zuckerberg. Now we have Snap, which gave shareholders no voting rights at all, and is also backed by Benchmark, notably.

Asked if Benchmarks own investors might have the stomach to sue Benchmark, this person jokes that every VC today could probably be sued by [their own institutional investors] for their overly relaxed approached in dealing with startups.

Either way, he believes that Benchmarks lawsuit which he calls a misstep is a completely obvious outcome of all this excess and absurdity of the recent years. Its like when youre a parent and you spoil your kid and he turns out not to be what you hoped. Are you going to love him or cut him off?

Benchmark has clearly made its choice cutting off ties to Kalanick with this lawsuit but the move puts Benchmark in a particularly precarious position.

Not only does the lawsuit feel disingenuous, but the six-person partnership considered among the top firms in the world and a unique alternative to fierce rivals like the sprawling Andreessen Horowitz, as well as the more metrics-driven Sequoia Capital has now made plain that when push comes to shove, it wont be so founder-friendly after all.

Even for seemingly thick-skinned Kalanick, that must sting. Given Benchmarks reported 10 percent stake in Uber, its partners each stand to make hundreds of millions of dollars from the company in carried interest.

They were riding the gravy train, and now theyre sticking it to him, says the institutional investor of Benchmark. The optics, he notes, arent great. These guys are all billionaires anyway, but this could definitely taint their reputation.

A second institutional investor who also believes Benchmark should shoulder more of the blame, agrees that founders may grow wary of the firm following its recent actions. But he notes that even this worst-case scenario isnt likely to turn off Benchmarks backers.

Every [limited partner] will still re-up with Benchmark, says the second investor. Between Benchmarks early bets on Uber and Snap, as well as Benchmarks early investment in the co-working juggernaut WeWork, now valued at $20 billion, the fund that owns a position in Uber [and these others] is still one of the best funds ever.

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