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United States District Court
Northern District of California

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

ORACLE AMERICA, INC., et al.,

Plaintiffs,

v.

HEWLETT PACKARD ENTERPRISE
COMPANY,

Defendant.

Case No. 16-cv-01393-JST

**ORDER DENYING DEFENDANT
HEWLETT PACKARD ENTERPRISE
COMPANY'S MOTION FOR
SUMMARY JUDGMENT AND
GRANTING PLAINTIFFS' CROSS-
MOTION**

Re: ECF Nos. 459, 471, 955, 964

Before the Court are Plaintiffs’ motion for partial summary judgment and Defendant’s motion for summary judgment, or in the alternative, partial summary judgment, or a Rule 56(g) Order, ECF Nos. 459, 471, as well as Plaintiffs’ and Defendant’s supplemental briefing regarding the effect of the Ninth Circuit’s decision remanding this case, ECF Nos. 955, 964. The Court will deny Defendant’s motion and grant Plaintiffs’ motion as to HPE’s affirmative defenses.

I. BACKGROUND

This is a copyright infringement action brought by Oracle America, Inc. (“OA”) and Oracle International Corporation (“OIC”) (collectively “Oracle”) against Hewlett Packard Enterprise Company (“HPE”).

A. Oracle’s Solaris

Oracle is a supplier of enterprise hardware and software systems, as well as technical support and consulting services related to those systems. ECF No. 462-1. At issue here is Oracle’s Solaris enterprise operating software. Oracle holds registered copyrights for Solaris and related firmware. ECF Nos. 462-2; 462-3; 462-4; 462-5; 462-6; 462-7; 462-8; 462-107. Solaris was originally developed by Sun Microsystems, Inc. (“Sun”). Oracle acquired Sun in January

1 2010 and renamed it OA, ECF No. 306 at 5, and Solaris is used primarily with Oracle’s Sun-
 2 branded servers, ECF No. 466-4 at 10. OA holds all of Sun’s interest, rights, and title to the
 3 copyrights for Solaris versions 8, 9, and 10. *Id.*

4 Oracle licenses the Solaris products, including patches¹ and firmware updates to those
 5 products (collectively “patches”), to customers through form license agreements. The Binary
 6 Code License Agreement (“BCL”) covers Solaris versions 7, 8, and 9, and provides in relevant
 7 part:

8 Sun grants you a non-exclusive and non-transferable license for the
 9 internal use only of the accompanying software and documentation
 10 and any error corrections provided by Sun [determined] by the
 11 number of users and the class of computer hardware for which the
 12 corresponding fee has been paid.

13 ECF No. 956-5 ¶ 1. The Software License Agreement (“SLA”) covers version 10. ECF No. 956-
 14 6. The SLA provides:

15 Subject to the terms of your Entitlement, Sun grants you a
 16 nonexclusive, nontransferable limited license to use Software for its
 17 Permitted Use for the license term. . . . The terms and conditions of
 18 this Agreement will apply to any Software updates, provided to you
 19 at Sun’s discretion, that replace and/or supplement the original
 20 Software, unless such update contains a separate license.

21 *Id.* ¶¶ 2, 5. Solaris 11 is governed by a similar license agreement that states Oracle “will not
 22 provide technical support, phone support, or updates to you for the materials licensed under this
 23 Agreement,” and that “[t]echnical support, if available, may be acquired from Oracle . . . under a
 24 separate agreement.” ECF No. 462-11.

25 As the foregoing language indicates, Oracle also provides technical support to its software
 26 customers. Oracle sells technical-support services to customers on a “per system basis,” meaning
 27 that it charges a fee for each individual server. ECF No. 466-6 at 20. Customers can purchase
 28 annual support contracts from Oracle, which grant the right to access and download patches. ECF

¹ “A patch is computer code . . . that is incorporated into an existing piece of software in order to
 fix problems (bugs) in the software or to update the functionality of the software.” ECF No. 472-6
 at 6.

1 No. 466-4 at 3. For customers with “on contract” servers, Oracle makes its patches available on
 2 My Oracle Support (“MOS”), a secure web portal, where a customer uses a credential obtained
 3 from Oracle to log in and download patches for its servers. ECF No. 461 at 3. Customers who
 4 access MOS agree to the site’s Terms of Use.² *Id.* Sun had similar policies related to its support
 5 services and web portal, except that for some publicly available security-related patches,
 6 customers could access the patches even if the customer’s servers were not covered by a support
 7 contract. ECF No. 460 at 2-4.

8 An Oracle support contract grants the customer – or an agent acting on the customer’s
 9 behalf, such as a third-party maintainer (“TPM”) – a license to download, deliver, and install
 10 Solaris patches on the supported servers. ECF Nos. 474-7 at 18; 476-6 at 2; 485-17 at 4. When a
 11 TPM downloads a patch, it delivers the patch to a customer via a file transfer protocol (“FTP”)
 12 site. The TPM’s delivery of a patch to an FTP site is licensed if the customer who accesses the
 13 FTP site has a server covered by a support contract, provided that the customer or TPM then
 14 installs the patch only on that particular server and does not “propagate” the patch to other, off-
 15 contract servers. If a customer has an active support contract when it downloads a patch, the
 16 customer has the right to install the patch at a later time, even if the server on which the patch is
 17 installed is no longer covered by a support contract. ECF No. 476-6 at 2.

18 **B. Technical Support Provided by HPE and Terix**

19 Customers hire TPMs to provide different forms of technical support for their servers,
 20 including repairing servers when they break (“hardware break-fix”), advising on software issues
 21 (“technical advisory support”), or applying patches and updates. ECF No. 470-3 at 4. As a TPM,
 22 HPE provides multi-vendor support (“MVS”) to customers with servers from multiple
 23 manufacturers, including Oracle. *Id.* Another former TPM, TERiX Computer Company, Inc.
 24 (“Terix”), served its own customers, and also served as a subcontractor to HPE to provide support
 25 services for HPE’s customers with Oracle servers. *Id.* at 5.

26 _____
 27 ² Those terms state: “You agree that access to My Oracle Support, including access to the service
 28 request function, will be granted only to your designated Oracle technical support contacts and
 that the Materials may be used only in support of your authorized use of the Oracle programs
 and/or hardware for which you hold a current support contract from Oracle.” ECF No. 461-2 at 2.

1 In July 2013, Oracle sued Terix and others over allegedly improper installations of Solaris
2 patches onto servers not covered under a support contract. *Oracle Am., Inc. v. Terix Comput. Co.,*
3 *Inc.*, Case No. 5:13-cv-03385-PSG, 2015 WL 2090191, at *1 (N.D. Cal. May 5, 2015). Terix
4 used the customer MOS credentials associated with a single server under a support contract to gain
5 access to patches for that customer's other servers that were not covered by support contracts.
6 ECF No. 466-18 at 8-9, 11-13. Terix concealed its conduct from Oracle, including through the
7 use of phony email addresses to access MOS. ECF Nos. 466-17 at 6; 466-18 at 24-25; 466-19 at
8 7-8, 20-21. Terix defended the case, in part, by contending that the patches it downloaded were
9 covered by either an express or implied license. The court in that case rejected Terix's license
10 defenses and granted summary judgment to Oracle on that issue, finding that none of the express
11 licenses or alleged implied licenses in the case contained terms that excused or permitted Terix's
12 conduct. *Terix*, 2015 WL 2090191, at *4-6. Following entry of that order, the parties settled and
13 stipulated to a judgment, and several of Terix's executives later pleaded guilty to wire fraud. ECF
14 Nos. 538-2; 538-6; 538-7; 538-8; 538-9.³ Although the district court reached certain of Terix's
15 affirmative defenses, it never made a finding that Terix committed copyright infringement.

16 In this lawsuit, Oracle alleges that HPE, either directly or through Terix, provided patches
17 for the Solaris software and firmware to customers who had not paid the appropriate fee to Oracle
18 for those patches. ECF No. 466-4 at 17. Oracle's claims relate to three categories of HPE
19 customers: joint HPE/Terix customers, HPE's direct support customers, and HPE's direct support
20 customers who contracted separately with Terix. ECF No. 470-3 at 5.

21 1. Joint HPE/Terix Customers

22 For joint customers, HPE subcontracted with Terix to provide support services, including
23 the delivery of patches. *Id.* HPE and Terix entered into an HPE-Terix Master Consolidated
24 Services Agreement ("MCSA") to support these customers. ECF No. 467-9. Under the MCSA,
25

26 ³ Oracle contends that Terix stipulated to judgment for copyright infringement, among other
27 things. ECF No. 466-4 at 6. HPE makes an evidentiary objection to the use of the stipulated
28 judgment, pursuant to Federal Rules of Evidence 401, 403, 802, and 901, and states that the
stipulated judgment does not include any admission by Terix to infringement, let alone an
admissible one. ECF No. 545-4 at 11 n.3. The Court overrules the objection.

