

BEFORE THE STATE OF NEVADA TAXICAB AUTHORITY

IN THE MATTER OF THE JOINT ) DOCKET NO.:
APPLICATION OF DESERT CAB CO. AND )
A-CAB CO. TO ADJUST TAXICAB )
CHARGES TO INCLUDE A PASS-THROUGH )
SOFTWARE LICENSE CHARGE )

JOINT APPLICATION OF DESERT CAB CO. AND A-CAB CO. TO ADJUST TAXICAB
CHARGES TO INCLUDE A PASS-THROUGH SOFTWARE LICENSE CHARGE

Applicants, Desert Cab Co. and A-Cab Co., hereby submit this joint Application, pursuant to
NRS 706.8819(1)(a), NAC 706.471 and NAC 706.909, to adjust taxicab charges to include a pass-
through software license charge.

INTRODUCTION

During the past six (6) or more years, pursuant to NRS 706.8836, the Nevada taxicab industry
has utilized various software systems, devices and methods to improve taxicab service for the direct
benefit of the riding public, including "smart meters".<sup>1</sup> The primary provider of many of these systems,
devices and methods in Clark County is KAPTYN, a company which creates scalable transportation
solutions that help solve many of the challenges and complexities of the industry. KAPTYN licenses
its systems to current Clark County certificate holders, such as joint Applicants Desert Cab Co. and
A-Cab Co., and also to Yellow Cab, Checker Cab Co., Star Cab, New Cab, Deluxe Cab Co., Henderson
Taxi, Whittlesea Blue Cab Co., Lucky Cab Co., Nellis Cab Co. and Western Cab Co., comprising
100% of the industry. Upon information and belief, the only other similar system provider in this
market is Curb Mobility ("Curb").

The systems, devices and methods utilized by KAPTYN and Curb are protected by five (5)
patents issued by the U.S. Patent Office, with six (6) additional patents currently being processed.
Those patents are held by a third-party technology company and include, but are not limited to, 1)
methods of regulatory compliance for for-hire vehicles, 2) tracking the locations of vehicles, 3) pairing

<sup>1</sup> NRS 706.8836 addresses the required use and data relating to taximeters, devices, methods and systems to determine
passenger fares.

1 vehicles with passengers based upon geo-location and other data, 4) tracking of payments, 5)  
2 automating the process of connecting passengers in for-hire vehicles with shows, restaurants and other  
3 attractions, and 6) collecting data for reporting to regulatory authorities. The specific patents are as  
4 follows:

- 5 1. Issued U.S. Patent No. 9,037,852 – System and Method For Independent Control of For-Hire Vehicles;
- 6 2. Issued U.S. Patent No. 11,200,755 – Systems and Methods for Pairing of For-Hire Vehicle Meters and Medallions;
- 7 3. Issued U.S. Patent No. 11,615,649 (continuation of Patent No. 11,200,755) – Systems and Methods for Pairing of For-Hire Vehicle Meters and Medallions;
- 8 4. Issued U.S. Patent No. 12,062,069 – Transaction and Communication System and Method for Vendors and Promoters; and
- 9 5. Issued Patent No, 12,105,864 – Tamper Evident System for Modification and Distribution of Secured Vehicle Operating Parameters.

11 KAPTYN has entered into a third-party licensing agreement to continue utilizing its  
12 technology which is covered by the above-described patents. These technology systems touch most  
13 every aspect of the transportation services currently being provided in Clark County, and the riding  
14 public directly benefits from their use.

### 15 LEGAL AUTHORITY

16 The Nevada Taxicab Authority (“TA”) has complete authority to regulate the taxicab industry  
17 in Clark County. *See Lamb v. Mirin*, 90 Nev. 329, 526 P.2d 80 (1974). The Nevada Legislature  
18 (“Legislature”) created the TA in NRS Chapter 706, which governs the operation and regulation of  
19 Motor Carriers in the state. NRS 706.011 *et seq.*

20 Within Chapter 706, the Legislature articulated a “Declaration of Purpose” which, in part,  
21 gives the TA the general authority and duty to fully regulate taxicabs in Clark County in a manner that  
22 promotes “. . . safe, adequate, economical and efficient service and to foster sound economic  
23 conditions in motor transportation.” NRS 706.151(1)(c). As part of its specific authority, the TA is  
24 charged with determining the rates, charges or fares for taxicab service:

- 25 1. The Taxicab Authority shall conduct hearings and make final decisions in the  
26 following matters:
  - 27 (a) Applications to adjust, alter or change the rates, charges or fares for  
28 taxicab service . . .

