

## Technology & Sourcing Alert

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# AT&T Files Suit Against Broadcom Over VMware Contract Renewal Rights

Broadcom Inc. and AT&T are set to face off in court over the telecom giant's agreement with VMware Inc., as AT&T filed suit Thursday in New York alleging a breach of contract in a dispute over renewal rights. VMware customers who have been navigating Broadcom's approach to VMware service offerings will want to keep their eyes on this case.

Since Broadcom acquired VMware in May 2022, it has been widely reported that Broadcom has started to shift VMware's product offerings from unbundled perpetual licenses to bundled subscription products. In its complaint, AT&T alleges that Broadcom is not honoring AT&T's contractual rights to renew support services and is instead requiring AT&T to purchase a bundle of subscription offerings, which AT&T is not interested in purchasing.

According to AT&T's complaint, AT&T and Broadcom have been unable to resolve this dispute, and faced with the looming termination of support services, AT&T filed suit in New York state court, alleging breach of contract and breach of the implied covenant of good faith and fair dealing. AT&T is seeking injunctive relief prohibiting Broadcom and VMware from terminating certain support services for legacy products procured by AT&T and declaratory relief establishing AT&T's renewal rights. Broadcom has faced litigation in Europe over its VMware practices, and AT&T's lawsuit appears to be one of the first reported lawsuits of its kind filed against Broadcom in the United States with respect to the VMware business. A copy of AT&T's complaint is available [here](#).

In particular, the suit alleges that AT&T wants to exercise continued support rights and that Broadcom has informed AT&T that AT&T does not have the right to renew based on Broadcom's interpretation of the renewal provision. AT&T alleges it has various options regarding renewal that



it has rightfully exercised, and based on the complaint, Broadcom alleges that AT&T did not properly exercise the rights. Additionally, according to the complaint, Broadcom has asserted the right under its support policies to cease providing support for existing policies, which AT&T alleges Broadcom claimed trumps AT&T's renewal rights. In this case, it appears there are multiple documents involved, and resolution of the dispute will require interpretation as to which clauses prevail.

As of this writing, Broadcom has not yet responded to AT&T's complaint, and an answer to the complaint is not due until mid-September. We will provide updates as the case develops.

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### Related Professional

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