1 HPE retained the right to terminate its relationship with Terix at will. *Id.* at 27. Oracle states that
 2 HPE knew about and participated in Terix’s conduct of downloading and delivering patches for
 3 servers not covered by support contracts for these customers. ECF Nos. 466-20; 546-42; 547-9 at
 4 6. HPE states that Terix intentionally hid its process of obtaining patches and told HPE that it had
 5 a separate agreement with Oracle that permitted it to provide certain patches to its customers.
 6 ECF Nos. 545-35 at 10; 546-38 at 4. Terix gave a presentation it called “Clearvision”⁴ to
 7 customers concerning what Terix believed regarding the customers’ rights to patches under the
 8 terms of the Oracle licenses. ECF Nos. 485-25 at 7-8; 546-36. Terix represented that it could
 9 lawfully supply patches for servers without requiring a customer to purchase an Oracle support
 10 contract for each server because customers who purchased certain Solaris servers had a perpetual
 11 right to any updates and patches provided by Oracle. ECF Nos. 544-36; 553-14 at 20. Oracle
 12 alleges, and HPE disputes, that HPE knew the intended purpose of Clearvision, arranged
 13 presentations for customers, and sometimes took part in them. ECF Nos. 548-5 at 13-16, 18, 20;
 14 547-6; 547-7; 547-8.⁵

15 2. HPE’s Direct Support Customers

16 HPE also provided direct support to customers. ECF No. 470-3 at 6. HPE worked
 17 together with Oracle (and previously Sun) to provide services to these customers pursuant to a
 18 Four Walls Agreement⁶ and a Master Software and Licensing Distribution Agreement, which
 19 authorized HPE to resell Oracle support offerings. ECF No. 475-18 at 25-26. Oracle contends
 20 that HPE improperly installed patches for direct support customers, citing analysis performed by
 21 its forensic expert, Christian Hicks, who found instances where HPE installed patches that were
 22

23 ⁴ The name of the presentation was sometimes spelled “Clear Vision.”

24 ⁵ HPE states that it attempted for many years to find out what the presentation entailed but Terix
 25 blocked HPE from attending or knowing what was discussed. ECF Nos. 474-4 at 4; 474-5 at 6;
 26 475-17 at 2-3; 485-4 at 9, 12; 485-11 at 4, 11; 545-18 at 8, 11; 545-20 at 3-4, 7-8, 10; 546-27.
 27 HPE says that in November 2012, Terix read to HPE, over the phone, portions of Clearvision, and
 did not say in that partial reading that Terix would provide or install any patches. ECF No. 545-16
 at 8-9.

28 ⁶ Both HPE’s brief, ECF No. 471 at 17, and one of its declarants, ECF No. 475-18 at 25, use the
 term “Four Walls Agreement,” but neither defines it.

1 first released after the customer's server was no longer under a support contract. ECF No. 472-12
2 at 4. HPE responds that it provided software support, including patch installation, to some of its
3 customers, but other customers performed such installations themselves or went to Sun/Oracle for
4 support. ECF Nos. 475-23 at 10; 480-14. For this reason, HPE casts doubt on Hicks's
5 conclusions that the identified patches were necessarily installed by HPE. ECF No. 470-3 at 28.
6 Additionally, HPE explains that the "[REDACTED]" column in HPE's discovery responses
7 could mean (i) the date the patch was installed, (ii) the date the patch was released, or (iii) the date
8 the file was updated on the machine. ECF No. 480-18 at 9.

9 3. HPE's Direct Support Customers Who Contracted with Terix

10 Some of HPE's direct support customers also contracted separately with Terix. ECF No.
11 470-3 at 24. For example, Nissan contracted with Terix before it contracted with HPE, ECF No.
12 476-9, and Symantec contracted with Terix and HPE concurrently, ECF No. 476-10. Symantec
13 contracted with HPE for support for some of its servers and separately contracted with Terix for
14 others. ECF No. 545-28 at 14, 28-29. HPE employees admitted to installing patches obtained
15 from Terix on Symantec servers that were not under support contracts. ECF Nos. 467-13 at 15-
16 17; 467-15 at 16-18. HPE states, however, that Symantec represented to HPE in writing that
17 Symantec had the lawful entitlement and authorization to access the patches. ECF No. 476-26.

18 C. Procedural Background

19 On March 22, 2016, Oracle filed its complaint against HPE, asserting several claims for
20 copyright infringement under 17 U.S.C. §§ 101 *et seq.*, as well as state law claims for intentional
21 interference with contractual relations, intentional interference with prospective economic
22 relations, and unfair competition under California Business and Professions Code § 17200. ECF
23 No. 1. HPE filed a motion to dismiss the complaint, ECF No. 34, which the Court granted in part
24 and denied in part. ECF No. 68. HPE filed a partial motion to dismiss Oracle's amended claims
25 for vicarious copyright infringement, ECF No. 79, which the Court denied. ECF No. 159. Oracle
26 filed a motion to strike several affirmative defenses asserted by HPE, ECF No. 99, which the
27 Court granted in part and denied in part. ECF No. 174. Finally, the Court granted Oracle's
28 motion to strike HPE's amended unclean hands defense. ECF No. 240. Oracle filed the operative

1 second amended complaint (“SAC”) and HPE filed the operative third amended answer (“TAA”).
2 ECF Nos. 305, 314.

3 On February 28, 2018, the parties filed cross-motions for summary judgment. Oracle filed
4 a motion for partial summary judgment on its copyright infringement claims, and on HPE’s
5 express and implied license, abandonment, estoppel, fair use, and 17 U.S.C. § 117 affirmative
6 defenses. ECF No. 459. HPE filed a motion for summary judgment on all of Oracle’s copyright
7 infringement claims and all of its state law claims, and in the alternative, (1) a motion for partial
8 summary judgment on Oracle’s claims and/or customers where there is no material dispute of fact;
9 (2) a motion for partial summary judgment on Oracle’s claims for copyright infringement,
10 intentional interference with contract, and intentional interference with prospective economic
11 relations to the extent those claims are time-barred under the applicable statute of limitations; (3) a
12 motion for partial summary judgment on Plaintiffs OA and OIC’s copyright infringement claims
13 based on copyrights they each do not own; and (4) a motion for an order under Federal Rule of
14 Civil Procedure 56(g) stating that certain proposed facts are not genuinely in dispute and
15 established in this case. ECF No. 471. Both motions were opposed. ECF Nos. 533, 539.

16 On January 29, 2019, the Court granted HPE’s motion for summary judgment and denied
17 Oracle’s cross-motion. ECF No. 881. The Court held that Oracle’s infringement claims based on
18 conduct from before May 6, 2012, and interference claims based on conduct before May 6, 2013,
19 were barred by the statute of limitations. *Id.* at 9-13. The Court granted summary judgment on
20 Oracle’s timely direct and indirect infringement claims on the basis that Oracle had not presented
21 evidence of an installation of a protectable patch on any individual off-contract server. *Id.* at 13-
22 17. The Court held that Oracle’s intentional interference claims failed because Oracle had not
23 identified a specific contract that was breached or disrupted, did not respond to HPE’s argument
24 that Oracle suffered no economic harm, and had not shown HPE committed any independently
25 wrongful act within the relevant time frame. *Id.* at 17-19. Finally, the court granted summary
26 judgment on Oracle’s UCL claim because it had held that Oracle’s state law claims failed and any
27 UCL claim based on the Copyright Act would be preempted. *Id.* at 19-20.

28 Oracle filed a notice of appeal, and on August 20, 2020 the Ninth Circuit issued an opinion

1 affirming in part and reversing and vacating in part the Court’s summary judgment order. ECF
2 No. 936; *see also Oracle Am., Inc. v. Hewlett Packard Enter. Co.*, 971 F.3d 1042 (9th Cir. 2020).
3 The Ninth Circuit affirmed this Court’s grant of partial summary judgment for HPE on (1) the
4 copyright infringement and IIPEA claims as time-barred, and (2) the indirect infringement claims
5 for patch installations by Terix. The Ninth Circuit reversed summary judgment “on all
6 infringement claims for pre-installation conduct, and on the direct infringement claims for
7 unauthorized patch installations by HPE.” *Id.* at 1054. In a concurrently filed memorandum
8 disposition, the Ninth Circuit also reversed this Court’s state law holdings that Oracle could not
9 prove an actual breach of contract or show resulting damage, and this Court’s wrongful act
10 analysis. *Oracle Am., Inc. v. Hewlett Packard Enter. Co.*, 823 Fed. App’x 516, 518 (9th Cir.
11 2020). The Ninth Circuit affirmed this Court’s summary judgment ruling for Oracle’s UCL
12 claims predicated on infringement because they were preempted, but reversed summary judgment
13 for the UCL claims premised on the IICR and IIPEA claims. *Id.* at 519.