1 NRS 706.8819(1)(a) (emphasis added).<sup>2</sup>

2 **DISCUSSION**

3 KAPTYN and the certificated taxicab operators it serves are on notice about the pendency and  
4 issuance of the patents described above. Under these circumstances, the potential patent royalty that  
5 could be applied against infringers of these patents were litigation to ensue and go to judgment, would  
6 likely be a “trebled” royalty of from 3 to 9% of gross revenue. 35 U.S.C. §§ 284-285. Based upon the  
7 current average trip fare for taxicabs in Clark County of approximately \$20.00 per trip, including the  
8 average for both employee and lease revenue and rounding down (*see Nevada Taxicab Authority,*  
9 *Taxicab Industry Statistics, 2023 and 2024*), this would result in a gross royalty of between .60 cents  
10 and \$1.80 on a per trip basis. The federal patent law also allows a patent owner to recover royalties  
11 for past infringement going back as many as six (6) years in appropriate cases. *See* 35 U.S.C. § 286.

12 Recognizing this, KAPTYN, the SaaS<sup>3</sup> taxi dispatch and data system provider to the joint  
13 Applicants and most of the other certificated taxicab operators in Clark County, has negotiated a  
14 license agreement with the third-party patent owner for a .50 cent per trip royalty. If approved and  
15 authorized by this body for industry-wide application to be collected from a .50 cent augmentation to  
16 the taxi rate and remitted to the patent holder, as proposed by this joint Application, this would fully  
17 and finally resolve all potential patent royalty liability for all the taxicab operators regulated by this  
18 agency and remitting the .50 cent rate augmentation as described herein. This would resolve liability  
19 under *all* the above listed patents, and the related still-pending patent applications of this owner. This  
20 includes resolution, without any liability for further payment, of all past infringement.

21 The SaaS taxi dispatch and data systems provided by KAPTYN and others, and utilized by all  
22 of the Clark County taxicab industry, are a substantial benefit to the riding public. Such improved  
23 technology has been recognized as vital for this industry by prior actions of the Nevada Legislature.  
24 *See, e.g.,* NRS 706.8825(4) (technology fund) and NRS 706.8836 (smart meters). Since the riding  
25 public is the beneficiary of these technologies that are used universally by the Clark County taxicab  
26 industry and have improved dispatch, service and safety, it is appropriate for the riding public to pay

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28 <sup>2</sup> NAC 706.471(3) requires the rates, charges or fares of all certificate holders in a county to be uniform, except upon a showing that the public interest requires otherwise.

<sup>3</sup> Software-as-a-service.

1 the charge for the use of these systems as a pass-through augmentation to the taxi rate as requested by  
2 this joint Application. And it should not be forgotten here that the riding public will also be the  
3 beneficiary of the substantially lessened and finally resolved potential patent royalty liability that  
4 would be settled by approval of this joint Application, as future rate increase requests would not be  
5 made to defray the much higher cost of patent litigation-imposed past and future royalties that could  
6 be imposed as the result of patent litigation.

7 In further support of this joint Application, and pursuant to NAC 706.909, Applicants state as  
8 follows:

- 9 1. The charge requested by joint Applicants is a pass-through software license charge in  
10 the amount of .50 cents per trip.
- 11 2. No rates or fares, rules or regulations will be superseded by the proposed software  
12 license charge.
- 13 3. The complete and accurate statement of the circumstances and conditions relied upon  
14 for justification are fully set forth in this joint Application.
- 15 4. A reference record to prior action by the TA relating to rates include the recent F1  
16 2024 Special Event Surcharge and the implementation of Airport Trip Zone Pricing.
- 17 5. The industry financial information for a 12-month period, including profit and loss, is  
18 attached hereto as Exhibit 1.

19 **CONCLUSION**

20 WHEREFORE, Applicant hereby requests:

- 21 1. That, pursuant to NRS 706.8819, this joint Application be placed on the Taxicab  
22 Authority's January, 2025 agenda for discussion and decision;
- 23 2. That this joint Application be approved to require all taxicabs in Clark County, Nevada, to  
24 impose a pass-through software license charge of .50 cents on all taxicab trips originating  
25 in Clark County, Nevada; and

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3. For any other such relief that may be just and proper to implement the software license charge.

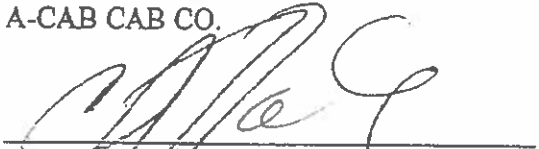
DATED this 17 day of December, 2024.

DESERT CAB CO.



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A-CAB CAB CO.



