

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

NETWORK APPS, LLC, a Washington limited liability company; KYLE SCHEI, an individual; and JOHN WANTZ, an individual,

Plaintiffs,

-against-

AT&T INC., a Delaware corporation; AT&T CORP., a New York corporation; AT&T MOBILITY LLC, a Delaware limited liability company; and AT&T SERVICES, INC., a Delaware corporation,

Defendants.

Civil Action No. 21-cv-718

**COMPLAINT FOR:
BREACH OF CONTRACT, PATENT
INFRINGEMENT, AND
CORRECTION OF INVENTORSHIP**

DEMAND FOR JURY TRIAL

Plaintiffs Network Apps, LLC (“Network Apps”), Kyle Schei, and John Wantz, for their Complaint against Defendants AT&T Inc., AT&T Corp., AT&T Mobility LLC and AT&T Services, Inc. (all collectively referred to as “Defendants” or “AT&T”), allege as follows:

I. INTRODUCTION

1. Nowadays, we think nothing of the fact that our smart phones ring, and we can answer the call on our iPad or Apple Watch. But if we paused to reflect, we would conclude that the technology is astonishing. Think of it! Your cell phone rings *at home*, and you can answer the same call on your smartwatch, *while jogging*. And you can even make calls from that same watch or phone, and those calls appear to come from the same phone number. In fact, all of your devices appear to have a common number, no matter how far apart your devices happen to be. Just a few years ago, tablets and smartwatches were new technology. When they first appeared on the market, they did not work in sync. Each device had its own SIM card and its own number. If you wanted to receive calls on your smartwatch, you would need to connect your smartwatch to a cell phone within close proximity or teach someone a different phone number to call. Someone had to

develop the system necessary to handle phone calls so that the same call would reach each device. With respect to AT&T's services, that "someone" was Plaintiffs Kyle Schei, John Wantz, and their company Mya Number (now Network Apps).

2. This is not a case where Plaintiffs invented some technology that was then locked away, moldering in a drawer, and AT&T "somehow" found that technology and stole it. No. Here, the parties had a relationship. AT&T knew of Plaintiffs' expertise and existing product platform. AT&T sought out Plaintiffs *to solve this very problem* – how do we sync up a customer's smart devices so that they respond to a phone call placed to a single phone number? AT&T entered into nondisclosure, development and licensing agreements with Mya Number. AT&T was so eager to be first to market with this new, "twinning" technology that AT&T agreed that Mya Number would own all the intellectual property rights associated with the technology that Mya Number would license, extend, and make available. AT&T even agreed to pay Mya Number a royalty of \$1 per user per month, plus certain maintenance fees.

3. Plaintiffs set to work. They devoted thousands of man-hours to the project, and they developed a workable, elegant "Twinning Solution." Plaintiffs demonstrated the concept. AT&T gasped, not because it worked so well (which it did) but because AT&T's business people realized: (i) the market for tablets and smartwatches was exploding; (ii) the royalty AT&T had agreed to pay Mya Number would cost AT&T a fortune; and (iii) AT&T would not even own the technology. AT&T tried desperately to retrieve the situation. AT&T sent four different teams of lawyers in succession to meet with Plaintiffs in an effort to persuade them to reduce their royalty and transfer ownership of the technology to AT&T. Plaintiffs would not budge – a deal was a deal.

4. AT&T resorted to force. AT&T told Plaintiffs that it was through with them. Approximately one year later, AT&T came out with its “own” solution, “Numbersync.” The problem is that the AT&T solution uses the same concept and architecture as Plaintiffs’ “Twinning Solution,” and the purported “inventors” of AT&T’s solution are the very AT&T personnel who liaised with Plaintiffs, while they developed their “Twinning Solution.” In fact, AT&T’s solution *is* Plaintiffs’ solution with some cosmetic changes. Now, however, AT&T is selling “its” solution to hundreds of thousands of customers each month, in violation of Plaintiffs’ patent rights and without compensating Plaintiffs under Mya Number’s royalty agreement.

5. By means of the present action, Plaintiffs seek to recover from AT&T for breach of contract and patent infringement. Given AT&T’s over 170 million subscribers, and the fact that AT&T has failed to pay royalties since October of 2015, Plaintiffs estimate the damages to be in excess of \$450 million.