14 On January 12, 2021, the Court held a case management conference following the mandate
15 of the Ninth Circuit’s decision. ECF Nos. 942, 950. The parties agreed to file opening briefs that
16 would include excerpts from their existing summary judgment briefing on issues remaining to be
17 decided, as well as 19 pages of supplemental briefing addressing how the Ninth Circuit’s decision
18 bears on the questions now before the Court. ECF No. 954. Both parties filed opening briefs,
19 ECF Nos. 955, 964, and both parties were given an opportunity to file supplemental replies, ECF
20 Nos. 974, 976. The Court held a hearing on June 3, 2021.

21 **II. JURISDICTION**

22 This Court has jurisdiction pursuant to 28 U.S.C. § 1331.

23 **III. LEGAL STANDARD**

24 Summary judgment is proper when a “movant shows that there is no genuine dispute as to
25 any material fact and the movant is entitled to judgment as a matter of law.” Fed. R. Civ. P. 56(a).
26 A dispute is genuine only if there is sufficient evidence “such that a reasonable jury could return a
27 verdict for the nonmoving party,” and a fact is material only if it might affect the outcome of the
28 case. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). When deciding a motion for

1 summary judgment, the court must draw “all justifiable inferences” in the nonmoving party’s
2 favor and may not weigh evidence or make credibility determinations. *Id.* at 255.

3 Where the party moving for summary judgment would bear the burden of proof at trial,
4 that party “has the initial burden of establishing the absence of a genuine issue of fact on each
5 issue material to its case.” *C.A.R. Transp. Brokerage Co., Inc. v. Darden Rests., Inc.*, 213 F.3d
6 474, 480 (9th Cir. 2000). Where the party moving for summary judgment would not bear the
7 burden of proof at trial, that party “must either produce evidence negating an essential element of
8 the nonmoving party’s claim or defense or show that the nonmoving party does not have enough
9 evidence of an essential element to carry its ultimate burden of persuasion at trial.” *Nissan Fire &*
10 *Marine Ins. Co., Ltd. v. Fritz Cos., Inc.*, 210 F.3d 1099, 1102 (9th Cir. 2000). If the moving party
11 satisfies its initial burden of production, the nonmoving party must produce admissible evidence to
12 show that a genuine issue of material fact exists. *Id.* at 1102-03. The non-moving party must
13 “identify with reasonable particularity the evidence that precludes summary judgment.” *Keenan v.*
14 *Allan*, 91 F.3d 1275, 1279 (9th Cir. 1996) (citation omitted). Indeed, it is not the duty of the
15 district court “to scour the record in search of a genuine issue of triable fact.” *Id.* “[A] mere
16 ‘scintilla’ of evidence will not be sufficient to defeat a properly supported motion for summary
17 judgment; rather, the nonmoving party must introduce some ‘significant probative evidence
18 tending to support the complaint.’” *Summers v. Teichert & Son, Inc.*, 127 F.3d 1150, 1152 (9th
19 Cir. 1997) (quoting *Liberty Lobby*, 477 U.S. at 252, 249). If the nonmoving party fails to make
20 this showing, the moving party is entitled to summary judgment. *Celotex Corp. v. Catrett*, 477
21 U.S. 317, 322-23 (1986).

22 **IV. DISCUSSION**

23 **A. Copyright Infringement**

24 The parties have filed competing motions for summary judgment on Oracle’s direct,
25 vicarious, and contributory copyright infringement claims. This Court granted HPE’s motion for
26 summary judgment, but the Ninth Circuit reversed “on all infringement claims for pre-installation
27 conduct, and on the direct infringement claims for unauthorized patch installations by HPE.”
28 *Oracle*, 971 F.3d at 1054. The Ninth Circuit remanded for this Court “to properly analyze the

licenses,” in considering HPE’s express license defense and to “reconsider all infringement claims for pre-installation conduct.” *Id.* 1051. The Ninth Circuit also declined to award Oracle summary judgment, holding that “[a]t the very least, the testimony creates a dispute of material fact” when viewing the evidence in the light most favorable to HPE. *Id.* at 1053 n.11.

1. Indirect Infringement

“As for Oracle’s copyright infringement claim for the ‘joint HPE/Terix customers,’ HPE seeks summary judgment as to its express license defense or, in the alternative, the elements of contributory and vicarious infringement. In the alternative, HPE seeks partial summary judgment or a Rule 56(g) Order limiting these claims to those servers and/or customers for which Oracle has adduced sufficient evidence to create a material dispute of fact.” ECF No. 956-3 at 2. Oracle also seeks summary judgment on HPE’s express license defense.

a. Express License Defense

After noting that Terix’s pre-installation conduct “appears to show direct infringement,” the Ninth Circuit remanded the question of whether this conduct was authorized by a license. *Oracle*, 971 F.3d at 1050-51. Upon a close review of the record, and in light of the legal principles articulated by the Ninth Circuit, the Court grants Oracle summary judgment as to HPE’s express license defense.

The Court applies the following legal principles, as explained by the Ninth Circuit, to evaluate Oracle’s licenses.

An applicable license may be dispositive of an infringement claim. “Anyone who is authorized by the copyright owner to use the copyrighted work in a way specified in [the Copyright Act] . . . is not an infringer of the copyright with respect to such use.” *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 433, 104 S. Ct. 774, 78 L.Ed.2d 574 (1984). Thus, an infringement claim “fails if the challenged use of the work falls within the scope of a valid license.” *Great Minds v. Office Depot, Inc.*, 945 F.3d 1106, 1110 (9th Cir. 2019). And “[t]he existence of a license creates an affirmative defense to” an infringement claim. *Worldwide Church of God v. Phila. Church of God, Inc.*, 227 F.3d 1110, 1114 (9th Cir. 2000). But “[w]hen a licensee exceeds the scope of the license granted by the copyright holder, the licensee is liable for infringement.” *LGS Architects, Inc. v. Concordia Homes of Nev.*, 434 F.3d 1150, 1156 (9th Cir. 2006).

1 A court must construe the license to evaluate its effect on a claim of copyright
2 infringement. “A copyright license ‘must be construed in accordance with the
3 purposes underlying federal copyright law.’ ” *Great Minds*, 945 F.3d at 1110
4 (quoting *S.O.S., Inc. v. Payday, Inc.*, 886 F.2d 1081, 1088 (9th Cir. 1989));
5 *see also Cohen v. Paramount Pictures Corp.*, 845 F.2d 851, 854 (9th Cir.
6 1988) (same). “Chief among these purposes is the protection of the author’s
rights.” *S.O.S.*, 886 F.2d at 1088. “Federal courts ‘rely on state law to provide
the canons of contractual construction to interpret a license, but only to the
extent such rules do not interfere with federal copyright law or policy.’ ” *Great
Minds*, 945 F.3d at 1110 (quoting *S.O.S.*, 886 F.2d at 1088).

7 *Oracle*, 971 F.3d at 1051. Another court has already had cause to evaluate the licenses at issue
8 here, and the Ninth Circuit has held that the court presiding over *Oracle America, Inc. v. Terix*
9 *Computer Co.*, 2015 WL 2090191 (N.D. Cal. May 5, 2015) appropriately “applied the relevant
10 principle to construe the licenses for Solaris Versions 7, 8, 9, and 10.” *Id.* at 1054.

11 The *Terix* Court explained that “[u]nder California law, the intent of the parties to a written
12 agreement ‘is to be ascertained from the writing alone, if possible.’ California law also recognizes
13 that contract interpretation is a question of law for the court.” *Terix*, 2015 WL 2090191, at *4
14 (footnotes omitted). “Where there is a dispute as to the meaning of a contract’s term, the court
15 must determine whether the term is ambiguous or ‘reasonably susceptible’ to more than one
16 interpretation. Regardless of the answer, the trial judge is the arbiter of both ambiguous and
17 unambiguous language, as long as the evidence required to resolve the ambiguity is
18 uncontroverted.” *Id.* (footnotes omitted). As in *Terix*, the question here is whether the terms of
19 the relevant licenses – the BCL and the SLA – permit *Terix*’s conduct.

20 The Ninth Circuit summarized the evidence of *Terix*’s downloading and copying of
21 patches for joint HPE-*Terix* customers in its opinion reversing this Court’s grant of summary
22 judgement. *See Oracle*, 971 F.3d at 1050. The Ninth Circuit pointed to *Terix* downloading “some
23 11,500 copies of Solaris patches, including thousands of copies of registered protectable code by
24 using customers’ MOS credentials.” *Id.* It also noted that “*Terix* employees copied patches to
25 internal *Terix* repositories as well as to *Terix*-provided laptops so that it could provide patches on
26 demand to joint customers. *Terix* reproduced and distributed patches on its servers so that
27 customers could access patch copies.” *Id.* In sum, the Ninth Circuit concluded that “*Terix*
28

1 downloaded patches using the [MOS credentials for a single-server Oracle support contract] to
2 make copies for use on off-contract servers as part of the so-called ‘one-to-many’ scheme. When
3 a customer was not yet supported, Terix created credentials by using fictitious names, emails
4 addresses, and credit cards.” *Id.* at 1046.

