

1 PILLSBURY WINTHROP SHAW PITTMAN LLP
 2 DAVID J. TSAI (SBN 244479)
 3 david.tsai@pillsburylaw.com
 4 ALEKZANDIR MORTON (SBN 319241)
 5 alekzandir.morton@pillsburylaw.com
 6 SURUI QU (SBN 332105)
 7 surui.qu@pillsburylaw.com
 8 Four Embarcadero Center, 22nd Floor
 9 San Francisco, CA 94111-5998
 10 Telephone: 415.983.1000
 11 Facsimile: 415.983.1200

12 Attorneys for Plaintiff
 13 Wiwynn Corporation

14 **UNITED STATES DISTRICT COURT**
 15 **NORTHERN DISTRICT OF CALIFORNIA**

16 WIWYNN CORPORATION,
 17 Plaintiff,
 18 vs.
 19 X Corp.,
 20 Defendant.

Case No. 24-cv-05322

**COMPLAINT FOR BREACH OF
 CONTRACT AND PROMISSORY
 ESTOPPEL**

DEMAND FOR JURY TRIAL

21 Plaintiff Wiwynn Corporation (“Plaintiff” or “Wiwynn”) brings this Complaint against
 22 Defendant X Corp. (“Defendant” or “X Corp.”) and alleges as follows:

NATURE OF ACTION

23 1. This is an action for damages arising out of X Corp.’s failure to compensate Wiwynn
 24 for custom components ordered by Wiwynn with X Corp.’s approval, which were to be used in
 25 connection with Wiwynn’s manufacture of custom products for X Corp.

PARTIES

26 2. Plaintiff Wiwynn Corporation is a corporation organized and existing under the laws
 27 of Taiwan, with its principal place of business located at 8F, 90, Sec.1, Xintai 5th Road, Xizhi
 28 District, New Taipei City 22102, Taiwan.

1 a Master Purchase Agreement. A true and correct copy of the Master Purchase Agreement is attached
2 hereto as **Exhibit A**.

3 9. Pursuant to the terms of the Master Purchase Agreement, effective as of September 24,
4 2014, between Twitter, Inc., for itself and the benefit of its subsidiaries and affiliates, and Wiwynn
5 Corporation (“Master Purchase Agreement”), Twitter, Inc.—now X Corp.—provided to Wiwynn
6 forecast orders for the products it intended to purchase. In accordance with the Master Purchase
7 Agreement, after receiving these forecasts from X Corp., Wiwynn prepared lists of custom
8 components which it would need to purchase in order to fulfill X Corp.’s forecast requirements. The
9 Master Purchase Agreement required Wiwynn to submit these lists to X Corp. for approval before it
10 could purchase the custom components.

11 10. In addition to approving the purchase of the custom components, X Corp. would
12 occasionally direct Wiwynn to purchase additional, non-custom components to be used in the
13 manufacture of products included in X Corp.’s forecasts. When directing Wiwynn to purchase these
14 non-custom components, X Corp. explicitly approved such purposes in writing and assumed liability
15 for the goods.

16 11. During the course of dealing of the parties for nearly eight years, X Corp. understood
17 that by approving the purchase of the needed components, X Corp. was assuming liability for these
18 components in the event that the components were not used in the manufacture of products forecasted
19 by X Corp.

20 12. In its email correspondences with X Corp., Wiwynn informed X Corp. that it would
21 not begin component procurement needed to fulfill X Corp.’s orders under the Master Purchase
22 Agreement until X Corp. approved its list of custom components.

23 13. In addition, Wiwynn explicitly informed X Corp. that Wiwynn would not procure non-
24 custom components without an express written acknowledgement from X Corp. that X Corp. would
25 assume liability for those components. Again and again, X Corp. approved these requests in writing.

26 14. The Parties followed this general course of conduct for approximately eight years
27 without issue. Prior to November 2022, X Corp. placed orders and made full payments for all of the
28

1 products made from the components which Wiwynn purchased only after X Corp. confirmed to
2 Wiwynn that it would assume liability for those components.

3 15. Beginning in November 2022, X Corp. abruptly stopped making any payments to
4 Wiwynn—including for delivered finished products—and failed to respond to multiple
5 communications from Wiwynn inquiring about and demanding the past-due payments for delivered
6 finished products.

7 16. At this time, Wiwynn had procured and paid for, at the direction and approval of X
8 Corp., approximately \$120 million of custom components and non-custom components (which X
9 Corp. had expressly authorized Wiwynn to purchase in writing) to manufacture the products forecasted
10 and/or ordered by X Corp. However, at this time, X Corp. also stopped providing any additional
11 instructions for Wiwynn to manufacture or deliver any finished products to X Corp. To no avail,
12 Wiwynn made many inquiries to X Corp. as to how X Corp. would resolve its liability for these unused
13 components Wiwynn purchased to fulfill X Corp. orders.

