

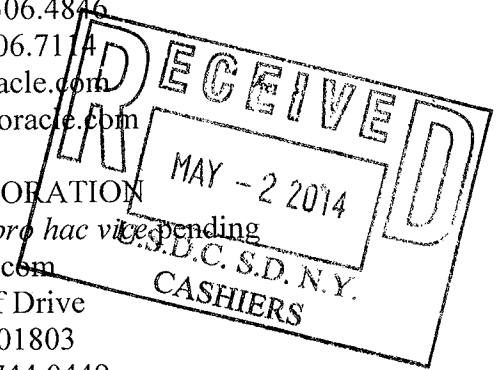
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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

ORACLE AMERICA, INC., a Delaware corporation; ORACLE INTERNATIONAL CORPORATION, a Delaware corporation,

Plaintiffs,

v.

TERIX COMPUTER COMPANY, INC., a California corporation; MAINTECH INCORPORATED, a Delaware corporation; VOLT DELTA RESOURCES, LLC, a Nevada limited liability company; SEVANNA FINANCIAL, INC., a Nevada corporation; WEST COAST COMPUTER EXCHANGE, INC., a Nevada corporation; and DOES 1-50,

Defendants.

Case Number: (Misc.)

Pending In: Case No. 5:13-cv-03385 PSG,
United States District Court for the Northern
District of California

**MEMORANDUM OF LAW IN SUPPORT
OF PLAINTIFFS' MOTION TO COMPEL
NON-PARTY COMCAST
CORPORATION TO PRODUCE
DOCUMENTS IN RESPONSE TO
SUBPOENA**

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MEMORANDUM OF LAW

I. INTRODUCTION

Oracle brings this motion to enforce a subpoena it served approximately five months ago on Comcast Corporation (“Comcast”) in the underlying lawsuit entitled *Oracle America, Inc., et al., v. Terix Computer Company, Inc., et al.*, No. 5:13-cv-03385, pending in the United States District Court for the Northern District of California. Comcast waived its objections by not serving any objections to the subpoena within the 14-day deadline. Fed. R. Civ. Proc. 45(d)(2)(b). Nonetheless, Comcast has produced nothing in response to the subpoena. Oracle has met and conferred with Comcast for months in the hope of avoiding judicial intervention, but that effort has ended in failure. Comcast refuses to produce any documents at all, under the pretext that the Protective Order entered by the Northern District of California in the underlying lawsuit – which took Oracle months of negotiation with the Defendants and required litigating disputes to get in place – does not apply to non-party productions. That argument is ridiculous; the Protective Order states on its face that it applies to non-party productions. In addition, Comcast refuses to produce critical license documents relevant to the underlying litigation. Again, despite months of meeting and conferring about this issue, Comcast refuses to produce these documents at all, despite their clear relevance.

Oracle has exhausted its meet and confer efforts with Comcast and has managed to obtain nothing in response to its subpoena. Accordingly, Oracle now brings this motion to compel, as it has no alternative. The Court should grant this motion and order Comcast to produce documents responsive to Oracle’s subpoena.

II. STATEMENT OF FACTS

A. The Litigation

Oracle filed the underlying lawsuit against Terix and Maintech on July 19, 2013, *see* Declaration of Thomas S. Hixson (“Hixson Declaration”), Ex. A (Complaint), and filed its First Amended Complaint (*id.*, Ex. B (“FAC”)) on March 24, 2014, adding additional defendants. In brief, Oracle alleges that the Defendants are engaged in a scheme to misappropriate and distribute Oracle’s copyrighted software code. FAC ¶ 1. Oracle, one of the largest software companies in the world, has copyrights in the Solaris operating system that runs on computer hardware, typically servers. *Id.* ¶ 5. Oracle acquired Solaris as part of its 2010 acquisition of Sun Microsystems. *Id.* ¶ 10. Oracle (and before it, Sun) invests significant time and expense developing software patches, updates and bug fixes for the Solaris operating system (collectively, “Solaris Updates”). Customers that purchase support contracts with Oracle for their servers may access Oracle’s password-protected support website, myoraclesupport.com (“MOS”), to download Solaris Updates for servers under support. *Id.* ¶ 6. Customers that choose not to buy support from Oracle, or who buy support from a third party instead of Oracle, may not access MOS and are not authorized to obtain Solaris Updates, as they are Oracle’s copyrighted intellectual property. *Id.* ¶¶ 6, 7.