II. THE PARTIES

6. Plaintiff Network Apps is a Washington limited liability company with its principal place of business in Seattle, Washington. Network Apps is the assignee and owner of all the assets, including the confidential and proprietary information, trade secrets, patents, contracts, and claims (collectively “Assets”) previously owned by Mya Number. The managing members of Network Apps are Kyle Schei and John Wantz (collectively the “Inventors”).

7. Plaintiff Kyle Schei is an individual residing in the State of Washington.

8. Plaintiff John Wantz is an individual residing in the State of Texas.

9. Upon information and belief, Defendant AT&T Inc. is a Delaware corporation with its principal place of business at 208 S. Akard Street, Dallas, Texas 75202.

10. Upon information and belief, Defendant AT&T Corp. is a New York corporation, with its principal place of business at One AT&T Way, Bedminster, New Jersey 07921, and a

wholly owned subsidiary of AT&T Inc. Upon information and belief, AT&T Corp. does business under at least the following names: AT&T Mobility LLC and AT&T Services, Inc.

11. Upon information and belief, Defendant AT&T Mobility LLC is a Delaware limited liability company, with its principal place of business at 1025 Lenox Park Blvd. NE, Atlanta, Georgia 30319, and a wholly owned subsidiary of AT&T Inc.

12. Upon information and belief, Defendant AT&T Services, Inc. (“AT&T Services”) is a Delaware corporation, with its principal place of business at 208 S. Akard Street, Dallas, Texas 75202, and a wholly owned subsidiary of AT&T Inc.

III. JURISDICTION AND VENUE

13. This Court has subject matter jurisdiction over the patent claims under 28 U.S.C. § 1331, § 1332 and § 1338(a) because this action arises under the patent laws of the United States, including 35 U.S.C. § 271 *et seq.*

14. The Court has supplemental jurisdiction under 28 U.S.C. § 1367 over Plaintiffs’ breach of contract claims because Plaintiffs’ claims are so related to the claims within the Court’s original jurisdiction that they form part of the same case or controversy under Article 3 of the U.S. Constitution.

15. Upon information and belief, at all times herein mentioned, there existed a unity of interest between AT&T Inc. and its subsidiaries, including but not limited to 100% ownership and control, common directors, officers, and managers, and participation in a common scheme of marketing, advertising, and sale of the technology in issue in this case, that any individuality and separateness between said Defendants has ceased, and each of the Defendants is the alter ego of the other Defendants, and adherence to the fiction of the separate existence of the Defendants would permit an abuse of the corporate privilege and sanction fraud and promote injustice.

16. Upon information and belief, at all times herein mentioned, each of the Defendants was the agent and representative of the other Defendants, acting within the purpose and scope of said agency and representation, and each of the Defendants authorized and ratified the conduct of each of the other Defendants herein alleged.

17. This Court has personal jurisdiction over Defendants, because: Defendants conduct business in this District and have committed acts of infringement in violation of 35 U.S.C. § 271 in this District, and/or Defendants have consented to personal jurisdiction within this District by means of the contracts in issue.

18. Venue is proper under 28 U.S.C. § 1400 for the patent claim because Defendants have a regular and established place of business in this District and have committed acts of infringement in the District.

19. Venue is proper and convenient under 28 U.S.C. § 1391(b) for the contract claims because Defendants have consented to suit in this District by means of the contracts in issue.

20. Joinder of Defendants in this case is proper under 35 U.S.C. § 299 because Defendants act jointly and collectively to offer for sale, sell, use, and induce the use of infringing AT&T-branded products and services. At least some of Plaintiffs' right to relief is joint, several and/or in the alternative against Defendants and is with respect to or arises from the same transaction, occurrence, or series of transactions or occurrences relating to the same accused products and processes. The claims against Defendants share an aggregate of operative facts, and common questions of fact will arise in this action, including: the design and creation of Plaintiffs' Twinning Solution and affiliated technology, the design and creation of the accused intellectual property; Defendants' collective actions in offering for sale, selling and using the accused

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