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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.,	Case No. 16-cv-01393-JST
Plaintiffs,	
v.	**ORDER GRANTING DEFENDANT HEWLETT PACKARD ENTERPRISE COMPANY'S MOTION FOR SUMMARY JUDGMENT AND DENYING PLAINTIFFS' CROSS-MOTION**
HEWLETT PACKARD ENTERPRISE COMPANY,	
Defendant.	

Re: ECF Nos. 459, 471

FILED UNDER SEAL

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. The Court will deny Plaintiffs' motion and grant Defendant's

motion.[1]

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

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[1] The Court has filed this order under seal because it contains material subject to sealing orders. Within seven days of the filing date of this order, the parties shall provide the Court a stipulated redacted version of this order, redacting only those portions of the order containing or referring to material for which the Court has granted a motion to seal and for which the parties still request the material be sealed. The Court will then issue a redacted version of the order.

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

Oracle licenses the Solaris products, including patches[2] and firmware updates to those products (collectively "patches"), to customers through form license agreements. The Binary Code License Agreement ("BCL") covers Solaris versions 7, 8, and 9, and provides in relevant part:

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

ECF No. 462-9 ¶ 1. The Software License Agreement ("SLA") covers version 10. ECF No. 462-10. The SLA provides:

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

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

As the foregoing language indicates, Oracle also provides technical support to its software customers. Oracle sells technical-support services to customers on a "per system basis," meaning

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[2] "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.

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United States District Court
Northern District of California

1   that it charges a fee for each individual server. ECF No. 466-6 at 20. Customers can purchase

2   annual support contracts from Oracle, which grant the right to access and download patches. ECF

3   No. 466-4 at 3. For customers with "on contract" servers, Oracle makes its patches available on

4   My Oracle Support ("MOS"), a secure web portal, where a customer uses a credential obtained

5   from Oracle to log in and download patches for its servers. ECF No. 461 at 3. Customers who

6   access MOS agree to the site's Terms of Use.[3] *Id.* Sun had similar policies related to its support

7   services and web portal, except that for some publicly available security-related patches,

8   customers could access the patches even if the customer's servers were not covered by a support

9   contract. ECF No. 460 at 2-4.

An Oracle support contract grants the customer – or an agent acting on the customer's

11   behalf, such as a third party maintainer ("TPM") – a license to download, deliver, and install

12   Solaris patches. ECF Nos. 474-7 at 18; 476-6 at 2; 485-17 at 4. When a TPM downloads a patch,

13   it delivers the patch to a customer via a file transfer protocol ("FTP") site. The TPM's delivery of

14   a patch to an FTP site is licensed if the customer who accesses the FTP site has a server covered

15   by a support contract, provided that the customer or TPM then installs the patch only on that

16   particular server and does not "propagate" the patch to other, off-contract servers. If a customer

17   has an active support contract when it downloads a patch, the customer has the right to install the

18   patch at a later time, even if the server on which the patch is installed is no longer covered by a

19   support contract. ECF No. 476-6 at 2.

B.   Technical Support Provided by HPE and Terix

21   Customers hire TPMs to provide several forms of technical support for their servers,

22   including repairing servers when they break ("hardware break-fix"), advising on software issues

23   ("technical advisory support"), or applying patches and updates. ECF No. 470-3 at 4. As a TPM,

24   HPE provides multi-vendor support ("MVS") to customers with servers from multiple

25   manufacturers, including Oracle. *Id.* Another former TPM, TERiX Computer Company, Inc.

26   _____

27   [3] Those terms state: "You agree that access to My Oracle Support, including access to the service
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
28   and/or hardware for which you hold a current support contract from Oracle." ECF No. 461-2 at 2.

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("Terix"), served its own customers, and also served as a subcontractor to HPE to provide support services for HPE's customers with Oracle servers. *Id.* at 5.

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

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

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[4] Oracle contends that Terix stipulated to judgment for copyright infringement, among other things. ECF No. 466-4 at 6. HPE makes an evidentiary objection to the use of the stipulated 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 objection is overruled.