14 17. Indeed, since November 2022, Wiwynn has made a number of attempts to
15 communicate with X Corp. by phone and email correspondences to resolve its outstanding liability.
16 However, to date, X Corp. has refused to accept responsibility for the unused components.

17 18. In addition to its attempts to resolve the issue of its excess components with X Corp.,
18 Wiwynn immediately attempted to mitigate its damages through various means, including but not
19 limited to cancelling approximately \$40 million worth of components that had not yet been delivered
20 to Wiwynn, attempting to sell the delivered but unused components to other third parties, attempting
21 to use the unused components in manufacturing products for other Wiwynn customers, and attempting
22 to repurpose the unused components for Wiwynn's use to absorb the relevant costs itself. Wiwynn
23 has been able to recoup approximately \$19 million by re-selling and/or repurposing the unused
24 components that were intended to be used in products for X Corp. However, due to the custom nature
25 of the components, Wiwynn has been and continues to be limited in its ability to resell and reuse a
26 substantial amount of components—which hold a significant total value—despite Wiwynn's best
27 efforts.

1 19. Wiwynn has incurred and continues to incur significant expenses to store the remaining
2 unused components.

3 20. Because it was left with no other options, Wiwynn files this action to recover from X
4 Corp. what X Corp. owes Wiwynn for the unused components.

5 **COUNT I**

6 **(Breach of Contract Against X Corp.)**

7 21. Wiwynn incorporates by reference and realleges paragraphs 1-20 above of this
8 Complaint as if fully set forth herein.

9 22. The Master Purchase Agreement is a valid and binding agreement.

10 23. Wiwynn has fully performed all its obligations under the Master Purchase Agreement.

11 24. X Corp. breached its agreements with Wiwynn by failing to compensate Wiwynn for
12 the price of the unused components purchased by Wiwynn at the direction of X Corp. for the
13 manufacture of custom products for X Corp.

14 25. As a result of X Corp.'s breach, Wiwynn has been damaged in an amount to be proved
15 at trial but in no event less than \$61 million, with interest at the legal rate on that amount from the due
16 date of each of the relevant invoices and costs.

17 **COUNT II**

18 **(Promissory Estoppel Against X Corp.)**

19 26. Wiwynn incorporates by reference and realleges paragraphs 1-25 above of this
20 Complaint as if fully set forth herein.

21 27. In approving the purchase of unused custom and non-custom components by Wiwynn,
22 X Corp. made a clear and unambiguous promise to pay Wiwynn a total of at least \$120 million should
23 X Corp. not purchase the custom products for which the components were purchased.

24 28. In reliance of X Corp.'s promise of payment, Wiwynn expended resources, including
25 but not limited to purchasing components needed for production of the forecasted custom products.

26 29. Wiwynn's reliance on X Corp's promise of payment was not only reasonable, but also
27 entirely foreseeable because that is how Wiwynn conducted its business with X Corp. for nearly eight
28 years. That is, X Corp. provided forecasts of orders to Wiwynn. Wiwynn then prepared a list of

1 custom components needed to produce the forecasted products, and submitted this list to X Corp. for
2 their approval to be purchased by Wiwynn. Only after Wiwynn received approval from X Corp. would
3 Wiwynn begin purchasing the components. X Corp. is well-aware of this because X Corp. drafted the
4 Master Purchase Agreement, and explicitly approved Wiwynn's purchase of the custom and approved
5 components.

6 30. Because of its reliance on X Corp's promise, Wiwynn has been injured at least in the
7 amount of \$61 million with interest at the legal rate on that amount from the due date of each of the
8 relevant invoices and costs.

9 **COUNT III**

10 **(Breach of the Covenant of Good Faith and Fair Dealing Against X Corp.)**

11 31. Wiwynn incorporates by reference and realleges paragraphs 1-30 above of this
12 Complaint as if fully set forth herein.

13 32. X Corp. failed to work with Wiwynn in good faith for over ten months when it
14 repeatedly refused to communicate with Wiwynn to resolve its outstanding liability, in breach of the
15 implied covenant of good faith and fair dealing.

16 33. Without limitation, X Corp. breached the covenant of good faith and fair dealing by
17 failing to:

- 18 a. place purchase orders with Wiwynn for products Wiwynn purchased to
- 19 manufacture components for X-Corp., despite X Corp.'s prior approval of
- 20 Wiwynn's purchase of those components; and
- 21 b. advise Wiwynn that X Corp. was terminating the Master Purchase Agreement.

22 34. X Corp.'s improper objective in so conducting itself was, on information and belief, at
23 all times to delay, and if possible in whole or in part avoid, payment of Wiwynn's legitimate claims.

24 35. As a direct and proximate result of X Corp.'s conduct, Wiwynn has suffered, and
25 continues to suffer, damages in an amount to be determined at trial, but no less than an amount in
26 excess of \$61 million with interest at the legal rate on that amount from the due date of each of the
27 relevant invoices and costs.

