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ON

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Deputy Clerk

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Tangent Games, LLC

**SUPERIOR COURT OF CALIFORNIA**

**COUNTY OF SAN MATEO**

TANGENT GAMES, LLC, a California  
Limited Liability Company

Plaintiff,

v.

SONY INTERACTIVE  
ENTERTAINMENT LLC, a California  
Limited Liability Company; SONY  
COMPUTER ENTERTAINMENT  
AMERICA LLC, a Delaware Limited  
Liability Company; and DOES 1-10,  
inclusive,

Defendants.

Case No. 20-CIV-02698

**COMPLAINT FOR:**

- (1) BREACH OF CONTRACT**
- (2) BREACH OF IMPLIED  
COVENANT OF GOOD FAITH  
AND FAIR DEALING**
- (3) FRAUD (FALSE PROMISES)**

1 Plaintiff Tangent Games, LLC (“Tangent” or “Plaintiff”), by and through its  
2 undersigned counsel, sets forth its Complaint against Defendants Sony Interactive  
3 Entertainment LLC (“SIE”), Sony Computer Entertainment America LLC (“SCEA”)  
4 (collectively “Sony”) and Does 1-10, and hereby alleges the following:

### 5 **INTRODUCTION**

6 This action is rooted in Sony’s breach of its obligation to pay at least \$8 million  
7 in royalties owed to Tangent, a videogame developer, as required by development  
8 agreement into which the parties entered (“the Agreement”). Tangent developed  
9 the game “Here They Lie” (“the Game”) for Sony and, as compensation for Tangent’s  
10 development efforts, Sony agreed to pay royalties for Sony’s distributions of the  
11 Game to PlayStation subscribers. Sony, however, has utterly failed to pay Tangent  
12 royalties for distributions of the Game to its PS+ subscribers.

### 13 **PARTIES**

14 1. Plaintiff Tangent Games, LLC (“Tangent”) is a California limited  
15 liability company with its principal place of business in Glendale, California.  
16 Tangent’s business is the development of videogames. Tangent previously operated  
17 under the name Tangentleman, LLC (“Tangentleman”). Tangent, as Tangentleman,  
18 entered into the agreement referenced in paragraph 7 that is the subject of the  
19 parties’ dispute. Hereinafter, all actions carried out by Tangentleman shall be  
20 referenced as actions of “Tangent.”

21 2. On information and belief, Defendant Sony Interactive Entertainment  
22 LLC (“SIE”) is a California limited liability company headquartered at 2207  
23 Bridgepoint Pkwy, San Mateo, California 94404. SIE handles research and  
24 development, production, and sales of both hardware and software for the  
25 PlayStation video game systems. SIE is also a developer and publisher of video  
26 game titles.

27 3. On information and belief, Defendant Sony Computer Entertainment  
28

1 office or place of business at 2207 Bridgepoint Pkwy, San Mateo, California 94404.  
2 SCEA markets the PlayStation family of products and develops, publishes, markets,  
3 and distributes PlayStation software for the North American market.

4 4. Tangent has been dealing interchangeably with SIE and SCEA since  
5 the events described in the ensuing paragraphs that relate to Sony's breaches of the  
6 agreement at issue in this litigation.

7 5. The true names and capacities of all defendants sued herein as Does 1  
8 through 10 (the "Doe Defendants") are unknown to Plaintiff, who therefore sues  
9 such defendants by fictitious names. If necessary, Plaintiff will seek leave of Court  
10 to amend this Complaint to state their true names and capacities when the same  
11 have been ascertained. Plaintiff is informed and believes, and on that basis alleges,  
12 that the Doe Defendants direct, control, ratify, participate in, materially contribute  
13 to, profit from, induce, encourage, facilitate, and/or are the moving force behind the  
14 violations of the causes of action raised herein or are otherwise liable to Plaintiff as  
15 a result of their participation in all or some of the acts set forth hereinafter. Plaintiff  
16 is further informed and believes and therefore alleges that each of the Doe  
17 Defendants was the agent of at least one of the named defendants, and in doing the  
18 things alleged in this Complaint was acting within the course and scope of such  
19 agency, and/or acted in concert with at least one of the named defendants, and is  
20 jointly and severally liable to Plaintiff with said named defendants.