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*Applicants*

# EXHIBIT 1

## JOINT APPLICATION OF DESERT CAB CO. AND A-CAB CO. TO ADJUST TAXICAB CHARGES TO INCLUDE A PASS-THROUGH SOFTWARE LICENSE CHARGE

### FINANCIAL STATEMENT

#### Impact of Software License Charge on Current Rates, Charges or Fares including Profit and Loss 12-Month Period

	Current Combined Average Revenue Per Trip <sup>1</sup>	Proposed Software License Charge <sup>2</sup>	Combined Average Revenue Per Trip With Software License Charge of .50 Cents	% Increase	Profit to Certificate Holders <sup>3</sup>	Loss to Certificate Holders <sup>4</sup>
February 2025	\$20.84	\$0.50	\$21.34	2.4%	\$0.00	\$0.00
March 2025	\$20.84	\$0.50	\$21.34	2.4%	\$0.00	\$0.00
April 2025	\$20.84	\$0.50	\$21.34	2.4%	\$0.00	\$0.00
May 2025	\$20.84	\$0.50	\$21.34	2.4%	\$0.00	\$0.00
June 2025	\$20.84	\$0.50	\$21.34	2.4%	\$0.00	\$0.00
July 2025	\$20.84	\$0.50	\$21.34	2.4%	\$0.00	\$0.00
August 2025	\$20.84	\$0.50	\$21.34	2.4%	\$0.00	\$0.00
September 2025	\$20.84	\$0.50	\$21.34	2.4%	\$0.00	\$0.00
October 2025	\$20.84	\$0.50	\$21.34	2.4%	\$0.00	\$0.00
November 2025	\$20.84	\$0.50	\$21.34	2.4%	\$0.00	\$0.00
December 2025	\$20.84	\$0.50	\$21.34	2.4%	\$0.00	\$0.00
January 2026	\$20.84	\$0.50	\$21.34	2.4%	\$0.00	\$0.00

<sup>1</sup> The current combined average revenue per trip was derived by combining both employee and lease revenue reported by the TA in its Taxicab Industry Statistics for October 2024.

<sup>2</sup> Absent the discounted charge negotiated by Kaptyn, the potential patent royalty that could be applied against infringers of these patents were litigation to ensue and go to judgment, would likely be a "trebled" royalty of from 3 to 9% of gross revenue, or between .60 cents and \$1.80 per trip under 35 U.S.C. §§ 284-285. The federal patent law also allows a patent owner to recover royalties for past infringement going back as many as six (6) years in appropriate cases. See 35 U.S.C. § 286.

<sup>3</sup> Because this is a pass-through charge, there is no profit or loss to certificate holders.

<sup>4</sup> *Id.*

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APPLICATION OF DESERT CAB CO. AND )  
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SOFTWARE LICENSE CHARGE )

**SUPPLEMENT TO THE JOINT APPLICATION OF DESERT CAB CO. AND A-CAB CO. TO ADJUST TAXICAB CHARGES TO INCLUDE A PASS-THROUGH SOFTWARE LICENSE CHARGE**

Applicants, Desert Cab Co. and A-Cab Co., hereby submit this Supplement to their joint Application, pursuant to NRS 706.8819(1)(a), NAC 706.471 and NAC 706.909, to adjust taxicab charges to include a pass-through software license charge.

Nevada Administrative Code ("NAC") 706.909(5) requires that "A financial statement for a full 12-monh period including a balance sheet and a profit and loss statement . . ." be included either within applications for change of rates or rules or attached as an exhibit. In the joint Application on file herein, joint Applicants submitted an Exhibit 1 financial statement which they believe complies with the spirit of the regulation. However, because this joint Application is for approval of a pass-through software license charge collected by the certificated taxi companies and then passed-through to KAPTYN (resulting in no profit and no loss to the taxicab companies), joint Applicants do not believe NAC 706.909(5) is relevant here.

Under these circumstances, and in an abundance of caution, joint Applicants hereby request the Authority either deem Exhibit 1 acceptable, or permit deviation from the requirements of NAC 706.909(5). NAC 706.876(2) provides that "In cases, where good cause appears, not contrary to statute, the Administrator or the Authority may permit deviation from the rules if it finds compliance impracticable or unnecessary." Because joint Applicants believe NAC 706.909(5) is not relevant under the circumstances presented in this joint Application and Supplment, joint Applicants respectfully submit that a) good cause appears, b) deviation would not be contrary to statutes, and that compliance is both impracticable and unnecessary.

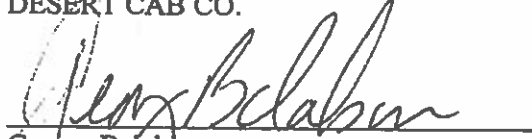
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WHEREFORE, Applicant hereby requests:

1. That, pursuant to NRS 706.8819, this joint Application be placed on the Taxicab Authority's January, 2025 agenda for discussion and decision;
2. That, if the Authority finds NAC 706.909(5) relevant and deems Exhibit 1 to the joint Application not acceptable, that the Authority grant joint Applicants request for deviation from NAC 706.909(5);
3. That this joint Application be approved to require all taxicabs in Clark County, Nevada, to impose a pass-through software license charge of .50 cents on all taxicab trips originating in Clark County, Nevada; and
4. For any other such relief that may be just and proper to implement the software license charge.

DATED this 7<sup>th</sup> day of January, 2024.

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