4

1.   Joint HPE/Terix Customers

For joint customers, HPE subcontracted with Terix for the provision of support services, including the delivery of patches. *Id.* HPE and Terix entered into an HPE-Terix Master Consolidated Services Agreement ("MCSA") to support these customers. ECF No. 467-9. Under the MCSA, HPE retained the right to terminate its relationship with Terix at will. *Id.* at 27. Oracle states that HPE knew about and participated in Terix's conduct of downloading and delivering patches for servers not covered by support contracts for these customers. ECF Nos. 466-20; 546-42; 547-9 at 6. HPE states that Terix intentionally hid its process of obtaining patches and told HPE that it had a separate agreement with Oracle that permitted it to provide certain patches to its customers. ECF Nos. 545-35 at 10; 546-38 at 4. Terix gave a presentation it called "Clearvision" to customers concerning what Terix believed regarding the customers' rights to patches under the terms of the Oracle licenses. ECF Nos. 485-25 at 7-8; 546-36. Terix represented that it could lawfully supply patches for servers without requiring a customer to purchase an Oracle support contract for each server. ECF Nos. 544-36; 553-14 at 20. Oracle alleges, and HPE disputes, that HPE knew the intended purpose of the Clearvision, arranged presentations for customers, and sometimes took part in them. ECF Nos. 548-5 at 13-16, 18, 20; 547-6; 547-7; 547-8.[5]

2.   HPE's Direct Support Customers

HPE also provided direct support to customers. ECF No. 470-3 at 6. HPE worked together with Oracle (and previously Sun) to provide services to these customers pursuant to a Four Walls Agreement[6] and a Master Software and Licensing Distribution Agreement, which authorized HPE to resell Oracle support offerings. ECF No. 475-18 at 25-26. Oracle contends that HPE improperly installed patches for direct support customers, citing analysis performed by

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[5] HPE states that it attempted for many years to find out what the presentation entailed but Terix blocked HPE from attending or knowing what was discussed. ECF Nos. 474-4 at 4; 474-5 at 6; 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. 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.

[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   its forensic expert, Christian Hicks, who found instances where HPE installed patches that were

2   first released after the customer's server was no longer under a support contract. ECF No. 472-12

3   at 4. HPE responds that it provided software support, including patch installation to some of its

4   customers, but other customers performed installations themselves or went to Sun/Oracle for

5   support. ECF Nos. 475-23 at 10; 480-14. For this reason, HPE casts doubt on Hicks's

6   conclusions that the identified patches were necessarily installed by HPE. ECF No. 470-3 at 28.

7   Additionally, HPE explains that the "█████████████" column in HPE's discovery responses

8   could mean (i) the date the patch was installed, (ii) the date the patch was released, or (iii) the date

9   the file was updated on the machine. ECF No. 480-18 at 9.

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

11   Some of HPE's direct support customers also contracted separately with Terix. ECF No.

12   470-3 at 24. For example, █████ contracted with Terix before it contracted with HPE, ECF No.

13   476-9, and █████████ contracted with Terix and HPE concurrently, ECF No. 476-10. █████████

14   contracted with HPE for support for some of its servers and separately contracted with Terix for

15   others. ECF No. 545-28 at 14, 28-29. HPE employees admitted to installing patches obtained

16   from Terix on █████ servers that were not under support contracts. ECF Nos. 467-13 at 15-

17   17; 467-15 at 16-18. HPE states, however, that █████ represented to HPE in writing that

18   █████ had the lawful entitlement and authorization to access the patches. ECF No. 476-26.

19   **C.   Procedural Background**

20   On March 22, 2016, Oracle filed its complaint against HPE, asserting several claims for

21   copyright infringement under 17 U.S.C. §§ 101 *et seq.*, as well as state law claims for intentional

22   interference with contractual relations, intentional interference with prospective economic

23   relations, and unfair competition under California Business and Professions Code § 17200. ECF

24   No. 1. HPE filed a motion to dismiss the complaint, ECF No. 34, which the Court granted in part

25   and denied in part. ECF No. 68. HPE filed a partial motion to dismiss Oracle's amended claims

26   for vicarious copyright infringement, ECF No. 79, which the Court denied. ECF No. 159. Oracle

27   filed a motion to strike several affirmative defenses asserted by HPE, ECF No. 99, which the

28   Court granted in part and denied in part. ECF No. 174. Finally, the Court granted Oracle's

1 motion to strike HPE's amended unclean hands defense. ECF No. 240. Oracle filed the operative

2 second amended complaint ("SAC") and HPE filed the operative third amended answer ("TAA").

3 ECF Nos. 305, 314.

4   The parties have now filed cross-motions for summary judgment. Oracle filed a motion

5 for partial summary judgment on its copyright infringement claims, and on HPE's express and

6 implied license, abandonment, estoppel, fair use, and 17 U.S.C. § 117 affirmative defenses. ECF

7 No. 459. HPE filed a motion for summary judgment on all of Oracle's copyright infringement

8 claims and all of its state law claims, and in the alternative, (1) a motion for partial summary

9 judgment on Oracle's claims and/or customers where there is no material dispute of fact; (2) a

10 motion for partial summary judgment on Oracle's claims for copyright infringement, intentional

11 interference with contract, and intentional interference with prospective economic relations to the

12 extent those claims are time-barred under the applicable statute of limitations; (3) a motion for

13 partial summary judgment on Plaintiffs OA and OIC's copyright infringement claims based on

14 copyrights they each do not own; and (4) a motion for an order under Federal Rule of Civil

15 Procedure 56(g) stating that certain proposed facts are not genuinely in dispute and established in

16 this case. ECF No. 471. Both motions are opposed. ECF Nos. 533, 539.