### 21 JURISDICTION

22 6. The instant court can exercise personal jurisdiction over SCEA and  
23 SIE as their principal places of business are in San Mateo, California. Venue is also  
24 proper in San Mateo County for this reason.

25 7. SCEA and Tangent entered into a Development Agreement that was  
26 effective on January 31, 2015, (the "Agreement"). A true and correct copy of the  
27 Agreement is attached hereto as **Exhibit 1**. The Agreement provides that all  
28

1 Superior Court. Accordingly, Sony is subject to personal jurisdiction for the  
2 additional reason that they have contractually agreed to litigate in San Mateo  
3 County Superior Court.  
4

### 5 **GENERAL ALLEGATIONS**

6 8. The Agreement broadly called for Tangent to develop the Game for  
7 Sony's PlayStation 4 system in downloadable format and pursuant to a milestone  
8 delivery schedule. The Game is a single-player experiential horror game. The  
9 primary gameplay is a first-person trip into a dark, unpredictable nightmare realm  
10 where the player will experience mysterious environments and characters in a world  
11 that is surreal and profoundly unsettling. Gameplay focuses on exploration, clue  
12 gathering and decision making. Player actions will require choices during  
13 gameplay, which helps uncover how the existential narrative unfolds during the  
14 game to reveal the haunting truth of Daedalus' realms.

15 9. During the parties' negotiations of the Agreement in the month of  
16 February 2015, on information and belief, SCEA, through Philip Piliero, Senior  
17 Corporate Counsel, pushed for provisions that would allow Sony to distribute the  
18 Game to PS+ subscribers on a royalty-free basis. Accordingly, Mr. Piliero sent  
19 Tangent a draft of the Agreement that sought to carve out an exception to Sony's  
20 obligation to pay royalties in a then proposed section 4.2.1 of the Agreement. SCEA  
21 requested that it be allowed to distribute the Game without any royalty obligation  
22 to Tangent as part of a PS+ game of the month program or similar PlayStation  
23 promotion. Tangent refused, communicating to Sony on February 11, 2015, on  
24 information and belief, that Tangent would not accept royalty-free distributions of  
25 its Game. Over the course of the parties' ensuing negotiations, Mr. Piliero deleted  
26 the proposed language that would have authorized SCEA to distribute the Game to  
27 PS+ subscribers on a royalty-free basis.  
28

10. After dropping its demands to distribute the Game to PS+ subscribers

1 contains no language specifying that Sony may distribute the Game to PS+  
2 subscribers on a royalty-free basis.

3 11. Shawn Layden, then CEO of SCEA, signed the Agreement on behalf of  
4 Sony. John Garcia-Shelton, Director of Production, signed the Agreement on behalf  
5 of Tangentleman, LLC.

6 12. The Agreement sets forth a broad royalty payment scheme. Section 4.2  
7 of the Agreement states that “SCEA will calculate and make royalty payments as  
8 set forth in Exhibit D. Royalties will not be due or payable on (i) no cost distribution  
9 of the Game (ii) a sale of the Game as a stand-alone unit at less than the total cost  
10 of goods plus federal, state, local or foreign withholding, sales, excise or value added  
11 taxes and duties; and (iii) distribution of the Game for replacement or corrected  
12 copies.”

13 13. Exhibit D provides the calculation of royalties as a percentage of the  
14 overall amount earned in sales, but it does not limit what sales constitute royalties.  
15 Thus, outside of the three enumerated exceptions, SCEA agreed to pay royalties to  
16 Plaintiff for all distributions of the Game. Moreover, the regime for the payment of  
17 royalties encompasses more than direct sales of the Game.

18 14. In addition, Addendum 1 to Exhibit D specifies the payment scheme  
19 for royalties in the event that users download the Game via the PlayStation Now  
20 service.

21 15. PlayStation Now (“PSNow”) is a cloud-based subscription service in  
22 which consumers buy a subscription giving them access to a library of games as part  
23 of their subscription fee.

24 16. Per the plain language of the Agreement, a distribution made as part  
25 of subscription-based service to users counts as a distribution for which Sony must  
26 pay royalties. There is no doubt that such a distribution of the Game based on  
27 consumer payment is not “no cost” as there is a perquisite subscription fee. This is  
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