5 The Court must now consider whether this conduct was permitted by the BCL and SLA
6 licenses. The BCL grants “a non-exclusive and non-transferable license for the internal use only
7 of the accompanying software and documentation and any error corrections provided by Sun
8 [determined] by the number of users and the class of computer hardware *for which the*
9 *corresponding fee has been paid.*” ECF No. 956-5 ¶ 1 (emphasis added). Similarly, the SLA
10 explains that Sun grants a license “[s]ubject to the terms of [the customer’s] Entitlement,” which
11 was defined as “the collective set of applicable documents . . . *evidencing your obligation to pay*
12 *associated fees* (if any) for the license.” ECF No. 956-6 at 8 (emphasis added). As the *Terix* court
13 explained, the BCL and SLA “plainly” did not authorize Terix’s conduct.

14 [T]he licenses specifically contemplate download privileges “for the number
15 of users and the class of computer hardware for which the corresponding fee
16 has been paid” or for updates “that replace and/or supplement the original
17 Software” for which a customer pays “associated fees.” [Terix] violated the
18 terms of the relevant licenses by using a customer’s credentials to—at the
19 very least—download patches for any number of that customer’s machines,
20 whether covered by the license terms or not. This type of use is clearly not
21 contemplated on the face of the license agreements.

22 *Terix*, 2015 WL 2090191, at *6.

23 HPE’s contentions that (1) because every customer had an active support contract during
24 the relevant period, all accused downloads and deliveries were authorized uses of patches provided
25 by Oracle under the license agreements, ECF No. 956-3 at 5, and (2) Oracle’s reading of the
26 licenses would require the Court to conclude that the licenses themselves were not effective unless
27 a customer bought a support contract for every server, ECF No. 974 at 3-5, are unavailing. The
28 evidence of Terix’s extensive downloading and copying reflects that it was not abiding by the
terms of the license to use only the patches “provided by Sun . . . for which the corresponding fee
has been paid.” ECF No. 956-5 ¶ 1; *see also* ECF No. 956-6 ¶ 5. The fact that a customer had a
support contract for one server did not permit Terix, the customer’s agent, to download and copy

1 the patches without limit. And the plain language of the license makes clear that a customer may
2 use the licensed software without purchasing a support contract, but that the use of any “error
3 corrections” or “Software updates” – aka patches – is dependent on “Sun’s discretion” and the
4 payment of “the corresponding fee.” *Id.*

5 The Court therefore concludes that Terix’s conduct exceeded the scope of the identified
6 licenses, and grants Oracle summary judgment as to HPE’s express license defense.

7 **b. Contributory Liability**

8 Oracle alleges that “[i]n addition to directly infringing Oracle’s exclusive rights, [HPE] has
9 contributorily infringed Oracle’s exclusive rights in the software.” SAC, ECF No. 306 ¶ 68.

10 Oracle asserts that HPE encouraged and assisted Terix’s infringement by sending Terix customers
11 HPE knew required Solaris patches but did not have or were not intending to obtain Oracle
12 support contracts. ECF No. 963-6 at 35-38.

13 HPE moves for summary judgment on the grounds that Oracle has not established either
14 the knowledge or the material contribution elements of contributory infringement. ECF No. 956-7
15 at 2-5, 7-9. HPE argues that Oracle presents no evidence that HPE knew which servers Terix was
16 providing patches to or that the customers who owned those servers did not have the necessary
17 support contracts. HPE explains that Oracle can only point to evidence that HPE knew Terix
18 might violate Oracle’s support policies, but not that HPE knew Terix’s conduct exceeded Oracle’s
19 software licenses and constituted copyright infringement. HPE also contends that Oracle has no
20 specific evidence that HPE contributed to particular acts of infringement.

21 Contributory copyright infringement requires showing that a defendant “(1) has knowledge
22 of another’s infringement and (2) either (a) materially contributes to or (b) induces that
23 infringement.” *Perfect 10, Inc. v. Visa Int’l Service Ass’n*, 494 F.3d 788, 795 (9th Cir. 2007). A
24 defendant must know of “specific infringing material” and fail to “take simple measures to prevent
25 further damage.” *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1171-72 (9th Cir. 2007)
26 (quoting *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1022 (9th Cir. 2001) and *Religious*
27 *Tech. Ctr. V. Netcom On-Line Commc’n Servs., Inc.*, 907 F. Supp. 1361, 1375 (N.D. Cal. 1995)).
28 Although the law remains unsettled over whether “reason to know” of specific infringement

1 satisfies the standard, *see Erickson Productions, Inc. v. Kast*, 921 F.3d 822, 832 (9th Cir. 2019)
 2 (noting inconsistency in case law), it is undisputed that “[w]illful blindness of specific facts would
 3 establish knowledge for contributory liability.” *Luvdarts, LLC v. AT & T Mobility, LLC*, 710 F.3d
 4 1068, 1073 (9th Cir. 2013). “A willfully blind defendant is one who took deliberate actions to
 5 avoid confirming suspicions of criminality.” *United States v. Heredia*, 483 F.3d 913, 918 n.4 (9th
 6 Cir. 2007) (en banc).

7 The Court finds that there is a material dispute of fact as to whether HPE was willfully
 8 blind to Terix’s infringement. As discussed above, Terix’s conduct violated Oracle’s licenses
 9 according to the plain meaning of the contracts. HPE’s attempt to frame Terix’s conduct as
 10 potentially violating Oracle’s support policies rather than the software licenses themselves is
 11 therefore unavailing. In addition, Oracle presented specific evidence of HPE’s knowledge of
 12 Terix’s conduct that violated the terms of Oracle’s licenses. For example, an HPE employee
 13 designated under Rule 30(b)(6) to testify on HPE’s behalf regarding “HPE’s general marketing
 14 and advertising efforts with respect to its multivendor support offers as they relate to Oracle
 15 software running on Oracle hardware” stated that “[REDACTED]” were “[REDACTED]
 16 [REDACTED]” and “[REDACTED]” because they were “[REDACTED]” Ex. 466-11 at 9, 23-
 17 25. This employee had communicated with other HPE employees about how “[REDACTED]
 18 [REDACTED]
 19 [REDACTED]” and testified that he was referencing “[REDACTED]
 20 [REDACTED]” *Id.* at 35-36. Another HPE
 21 employee testified that he had raised his concern that Terix was “[REDACTED]
 22 [REDACTED]” with HPE management. ECF No. 548-12 at 15-16. Oracle has therefore
 23 demonstrated that HPE may have had knowledge that Terix providing software patches to
 24 customers without Oracle support contracts was unlawful and would violate the terms of the
 25 licenses.

26 In addition, Oracle has provided evidence of specific knowledge of infringement. In a
 27 November 2012 email an HPE employee described “[REDACTED]
 28 [REDACTED]

United States District Court
Northern District of California

1 [REDACTED]” ECF No. 467-42 at 2. Oracle has pointed to several joint
 2 HPE/Terix customers – including Comcast and Sybase – who HPE knew did not pay for Oracle
 3 support, but who contracted with HPE and Terix with the understanding that they would receive
 4 Oracle patches. *See, e.g.*, ECF No. 467-21 at 7-8 (Comcast affirming that when it was
 5 “ [REDACTED] ” it was “ [REDACTED] ”
 6 [REDACTED] ” and that HPE said
 7 “ [REDACTED] ”); ECF No. 467-26 at 18
 8 (termination letter from Comcast to Oracle distributed through an HPE communication); ECF No.
 9 467-41 at 2 (HPE employee explaining to Sybase that “ [REDACTED] ”
 10 [REDACTED]
 11 [REDACTED] ”). HPE’s practice of “ [REDACTED] ”
 12 [REDACTED] ” constitutes
 13 evidence of willful blindness to Terix’s direct infringement. ECF No. 467-42 at 2.

14 Finally, the evidence of HPE directing customers who did not want to contract with Oracle
 15 to contract directly with Terix similarly satisfies Oracle’s burden of establishing that HPE induced
 16 Terix’s liability by taking “active steps . . . to encourage direct infringement.” *VHT, Inc. v. Zillow*
 17 *Grp., Inc.*, 918 F.3d 723, 743 (9th Cir. 2019) (quotation marks and citation omitted). A July 2011
 18 communication “ [REDACTED] ” described
 19 one of “ [REDACTED] ”
 20 [REDACTED] ” as follows:

21 [REDACTED]
 22 [REDACTED]
 23 [REDACTED]
 24 [REDACTED]
 25 [REDACTED]

26 ECF No. 964-17 at 4 (emphasis added). In addition, Oracle has presented specific evidence
 27 regarding HPE’s role in assisting Terix’s direct infringement through its relationships with
 28 customers like Comcast. *See, e.g.*, ECF No. 574-24 at 234 at 8-9, 15 (Comcast testified that [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]

4 [REDACTED]). The evidence gathered by Oracle reflects that HPE’s partnership with Terix –
5 which hinged on Terix’s ability to provide customers with Solaris patches – was an important
6 piece of HPE’s business and was encouraged by management.