Defendants in the underlying lawsuit have taken or facilitated the taking of large quantities of Solaris Updates without authorization to provide to their customers. *Id.* ¶ 8. Defendants have also falsely represented to their customers that Defendants are authorized to provide these Solaris Updates (they are not) or that the customer’s original purchase of Sun hardware entitled the customer to perpetual updates from Sun or Oracle without the need to purchase a support contract (not true). *Id.* Defendants used this illegal scheme to poach Oracle’s customers. Oracle has sued Defendants on six claims for relief: copyright infringement,

violations of the Computer Fraud and Abuse Act and the Lanham Act, and related state-law claims. *Id.* ¶¶ 66-115.

Defendants deny the claims against them (Hixson Decl., Exs. C and D, Terix and Maintech's Answers) and have counterclaimed for alleged antitrust violations and related counterclaims. *Id.*, Exs. E and F (Terix and Maintech's counterclaims). A major theme of Defendants' answers and counterclaims is that when Oracle's customers "obtained licensed copies of Solaris . . . by purchasing Sun/Oracle hardware running that Solaris version," they supposedly "received 'perpetual' license rights both to the obtained version of Solaris . . . and to any Solaris Updates subsequently provided," *Id.*, Ex. E (Terix counterclaim, ¶ 26); *see also id.*, Ex. F (Maintech counterclaim, ¶ 16), Ex. C (Terix 7th defense); Ex. D (Maintech 12th defense).

Comcast is a customer of Defendants Terix and Maintech. Hixson Decl., Ex. B, FAC ¶¶ 62, 102. It is one of the customers specifically identified in the original Complaint. *Id.*, Ex. A, ¶¶ 42, 81. Oracle alleges that Defendants provided Comcast with unauthorized Solaris Updates, and also that Defendants induced Comcast (and others) to obtain unauthorized Solaris Updates "after their Oracle support on the relevant servers had expired," based on Defendants' false assertion that an original license to Solaris entitles the customer to perpetual updates. *Id.*, ¶ 42. When Oracle subpoenaed Comcast, it attached as Exhibit A to the subpoena records showing hundreds of occasions when Comcast downloaded Solaris Updates from MOS after the date when Comcast had terminated its Oracle support on the servers that Comcast put under support with Defendants. Hixson Decl., Ex. G (Exhibit A to subpoena). Oracle did this to demonstrate that its allegations concerning Defendants' improper conduct with respect to Comcast, including the inducement allegations in particular, have substantial factual support.

B. Oracle's Unsuccessful Attempt to Obtain Discovery From Comcast

Oracle served the document subpoena on Comcast on December 9, 2013. Hixson Decl., Ex. G (email attaching subpoena); *id.*, Ex. H (letter from Comcast acknowledging in the first sentence that Comcast was served on December 9, 2013). The subpoena requested the production of documents by January 10, 2014. *Id.*, Ex. G.¹ The subpoena is focused entirely on Comcast's relationship with third party maintenance providers (defined to include Terix and Maintech) that provide the types of hardware support services that Oracle has alleged to be unlawful in the litigation – it is no broader than it needs to be to obtain the documents that are uniquely in Comcast's possession and control and that are relevant to Oracle's claims. The documents sought by the subpoena include Comcast's contracts with these third party support entities, communications with or about them, Comcast's licenses for Solaris, and documents concerning Comcast's (directly or through a third party support provider) improper access to and downloads from Oracle's support website. *Id.*

Under Fed. R. Civ. Proc. 45(d)(2)(B), Comcast's objections were due on December 23, 2013. However, Comcast did not serve any objections until January 17, 2014. *Id.*, Ex. H. In those objections, Comcast agreed to produce some documents, but not others. A significant category that Comcast declined to provide were documents that reflected the licenses that Comcast has for its use of Solaris that Comcast would have obtained on the thousands of Oracle/Sun servers that it acquired over time, *i.e.*, the documents the Defendants (and Comcast)