7 The Court therefore holds that Oracle can satisfy both elements of contributory copyright
8 infringement and denies HPE’s motion for summary judgment on this claim.

9 **c. Vicarious Liability**

10 Vicarious copyright infringement requires showing that a “defendant has (1) the right and
11 ability to supervise the infringing conduct and (2) a direct financial interest in the infringing
12 activity.” *Giganews*, 847 F.3d at 673; *see also Metro-Goldwyn-Mayer Studios Inc. v. Grokster,*
13 *Ltd.*, 545 U.S. 913, 930 (2005) (“One infringes vicariously by profiting from direct infringement
14 while declining to exercise a right to stop or limit it.”). HPE argues that Oracle cannot establish
15 either of these elements. Oracle responds that it has satisfied the “control” prong by
16 demonstrating that HPE “had the power to police Terix’s access to their joint customers
17 individually, and . . . promoted Terix’s infringing activities by directing customers to Terix for
18 Solaris patches,” as the Court instructed in its order denying HPE’s motion to dismiss Oracle’s
19 claim for vicarious copyright infringement. ECF No. 963-6 at 43 (quoting ECF No. 159 at 4).

20 First, the Court holds that, contrary to HPE’s argument, Oracle need not have the ability to
21 put an end to all of Terix’s infringing conduct to support its claim that HPE is liable for vicarious
22 copyright infringement. For example, in *Napster*, an MP3 music sharing website was accused of
23 vicariously liability for users’ sharing of copyrighted songs. 239 F.3d at 1011. Addressing the
24 right and ability to supervise, the court found that Napster had the right to control access to its
25 system because it reserved the right to terminate users. *Id.* at 1023. Although the boundaries of
26 Napster’s control were limited by the system’s “architecture,” Napster maintained song indices
27 which it could use to locate infringing material and which “as a practical matter” gave it the ability
28 to stop infringement. *Id.* at 1023-24. While users could technically alter file names, the names

United States District Court
Northern District of California

1 would have to “roughly” correspond to copyrighted music in order for users to find it through
2 search. *Id.* at 1024. The Ninth Circuit thus concluded that Napster had the practical ability to
3 supervise infringement even though it could not control all of the third-parties’ infringement. The
4 Ninth Circuit has also held that evidence of a swap meet operator’s “broad contract with its
5 vendors” was sufficient to satisfy the control requirement because the operator “had the right to
6 terminate vendors for an reason whatsoever and through that right had the ability to control the
7 activities of vendors on the premises.” *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 263
8 (9th Cir. 1996). The case that HPE relies on – an unpublished disposition from the Ninth Circuit –
9 holds that a defendant must have control over a third party’s infringing conduct to the extent that
10 the defendant “can directly put an end to that conduct,” but does not support HPE’s sweeping
11 position that a defendant must be able to put an end to *all* of a third party’s infringing conduct to
12 be liable for vicarious copyright infringement. *See Routt v. Amazon.com, Inc.*, 584 Fed. App’x
13 713, 714 (9th Cir. Aug. 29, 2014).

14 The [REDACTED] between HPE and Terix – although not a
15 “formal, contractual ability to control the direct infringer,” *Fonovisa*, 76 F.3d at 263 – provides
16 insight into HPE’s supervisory role over Terix in the context of joint HPE/Terix customers. Under
17 this agreement, [REDACTED]

18 [REDACTED] ECF No. 467-9 at 7, 18. [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED] *Id.* at 8.

22 Furthermore, evidence of HPE’s interactions with specific customers make it clear that
23 HPE had the practical ability “to stop or limit the directly infringing conduct.” *Perfect 10*, 508
24 F.3d at 1173. HPE confirmed that in HPE’s multivender support services – such as those provided
25 to joint HPE/Terix customers – HPE was the “[REDACTED]” for customers’ support
26 needs and was “[REDACTED]” ECF No. 467-19
27 at 13-16. One joint HPE/Terix customer explained that the process for getting support was to call
28 HPE, who “[REDACTED]

1 [REDACTED]
2 [REDACTED]” ECF No. 574-24 at 16. This customer received “[REDACTED]”
3 Solaris patches “[REDACTED]” and understood that “[REDACTED]”
4 [REDACTED]” and that HPE “[REDACTED]”
5 [REDACTED]” *Id.* at 16-18. Another joint customer described
6 a similar process in which they would “[REDACTED]”
7 ECF No. 549-6 at 17. An HPE employee confirmed that “[REDACTED]”
8 [REDACTED]
9 [REDACTED]” and stated that “[REDACTED]”
10 [REDACTED]” ECF
11 No. 549-18 at 17-18. This evidence of HPE’s involvement in customer’s software service
12 inquiries, and its role in directing business and specific service requests to Terix, is comparable to
13 the role of Napster or a swap meet operator and supports the “control” element of Oracle’s
14 vicarious liability claim.

15 Second, the Court holds that Oracle’s evidence is sufficient to meet its burden to show that
16 HPE had a “direct financial interest in the infringing activity.” *Giganews*, 847 F.3d at 673. As
17 discussed above, Terix’s infringement allowed HPE to “[REDACTED]”
18 [REDACTED]” even if the
19 customer did not want to contract with Oracle. ECF No. 964-17 at 4. HPE described its ability to
20 obtain business from a customer who required access to Solaris patches but did not contract with
21 Oracle as “[REDACTED]” ECF No. 467-26 at 2. Finally,
22 HPE’s argument that “access to patches was *not* the reason that sophisticated enterprise customers
23 contracted with HPE for multi-vendor support” is unpersuasive. ECF No. 956-7 at 11. As noted
24 above, Oracle has presented evidence that certain joint HPE/Terix customers “[REDACTED]” access to
25 Solaris patches in order to contract with HPE. *See, e.g.*, ECF No. 467-21 at 7-8 (Comcast).
26 Terix’s infringement made that possible and so was a “draw for [customers], not just an added
27 benefit.” *Ellison v. Robertson*, 357 F.3d 1072, 1079 (9th Cir. 2004).

28 The Court holds that Oracle can satisfy both elements of vicarious copyright infringement

1 and denies HPE's motion for summary judgment on this claim.

2
3 **d. Partial Summary Judgement or Rule 56(g) Order**

4 HPE asks the Court to grant partial summary judgment or issue a Rule 56(g) order limiting
5 Oracle's claims regarding joint support customers. First, HPE argues that because Oracle has not
6 challenged this Court's grant of summary judgment regarding the absence of evidence of Terix
7 installing patches on any out-of-contract servers for a joint support customer, Oracle's pre-
8 installation claims regarding Terix downloading or delivering a patch with the intent to infringe
9 cannot be a basis for copyright infringement. ECF No. 965-3 at 14-15. HPE contends that "the
10 Copyright Act is concerned with the *act* of copying or redistributing a protected work" and "does
11 not regulate a party's state of mind." *Id.* at 14. However, HPE bases this argument on its
12 assertion that "it is undisputed that the mere act of downloading a patch for a joint support
13 customer or delivering a patch to an FTP site for a joint support customer – i.e., the act of *copying*
14 the patch – did *not* violate the customers' licenses." *Id.* at 15. This mischaracterizes the record
15 and distorts the Ninth Circuit's opinion. Although an agent downloading and delivering a patch
16 for a server that is under an Oracle support contract would not violate the license, that is not what
17 Oracle's evidence shows. As discussed above, the Ninth Circuit concluded that "Terix's
18 downloaded patches using the [MOS credentials for a single-server Oracle support contract] to
19 make copies for use on off-contract servers as part of the so-called 'one-to-many' scheme" and
20 noted that the evidence of Terix's downloading and copying "appears to show direct
21 infringement." *Oracle*, 971 F.3d at 1046, 1050. A jury could conclude that Terix's pre-
22 installation conduct violated the Oracle licenses and so is a proper basis for a claim of copyright
23 infringement.

24 Second, HPE asserts that partial summary judgment should be granted because Oracle has
25 not presented evidence of a download or a delivery that was made with the intent to install a patch
26 on an unsupported server for a particular customer. ECF No. 965-3 at 15-16. HPE emphasizes
27 that Oracle cannot simply assert that Terix downloaded or delivered patches with the intent of
28 installing the patches on unsupported servers because Oracle does not dispute that there is no

1 evidence that any such installation actually occurred. *Id.* at 16. As an extension of this argument,
2 HPE argues that, at a minimum, the Court should grant partial summary judgement or a Rule
3 56(g) order limiting Oracle’s claims to the 300 patch deliveries that Oracle speculates could have
4 been made for unsupported servers. *Id.* at 16-17. HPE contends that the evidence affirmatively
5 forecloses Oracle’s argument regarding most joint support customers because Oracle’s expert
6 admitted that there is no evidence that Terix delivered any patches for 25 of the 37 joint support
7 customers. *Id.* at 17. Oracle responds that (1) Terix did make copies for unsupported servers; (2)
8 HPE focuses on evidence of deliveries but ignores the “overwhelming evidence of Terix’s
9 downloading and internal copying,” and (3) Oracle is not required to show that a particular
10 download or copy was for a specific unsupported server to establish unauthorized conduct. ECF
11 No. 963-4 at 6-10.