¹ The place of compliance specified in the subpoena is 399 Park Avenue, New York, NY, which is why Oracle files this motion to compel in the Southern District of New York. *See* Fed. R. Civ. Proc. 45(d)(2)(B)(i) (“At any time, on notice to the commanded party, the serving party may move the court for the district where compliance is required for an order compelling production or inspection.”).

contend authorized their accused conduct in the underlying lawsuit. *Id.* at 4 (response to RFP 6). Comcast stated at the time that it was not intending “to unduly delay any production” of the documents it was agreeing to produce.

Oracle responded in a February 4, 2014 letter, reiterating its need for Comcast’s licenses to Solaris and offering to narrow other requests in certain ways if Comcast would agree to produce. *Id.*, Ex. I. Oracle’s reason for needing these licenses from Comcast is straightforward: Over the years Oracle has had different versions of the Solaris licenses, with most of them being delivered to customers in hard copy form along with the servers that they purchased or as part of media packs (e.g., CDs or DVDs) that customers would buy. Thus, while Oracle does have copies of the many versions of the Solaris licenses that it used over time, only Comcast will have the physical copy of the licenses that it actually received or, as the case may be, updated over time through its subsequent acquisition of media packs or other versions of Solaris for which a new license was acquired. *Id.* at 3. In short, Oracle is not in a position to track the Solaris licenses that Comcast has that Defendants contend justify their extensive misuse of Oracle’s intellectual property – this information is solely within Comcast’s control and it either has these documents available for production or it does not. While Oracle does not perceive any real burden to Comcast in producing these specific materials, Oracle offered to narrow its request to licenses specifically applicable to the servers that Comcast placed under support with Defendants as opposed to all Oracle/Sun servers that Comcast may possess. *Id.*

On February 18, 2014, Comcast provided a status update on its document review, stating that in “the next few weeks” Comcast will be prepared “to begin producing documents” that it agreed to produce in its January 17 letter. *Id.*, Ex. J. On March 26, 2014 – still having produced nothing – Comcast provided its first substantive response to Oracle’s February 18 letter. *Id.*, Ex.

K. Comcast agreed to produce certain additional documents, but continued to refuse to produce any Solaris licenses. *Id.* at 3.

On April 17, 2014, the Northern District of California entered a Stipulated Protective Order in this action, applicable to the production of documents by parties and non-parties. Oracle provided that Protective Order to Comcast the same day. *Id.*, Ex. L. After a week and a half had passed and Comcast had continued to produce nothing, Oracle's counsel called Comcast's counsel to inquire about the status of Comcast's production. Comcast took the untenable position, later memorialized in email, that the Protective Order was not applicable to productions by non-parties and therefore Comcast would continue to produce nothing unless the Protective Order was modified. *Id.*, Ex. M. (2:17 pm. Email by Ruthston). Oracle responded by quoting the exact provisions of the Protective Order that make clear it applies to productions by non-parties. *Id.* (2:50 pm email by Hixson). Comcast provided no substantive response and to date has continued to produce nothing.

III. THE COURT SHOULD ORDER COMCAST TO PRODUCE DOCUMENTS RESPONSIVE TO ORACLE'S SUBPOENA

A. Comcast Waived All Objections

Oracle has bent over backwards to be accommodating, spending several months negotiating – to no avail – with a party that has waived every objection to Oracle's subpoena. Federal Rule of Civil Procedure 45(d)(2)(B) states that “objections must be served before the earlier of the time specified for compliance or 14 days after the subpoena is served.”; *see In re DG Acquisition Corp.*, 151 F.3d 75, 81 (2d Cir. 1998) (“we think it is clear that Rule 45 contemplates assertion of all objections to document production within 14 days,” but noting that “where a constitutional privilege is involved” – unlike here – “a trial court possess the discretion not to find waiver”). Here, Oracle served its subpoena on December 9, 2013 with the time

specified for compliance of January 10, 2014. Hixson, Decl., Ex. G. Comcast's January 17 objections were far too late.