12 The Court first declines to grant partial summary judgment based on which customers
13 Oracle can demonstrate were delivered patches. To do so would ignore HPE’s liability for Terix’s
14 other infringing acts, such as its unauthorized downloading and copying. In describing “Oracle’s
15 evidence of Terix’s downloading and copying of patches for joint HPE-Terix customers,” the
16 Ninth Circuit explained that:

17 Terix downloaded some 11,500 copies of Solaris patches, including
18 thousands of copies of registered protectable code by using customers’ MOS
19 credentials. Terix employees copied patches to internal Terix repositories as
20 well as to Terix-provided laptops so that it could provide patches on demand
to joint customers. Terix reproduced and distributed patches on its servers so
that customers could access patch copies.

21 *Oracle*, 971 F.3d at 1050. The Ninth Circuit concluded that this evidence – without mention of
22 any deliveries – “appears to show direct infringement.” *Id.*

23 The Court also rejects HPE’s argument that Oracle is required to identify which out-of-
24 contract servers Terix and/or HPE intended to install each downloaded patch on. HPE’s argument
25 that Oracle needs to do more than assert that Terix downloaded or delivered patches with the
26 intent of installing the patches on unsupported servers appears to be a new version of an argument
27 that the Ninth Circuit has already rejected – “that only patch installations could constitute
28 infringing conduct” because “Terix was an agent of a customer with a license.” *Id.* at 1051. In

1 remanding this case, the Ninth Circuit emphasized that “[p]roof of copyright infringement is often
2 highly circumstantial . . . [b]ecause direct evidence of copying is rarely available.” *Id.* at 1053
3 (quoting *Loomis v. Cornish*, 836 F.3d 991, 994 (9th Cir. 2016) and *Baxter v. MCA, Inc.*, 812 F.2d
4 421, 423 (9th Cir. 1987)). As the Ninth Circuit explained, Terix operated a “so-called ‘one-to-
5 many’ scheme” in which it would use “MOS credential[s] for [a] single-server Oracle support
6 contract . . . to make copies for use on off-contract servers.” *Id.* at 1046. And “[w]hen a customer
7 was not yet supported, Terix created credentials by using fictitious names, emails addresses, and
8 credit cards.” *Id.* The evidence of Terix’s scheme of downloading and copying Solaris patches
9 for use on off-contract servers is sufficient circumstantial evidence of infringement.

10 The Court therefore denies HPE’s motion for partial summary judgment or a Rule 56(g)
11 order as to the indirect infringement claims.

12 2. Direct Copyright Infringement

13 HPE acknowledges that the Ninth Circuit has held that “summary judgment was improper
14 on the direct infringement claims concerning non-Symantec customers” because “[v]iewing the
15 evidence in the light most favorable to Oracle, a reasonable jury could find that HPE performed
16 patch installations for direct customers.” *Oracle*, 971 F.3d at 1053. However, HPE argues that it
17 is entitled to summary judgment as to Oracle’s claims concerning Symantec and partial summary
18 judgment with respect to Oracle’s claims pertaining to non-Symantec direct support customers.

19 a. Non-Symantec Direct Support Customers

20 HPE argues that it is entitled to partial summary judgement regarding Oracle’s direct
21 infringement claims because Oracle does not have cognizable evidence of infringement pertaining
22 to non-Symantec direct support customers beyond the 210 installations identified by Oracle’s
23 expert, Hicks, and addressed in the Ninth Circuit’s analysis. ECF No. 956-3 at 10-13; *see also*
24 *Oracle*, 971 F.3d at 1052-53. Oracle responds that it may establish HPE’s practice of unlawful
25 copying through circumstantial evidence – including evidence that HPE provided protected
26 patches to direct support customers who had over 1,500 servers not on Oracle support – and that
27 HPE installed unauthorized patches across many customers’ servers, as identified by the
28 spreadsheet reflecting the 210 potentially infringing installations. ECF No. 963-4 at 12-16.

1 “Granting or denying a partial summary judgment is, in the end, ‘largely . . . a
2 discretionary matter.’” *Kottom v. Walker*, No. 14-CV-04492-LB, 2015 WL 7301849, at *3 (N.D.
3 Cal. Nov. 19, 2015) (quoting 10A Charles Alan Wright et al., *Federal Practice & Procedure* §
4 2728 at 531-32 (3d ed. 1998)). Under Federal Rule of Civil Procedure 56(g), the Court “may
5 enter an order stating any material fact – including an item of damages or other relief – that is not
6 genuinely in dispute and treating the fact as established in the case.” However, “[e]ven if the court
7 believes that a fact is not genuinely in dispute it may refrain from ordering that the fact be treated
8 as established. The court may conclude that it is better to leave open for trial facts and issues that
9 may be better illuminated by the trial of related facts that must be tried in any event.” *Malbco*
10 *Holdings, LLC v. Patel*, No. 3:14-CV-00947-PK, 2016 WL 5898629, at *1 (D. Or. Oct. 7, 2016)
11 (quoting Fed. R. Civ. P. 56(g) advisory committee’s note to 2010 amendment). Another court in
12 this district has recognized that “[d]espite its name, a partial summary judgment is not a judgment
13 at all but merely a pretrial adjudication that certain issues shall be deemed established. *Kottom*,
14 2015 WL 7301849, at *4 (quotation marks and citations omitted). A partial summary judgment
15 order therefore “has no preclusive effect, since the trial court retains jurisdiction to modify the
16 order at any time prior to the entry of a final judgment.” *Id.* (quoting Wright, *supra*, § 2737 at
17 323); *see also Solis v. Jasmine Hall Care Homes, Inc.*, 610 F.3d 541 (9th Cir. 2010) (holding
18 partial summary judgment was non-final and not appealable).

19 The Court declines to grant partial summary judgment or a Rule 56(g) order. As discussed
20 throughout this order, the Ninth Circuit reversed this Court in part because “Oracle may prove
21 infringement circumstantially” and “Oracle did not need to further show that a particular patch
22 was installed on a particular off-contract server to survive summary judgment.” *Oracle*, 971 F.3d
23 at 1053. Considering that hundreds of disputed instances of infringement regarding the non-
24 Symantec direct support customers must be tried in any event, the Court declines to limit Oracle’s
25 infringement claims as to those customers at this stage.

26 **b. Symantec**

27 The Ninth Circuit held that summary judgment for HPE on the direct infringement claims
28 regarding Symantec was “improper” because “[t]he testimony from HPE’s employees permitted

1 the reasonable inference that HPE installed a patch on *an* unsupported Symantec server”
2 considering that “HPE had a practice . . . of installing patches downloaded from and delivered
3 through Terix for Symantec’s off-contract servers.” *Oracle*, 971 F.3d at 1053-54 (quotation marks
4 omitted). Although the Ninth Circuit held that Oracle could prove infringement concerning
5 Symantec circumstantially, the court remanded the question of whether HPE is nonetheless
6 entitled to summary judgment on the basis that Oracle has not shown that any patch delivered to
7 Symantec was protectable. *Id.* at 1054.

8 HPE argues that summary judgment is warranted because “[n]one of the [REDACTED]
9 [REDACTED] to Symantec – i.e., identified by Oracle at summary judgment –
10 is in Dr. Goldberg’s list of [REDACTED] protectable patches.” ECF No. 956-3 at 19. Oracle responds that
11 Terix’s delivery data confirms that it delivered protected firmware for an off-contract Symantec
12 server. ECF No. 963-4 at 17 (citing ECF No. 472-11 at 5 and ECF No. 963-20 at 5). Oracle also
13 points to additional evidence of infringement regarding Symantec, including Oracle’s expert’s
14 analysis of Terix’s downloading patches for Symantec and the testimony of an HPE employee,
15 Elfers, who admitted to receiving patches from Terix and described “HPE’s ‘practice’ of installing
16 Terix-provided patches on unsupported Symantec servers.” *Id.* (emphasis omitted). Finally,
17 Oracle notes that Elfers himself admitted to downloading protected patches for unsupported
18 Symantec servers. *Id.* at 18. HPE responds that (1) the only protectable patches Oracle points to
19 are those that Terix downloaded or delivered, which is not evidence of direct infringement by
20 HPE, and (2) there is no evidence that the patches downloaded by Elfers were delivered to
21 Symantec or were for out-of-contract servers. ECF No. 974 at 6 & n.6.

22 The Court holds that because “Oracle may prove infringement circumstantially,” *Oracle*,
23 971 F.3d at 1054 (citing *Loomis*, 836 F.3d at 994), there is a material dispute of fact regarding
24 whether HPE installed a protected patch on an out-of-contract Symantec server. There are at least
25 two means by which a jury could find direct copyright infringement concerning Symantec. First, a
26 jury might draw the inference that HPE installed a protected patch on an unsupported server based
27 on (1) the evidence that Terix downloaded hundreds of protected patches for Symantec, *compare*
28 ECF No. 963-17 *with* ECF No. 963-18, and (2) the HPE employee testimony regarding HPE’s

1 practice of installing Terix-provided patches on unsupported Symantec servers, *see* ECF No. 964-
2 25 at 17-18, 24-25; ECF No. 964-26 at 10, 11-12, 13; *see also* ECF No. 964-39 at 17, 21, 22
3 (another HPE employee testifying to HPE installing Solaris patches provided by Terix on Solaris
4 servers at Symantec). *See also Oracle*, 971 F.3d at 1054 (“testimony from HPE employees
5 showed that HPE had a practice of . . . installing patches downloaded from and delivered through
6 Terix for Symantec’s off-contract servers”). Second, the jury could find copyright infringement
7 by relying on Oracle’s expert’s analysis of the evidence as demonstrating that HPE itself
8 downloaded patches for use on unsupported servers and later installed those patches on
9 unsupported servers. *See* ECF No. 963-13 ¶¶ 118-120. The Court therefore denies HPE’s motion
10 for summary judgment regarding Oracle’s direct infringement claims concerning Symantec.

11 3. Additional Affirmative Defenses

12 Finally, Oracle moves for summary judgment on HPE’s implied license, abandonment,
13 estoppel, fair use, and Section 117 affirmative defenses for Oracle’s copyright claims. ECF No.
14 963-6 at 69-85. Although the Court ordered both parties to attach excerpts of their existing
15 summary judgment briefs to their supplemental briefs, ECF No. 954, HPE did not provide the
16 Court with briefing on these issues, *see* ECF Nos. 955, 956. The Court therefore considers the
17 arguments made in HPE’s original opposition to Oracle’s motion for summary judgment. ECF No.
18 545-4 at 28-30.

19 First, Oracle moves for summary judgment on HPE’s abandonment defense because “Sun
20 and Oracle never engaged in an overt act to abandon copyright protection.” ECF No. 963-6 at 72.
21 In denying Oracle’s motion to strike HPE’s abandonment defense, this Court noted that although a
22 lack of action is insufficient to be considered abandonment, Oracle had not pointed to a case
23 regarding a plaintiff who had “acquired copyright material that had been previously supplied ‘for
24 little or no cost’ and without a required contract, . . . and where the plaintiff had knowledge of that
25 fact and then proceeded to take no action to enforce the copyright.” ECF No. 174 at 5. However,
26 Oracle has presented evidence regarding the steps it took to protect and enforce its copyright,
27 including “plac[ing] every single Solaris patch and firmware update behind a password-protected
28 website that required a support contract for access, and issue[ing] corresponding support policies.”

1 ECF No. 963-6 at 75 (citing ECF No. 461 ¶¶ 5-7; ECF No. 561-1). In addition, Sun included
 2 copyright notices on all Solaris patches, which indicates an intent not to abandon. ECF No. 462-
 3 84 at 7. *See Paramount Pictures Corp. v. Carol Pub. Grp.*, 11 F. Supp. 2d 329, 337 (S.D.N.Y.
 4 1998), *aff'd*, 181 F.3d 83 (2d Cir. 1999). Because HPE has not pointed to any evidence of an
 5 overt act evidencing an intent by Oracle to surrender its rights, the Court grants Oracle’s motion
 6 for summary judgment on HPE’s abandonment defense.

7 Second, HPE opposes Oracle’s motion for summary judgment as to the implied license and
 8 estoppel defenses with respect to the direct support customers because HPE and Oracle “had an
 9 informal but open understanding that customers should receive the required support, and then the
 10 parties could compare records and true up any fees owing for the time of any inadvertent support
 11 lapse.” ECF No. 545-4 at 29. The estoppel defense includes four necessary elements: (1) the
 12 plaintiff must know the facts of the defendant’s infringing conduct; (2) the plaintiff must intend
 13 that its conduct shall be acted on or must so act that the defendant has a right to believe that it is so
 14 intended; (3) the defendants must be ignorant of the true facts; and (4) the defendant must rely on
 15 the plaintiff’s conduct to its injury. *McIntosh v. N. Cal. Universal Enters. Co.*, 670 F. Supp. 2d
 16 1069, 1101 (E.D. Cal. 2009) (citing *Hampton v. Paramount Pictures Corp.*, 279 F. 2d 100, 104
 17 (9th Cir. 1960)). The evidence cited by HPE does not support any of these elements. HPE asserts
 18 – without any record support – that it “relied on” its informal agreement with Oracle “in providing
 19 support and in reselling Oracle contracts.” ECF No. 545-4 at 29. Because HPE has failed to
 20 “introduce some ‘significant probative evidence tending to support the complaint,’” the Court
 21 grants Oracle’s motion for summary judgment as to the estoppel defense. *Summers*, 127 F.3d at
 22 1152.

23 The Court holds that “the implied license defense fails as a matter of law because implied
 24 terms are justified only when they are not inconsistent with some express term of the contract.”
 25 *Evox Prods. LLC v. Kayak Software Corp.*, No. CV15-5053 PSG (AGRX), 2017 WL 5634858, at
 26 *8 (C.D. Cal. Apr. 4, 2017) (quotation marks and citation omitted). As discussed above, the
 27 licenses here “specifically contemplate download privileges ‘for the number of users and the class
 28 of computer hardware for which the corresponding fee has been paid’ or for updates ‘that replace

1 and/or supplement the original Software' for which a customer pays 'associated fees.'" *Terix*,
2 2015 WL 2090191, at *6. An implied term that would allow HPE to provide Solaris patches for
3 servers not under a support contract would be inconsistent with these express terms. Oracle is
4 therefore entitled to summary judgment on HPE's implied license defense.

5 Third, HPE argues that Oracle is not entitled to summary judgment on its fair use defense.
6 In determining whether the use made of a work in any particular case is a fair use, a court must
7 consider at least:

- 8 (1) the purpose and character of the use, including whether such use is of a
9 commercial nature or is for nonprofit educational purposes;
10 (2) the nature of the copyrighted work;
11 (3) the amount and substantiality of the portion used in relation to the
12 copyrighted work as a whole; and
13 (4) the effect of the use upon the potential market for or value of the
14 copyrighted work.

15 17 U.S.C. § 107. HPE contends that a jury should determine whether HPE's conduct was (1)
16 transformative and (2) whether it harmed the market value of Oracle's software. ECF No. 545-4
17 at 30. A use is transformative if it "adds something new, with a further purpose or different
18 character, altering the [creation] with new expression, meaning, or message." *Campbell v. Acuff-*
19 *Rose Music, Inc.*, 510 U.S. 569, 579 (1994). However, HPE does not allege that it added anything
20 to Oracle's software; only that it downloaded, stored, and delivered the software patches. Its use
21 therefore cannot be said to be transformative. And, as discussed above, the record reflects that
22 HPE described its ability to obtain business from a customer who required access to Solaris
23 patches but did not contract with Oracle as "[REDACTED]"
24 ECF No. 467-26 at 2. Because HPE has pointed to no evidence in the record to support its theory
25 of fair use, the Court grants Oracle summary judgment as to this affirmative defense.

26 Finally, Oracle argues that HPE's defense based on Copyright Act section 117 fails. 17
27 U.S.C. § 117 provides that it is not an infringement under the Copyright Act for "the owner or
28 lessee of a machine to make or authorize the making of a copy of a computer program if such copy
is made solely by virtue of the activation of a machine that lawfully contains an authorized copy of
the computer program, for purposes only of maintenance or repair of that machine." § 117(c).

1 Defendant must prove that “(1) such new copy is used in no other manner and is destroyed
2 immediately after the maintenance or repair is completed; and (2) with respect to any computer
3 program or part thereof that is not necessary for that machine to be activated, such program or part
4 thereof is not accessed or used other than to make such new copy by virtue of the activation of the
5 machine.” *Id.* HPE cites no relevant evidence to support its opposition to Oracle’s motion for
6 summary judgment or its position that any copy of a patch was made solely for the activation of a
7 machine for the purpose only of maintenance or repair of that machine. *See* ECF No. 545-4 at 30.
8 The Court also rejects HPE’s attempt to raise the new argument that section 117 can apply to
9 customers who “archived patches for later use.” *Id.* HPE has alleged section 117 as a defense
10 only in the context of the maintenance and repair provision, asserting that “HPE and Terix
11 customers authorized the making of a copy of Sun software as an essential step in the utilization of
12 the Sun software in conjunction with the customers’ servers for the sole purpose of maintaining or
13 repairing the servers. Further, both HPE and Terix maintain and repair Sun hardware.” ECF No.
14 314 ¶ 49. The Court therefore grants Oracle’s motion for summary judgment as to this defense.