This Court has noted that “[a]lthough ‘[t]he failure to serve written objections to a subpoena within the time specified by Rule 45(c)(2)(B) typically constitutes a waiver of such objections,’ such failure may be forgiven ‘[i]n unusual circumstances and for good cause.’” *Motorola Credit Corp. v. Uzan*, 293 F.R.D. 595, 601 (S.D.N.Y. 2013) (quoting *Concord Boat Corp. v. Brunswick Corp.*, 169 F.R.D. 44, 48 (S.D.N.Y. 1996)). For example, in *Motorola Credit Corp.*, plaintiff Motorola served a document subpoena on non-party Standard Chartered. “Here, Standard Chartered produced various documents in response to Motorola’s subpoenas within a reasonable time period and only raised its objections to the Court when it became concerned that compliance could cause it to suffer legal consequences abroad.” *Id.* at 601. The Court held that in these unusual circumstances, Standard Chartered had acted reasonably and that its failure to serve timely objections did not amount to a waiver in that case. *Id.*

Here, by contrast, Comcast has produced nothing at all in a reasonable time period, or even in an unreasonable time period. Oracle’s subpoena was narrowly drafted to focus on a very small part of Comcast’s business, namely support on Oracle hardware. Given the complexity of the pending litigation, Oracle’s 20 requests were drafted with an eye towards making the subpoena’s categories specific, rather than vague and broad, and each request is narrowly defined to focus on this one subject. Requests 1-9, 15, 16, and 18 ask for documents and communications concerning “Oracle Hardware Support,” a term that is defined to be limited to “technical support and/or maintenance services” on computers or servers either “manufactured by Oracle” (including Sun) or running “the Solaris operating system.” *See* Hixson Decl. Ex. G (subpoena, page 5). Requests 10-15 and 19 ask for documents concerning “Software and

Support Materials,” a term that is defined to be limited to downloadable materials for the “Solaris operating system” that Oracle “distributes to authorized users through an Oracle Support Website.” *Id.* at page 6 of subpoena. Requests 17 and 20 ask about Comcast’s use of Oracle’s support website. Further, except for request 10, the requests are limited in time frame to January 2010 to the present (*id.*, page 8 of subpoena), or even more limited to June 1, 2012 to the present for requests 11-14 and 17. All of these requests are narrowly tailored to the issues directly relevant to the underlying litigation and, from Oracle’s experience with subpoenas seeking similar materials in this and other cases, typically targeted to a relatively few number of custodians that are involved in obtaining and delivering support services on the relevant Oracle/Sun servers.

Moreover, the principal issue in dispute – whether Comcast will produce documents *at all* under the terms of the Protective Order entered by the Northern District of California – isn’t even about burden. Oracle also respectfully submits that once this Court reviews the terms of the existing Protective Order, this Court will find that Comcast’s position that it does not apply to documents produced by non-parties is unreasonable and not in good faith. Accordingly, there are neither unusual circumstances, nor good cause, to excuse Comcast from a finding that it waived its objections to Oracle’s subpoena by failing to serve them by their due date.

B. Comcast Should Comply with the Existing Protective Order

Comcast’s assertion that it should not have to produce any documents because the Protective Order in the underlying litigation does not protect non-party productions has no merit. The Protective Order states that “the production of any discovery material by any non-party shall be subject to and governed by the terms of this Order.” Hixson Decl., Ex. L, ¶ E.2 (emphasis supplied). It defines a “Producing Party” to mean “the parties to this action and any non-parties producing ‘Confidential’ or ‘Attorneys’ Eyes Only’ information...” *Id.*, ¶ A.4

(emphasis supplied). It states that “[t]he designation of materials as ‘Confidential’ or ‘Attorneys’ Eyes Only’ for purposes of this Order shall be made in the following manner by any **Producing Party**,” *id.*, ¶ C (emphasis supplied), a term that as noted is expressly defined to include non-parties.

The Protective Order has a procedure by which a Receiving Party may challenge the confidentiality designations of the Producing Party. *Id.*, ¶ A.6. The Receiving Party is required to give written notice of the challenge. *Id.* The deadline to respond is different depending on whether the Producing Party is a party to the litigation or not. *Id.* (“The designating party, by its counsel, shall respond in writing within three (3) business days of receipt of the written request **(or within six (6) business days if the designating party is a third party to this litigation...**”) (emphasis supplied).

Finally, the Protective Order defines “Confidential” and “Attorneys’ Eyes Only” in terms of the confidentiality interests of “the party designating the material” (*id.*, ¶¶ A.2, A.3). As noted, “designation . . . shall be made . . . by any Producing Party” (*id.*, ¶ C), a term defined to include “non-parties.” *Id.*, ¶ A.4.

There is no legitimate argument that the Protective Order fails to apply to productions by non-parties. It obviously does. Comcast should designate its documents at the appropriate levels of confidentiality and produce them.

Oracle spent months negotiating the Protective Order with Defendants, and had to litigate disputes with them over its scope and terms, to get the final version entered by the Court. Hixson Decl., ¶ 16. Oracle should not have to repeat that laborious process, particularly as there is no legitimate issue that Comcast could raise that is not already covered by the Protective Order in place. The one and only objection that Comcast has articulated to the Protective Order – that

it doesn't apply to third parties – simply has no merit. Comcast should be ordered to produce responsive documents without further delay.

C. Comcast Should Be Ordered to Produce Responsive Solaris Licenses

Finally, the Court should order Comcast to produce the requested Solaris licenses. These documents are responsive to request 10 in the subpoena, which asked for “All Documents Concerning any license or entitlement from Oracle to You Concerning Your ability to access or use Software and Support Materials, regardless of time period.” They are also responsive to request 6.a, which asked for “contracts or agreements between You and Oracle for Your Oracle Hardware Support...” Hixson Decl., Ex. G.

Comcast objected to these requests, asserting that these documents are “beyond the scope of the Terix litigation” and that it “seeks documents that are already in the possession of Oracle.” Hixson Decl., Ex. H at 4, 5. Comcast also asserted that the requests were burdensome, but that objection is wholly derivative of its relevance objection. *See id.* at 4 (“Comcast’s communications, RFPs, contracts, or agreements with or concerning Oracle’s provision of hardware support to Comcast, if any, are beyond the scope of the Terix Litigation. Rather, this request appears specifically aimed at discovery related to Oracle’s separate dispute with Comcast.² Accordingly, Comcast objects to this request in its entirety on the ground that it is overbroad, *unduly burdensome*, harassing, prejudicial, and an abusive and improper use of a subpoena.”) (emphasis supplied).

² Comcast and Oracle have a business dispute between them that has not given rise to litigation. Comcast is trying to use that dispute to avoid producing documents that would normally be discoverable in Oracle’s ongoing lawsuit against Terix and Maintech, namely, Comcast’s licenses for Solaris when it originally purchased its hardware or media packs.

Those objections have no merit. First, as to relevance, Defendants in this case and Comcast in direct communications with Oracle are explicitly taking the position that the licenses Oracle's customers have for Solaris authorize Defendants' allegedly unlawful conduct. Hixson Decl., Ex. C (Terix 7th defense), Ex. D (Maintech 12th defense), Ex. E (Terix counterclaim, ¶ 26), Ex. F (Maintech counterclaim, ¶ 16). As Oracle has learned that Defendants do not have the Solaris licenses granted to the customers that they are servicing, Oracle must get them from the customers themselves. These documents are clearly relevant.


Second, Comcast has physical possession of these licenses *and* is in the far superior position to know which ones relate to the servers for which Comcast has contracted with the Defendants to support. As Oracle explained, the Solaris licenses were often in hard copy versions or in a media pack purchased by the customer. Hixson Decl., Ex. I at 3. After months of meeting and conferring, Comcast has provided no actual justification for its position that it will not produce these discrete and specific documents. There is none.

IV. CONCLUSION

The Court should order Comcast to produce documents under the existing Protective Order entered by the Northern District of California and to produce the Solaris licenses for the servers Comcast contracted with the Defendants for support.

Dated: May 2, 2014

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