15 **B. State Law Claims**

16 The Ninth Circuit affirmed in part and reversed in part this Court’s summary judgment
17 ruling on Oracle’s state law claims. *See Oracle*, 823 Fed. App’x at 517. The Ninth Circuit
18 explained that because it had “reversed summary judgment against Oracle on the infringement
19 claims for pre-installation and installation conduct, we reverse on [the IICR] issue as well” and
20 that their “reversal of summary judgment on the infringement and IICR claims compel[led] [them]
21 to reject [this Court’s IIPEA] wrongful act analysis.” *Id.* at 518. The focus of the parties’
22 supplemental briefing is whether Oracle’s intentional interference claims are preempted by the
23 Copyright Act.

24 **a. Intentional Interference with Contract Relations**

25 In reversing this Court’s IICR analysis, the Ninth Circuit explained that “Oracle support
26 customers had at least two contracts: (1) a support contract and (2) a corresponding agreement for
27 accessing software patches,” and that “Oracle claims that HPE and Terix induced breaches of
28 those contracts by downloading, copying, and installing Solaris patches outside the scope of

1 permitted use.” *Id.* The Ninth Circuit also held that Oracle had provided enough evidence to
2 show resulting damages “from the diversion of server-support contract business from Oracle[] and
3 evidence showing that Oracle suffered lost profits.” *Id.*

4 HPE argues that it is entitled to summary judgment on Oracle’s IICR claim because both
5 intentional interference claims are preempted by the Copyright Act. The Copyright Act preempts
6 a state law claim if: (1) the plaintiff asserts “rights that are equivalent” to those protected by the
7 Copyright Act as defined in 17 U.S.C. § 106; and (2) the work involved falls within the “subject
8 matter” of the Copyright Act as defined in 17 U.S.C. §§ 102 and 103. *Kodadek v. MTV Networks,*
9 *Inc.*, 152 F.3d 1209, 1212 (9th Cir. 1998).

10 The Court first notes that “[m]ost courts have held that the Copyright Act does not preempt
11 the enforcement of contractual rights.” *Altera Corp. v. Clear Logic, Inc.*, 424 F.3d 1079, 1089
12 (9th Cir. 2005). “Contract claims generally survive preemption because they require proof of . . .
13 an extra element,” such as an “agreement of payment for use.” *Montz v. Pilgrim Films &*
14 *Television, Inc.*, 649 F.3d 975, 980 (9th Cir. 2011) (en banc). *See also ProCD, Inc. v. Zeidenberg,*
15 *86 F.3d 1447, 1454 (7th Cir.1996)* (“A copyright is a right against the world. Contracts, by
16 contrast, generally affect only their parties; strangers may do as they please, so contracts do not
17 create ‘exclusive rights.’ ”). However, as another court in this district has recognized, “[s]ome
18 courts have cautioned against an overbroad application of the doctrine that the Copyright Act does
19 not preempt contract rights.” *Craigslist Inc. v. 3Taps Inc.*, 942 F. Supp. 2d 962, 977 (N.D. Cal.
20 2013).

21 As in *Craigslist*, the Court “need not decide . . . whether *any* contract could be preempted
22 by the Copyright Act, because the contract that [Oracle] alleges here involves a number of ‘extra
23 element[s]’ not merely ‘equivalent to’ rights under the Copyright Act.” *Id.* As Oracle explains,
24 the contracts at issue “created numerous other commitments that customers, through Terix and
25 HPE, violated.” ECF No. 963-4 at 23. For example, the MOS Terms of Use barred customers
26 from “access[ing] or us[ing] My Oracle Support in any manner that could . . . result in
27 unauthorized access to . . . any Oracle accounts, systems or networks,” ECF No. 964-34 at 2, and
28 from “receiv[ing] updates, . . . patches, . . . or other technical support services for unsupported

1 hardware systems,” ECF No. 964-35 at 4. HPE does not respond to Oracle’s arguments regarding
2 these other provisions of the MOS Terms of Use or allege that these provisions of the contract
3 protect “rights that are equivalent” to those protected by the Copyright Act. Nor could it.

4 Due to the “extra element[s]” of the MOS Terms of Use, and because the Copyright Act
5 generally does not preempt contracts, the Court denies HPE’s motion for summary judgment on
6 the basis that Oracle’s state law claims are preempted.

7 **b. Intentional Interference with Prospective Economic**
8 **Advantage**

9 The Ninth Circuit explained that it was “compel[led]” to reverse this Court’s IIPEA
10 wrongful act analysis due to its reversal of this Court’s holdings regarding Oracle’s infringement
11 claims and IICR claim. *Oracle*, 823 Fed. App’x at 518. HPE argues that the IIPEA claim is
12 preempted and that Oracle keeps its “theory of wrongfulness . . . intentionally vague” because “the
13 only theory it *could* advance as to why [HPE and Terix’s] ‘scheme’ was independently wrongful is
14 that it violated the Copyright Act.” ECF No. 974 at 6-7. Oracle responds that its IIPEA claim is
15 based on Terix’s unlawful “one-to-many” scheme which involved many wrongful acts by both
16 HPE and Terix beyond copyright infringement. ECF No. 963-4 at 19-21.

17 “An IIPEA claim requires an intentionally wrongful act by the defendant designed to
18 disrupt a prospective business relationship.” *Oracle*, 823 Fed. App’x at 518 (citing *Roy Allan*
19 *Slurry Seal, Inc. v. Am. Asphalt S., Inc.*, 2 Cal. 5th 505, 512 (2017)). Unlike a claim for
20 intentional interference with contract, claims for intentional interference with prospective
21 economic relations “require that a defendant’s conduct be independently wrongful.” *Oakley Inc.*,
22 *v. Nike, Inc.*, 988 F. Supp. 2d 1130, 1135 (C.D. Cal. 2013). As discussed above, the Copyright
23 Act does not preempt Oracle’s IICR claim because HPE and Terix induced customers to violate
24 provisions of their contracts with Oracle that did not involve rights protected by the Copyright
25 Act. Inducing these breaches of contract was wrongful conduct “designed to disrupt the
26 relationship” between Oracle and its customers, and this conduct caused Oracle economic harm.
27 *Swipe & Bite, Inc. v. Chow*, 147 F. Supp. 3d 924, 935 (N.D. Cal. 2015) (quoting *Youst v. Longo*,
28 43 Cal. 3d 64, 71 n.6 (1987)). Oracle has therefore carried its burden of establishing the elements

United States District Court
Northern District of California

1 of its IIPEA claim. HPE does not address IICR as a possible wrongful act underlying Oracle’s
2 IIPEA claim because it argues that both claims involved content within the subject matter of
3 copyright and both claims aimed to protect rights qualitatively identical to copyright acts. *See*
4 ECF No. 956-3 at 21-22.

5 The Court holds that Oracle’s IIPEA claim is not preempted by the Copyright Act and
6 therefore denies Oracle’s motion for summary judgment as to this claim.⁷

7 **c. UCL**

8 HPE’s argument that it is entitled to summary judgment on Oracle’s claim under the
9 “unlawful” prong of the UCL to the extent that this claim is “premised on intentional interference”
10 also fails. ECF No. 956-3 at 20 n.7. *See Krantz v. BT Visual Images, LLC*, 89 Cal. App. 4th 164,
11 178 (2001) (holding that UCL claims under the unlawful prong “stand or fall depending on the
12 fate of the antecedent substantive causes of action.”).


13 **CONCLUSION**

14 For the foregoing reasons, the Court denies HPE’s motion for summary judgment on all
15 counts and grants Oracle’s motion for summary judgment as to HPE’s express license, implied
16 license, abandonment, estoppel, fair use, and 17 U.S.C. § 117 defenses.

17 **IT IS SO ORDERED.**

18 Dated: June 4, 2021

19 
20 _____
21 JON S. TIGAR
22 United States District Judge

23 _____
24 ⁷ HPE argues that Oracle’s intentional interference claims “also fail because Oracle has no
25 evidence that an alleged wrongful act was the *proximate cause* of its alleged harm.” ECF No.
26 956-3 at 20 n.6; ECF No. 956-18. However, the Ninth Circuit held that Oracle has presented
27 sufficient evidence regarding “the diversion of server-support contract business from Oracle, and
28 evidence showing that Oracle suffered lost profits,” which indicates that HPE and Terix’s
inducement of the customers’ breach of contract was the proximate cause of Oracle’s alleged
harm. *Oracle*, 823 Fed. App’x at 518. *See also* ECF No. 467-26 at 2 (HPE employee describing
business from a former Oracle customer – a business that is specifically referenced in the context
of Oracle’s IIPEA claim, SAC ¶¶ 78-79 – as “”).

United States District Court
Northern District of California

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