II.   JUDICIAL NOTICE

18   Pursuant to Federal Rule of Evidence 201(b), "[t]he court may judicially notice a fact that

19 is not subject to reasonable dispute because it: (1) is generally known within the trial court's

20 territorial jurisdiction; or (2) can be accurately and readily determined from sources whose

21 accuracy cannot reasonably be questioned."

22   HPE requests that the Court take judicial notice of the public catalog record for fourteen

23 copyright registrations for Sun/Oracle products retrieved from the United States Copyright

24 Office's official catalog website on February 27, 2018. ECF Nos. 465-3, 465-4, 465-5, 465-6,

25 465-7, 465-8, 465-9, 465-10, 465-11, 465-12, 465-13, 465-14, 465-15, 465-16. The Court takes

26 judicial notice of these online records because they are "generated by an official government

27 website[,] such that [their] accuracy is not reasonably in dispute." *ATPAC, Inc. v. Aptitude Sols.,*

28 *Inc.*, No. CIV. 2:10294 WBS KJM, 2010 WL 1779901, at *3 (E.D. Cal. Apr. 29, 2010) (judicially

United States District Court
Northern District of California

United States District Court
Northern District of California

1   noticing "a copy of the U.S. Copyright Office's web page showing that [plaintiff] registered its . . .

2   software for copyright on January 26, 2010").

3   Oracle requests that the Court take judicial notice of public court documents filed in (1)

4   *Oracle Am., Inc. v. Terix Comput. Co., Inc.*, Case No. 5:13-cv-03385-PSG, 2015 WL 2090191

5   (N.D. Cal. May 5, 2015); (2) *Oracle Am., Inc. v. Appleby*, Case No. 3:16-cv-02090-JST, 2016 WL

6   5339799 (N.D. Cal. Sept. 22, 2016); (3) *United States v. Appleby et al.*, Case No. 2:17-cr-00138-

7   JLG (S.D. Ohio); (4) *Oracle Am., Inc. v. SMS Sys. Maint. Servs., Inc.*, Case No. 3:15-cv-05264-RS

8   (N.D. Cal.); (5) *Oracle Am., Inc. v. Serv. Key, LLC*, Case No. 4:12-cv-00790-SBA (N.D. Cal.); (6)

9   *Oracle USA, Inc. v. Rimini Street, Inc.*, 6 F. Supp. 3d 1108 (D. Nev. 2014); (7) *Oracle Corp. v.*

10 *SAP AG*, Case No. 4:07-cv-01658-PJH (N.D. Cal.); and (8) *Hewlett-Packard Company v. Infostaf*

11 *Consulting, Inc.*, Case No. 3:12-cv-01806-JCS (N.D. Cal.). ECF Nos. 538-1, 538-2, 538-3, 538-4,

12 538-5, 538-6, 538-7, 538-8, 538-9, 538-10, 538-11, 538-12, 538-13, 538-14, 538-15, 538-16, 538-

13 17, 538-18, 578-1.

14   Oracle requests that the Court take notice of the fact that the claims were asserted and

15 resolved in the manner the documents show, and does not request that the Court take notice for the

16 truth of the matters asserted therein. ECF Nos. 538, 578. Courts may take judicial notice of

17 documents filed in another court to establish the fact of such filing, but not to establish the truth of

18 the matters asserted in other litigation. *Rosales-Martinez v. Palmer*, 753 F. 3d 890, 894 (9th Cir.

19 2014); *Simmons v. Am. Airlines*, Case No. C-01-1074-JCS, 2002 WL 102604, at *1 (N.D. Cal. Jan

20 23, 2002); *see also Citi Apartments Inc. v. Markel Ins. Co.*, Case Nos. C 06-5752 CW, C 06-7086

21 CW, 2007 WL 1689013, at *7 n.4 (N.D. Cal. June 11, 2007). The Court takes judicial notice of

22 the public court documents presented by Oracle.

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 for a reasonable trier of fact to resolve the

27 issue in the nonmovant's favor, and a fact is material only if it might affect the outcome of the

28 case. *Fresno Motors, LLC v. Mercedes Benz USA, LLC*, 771 F.3d 1119, 1125 (9th Cir. 2014)

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1   (citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248-49 (1986)). The court must draw all

2   reasonable inferences in the light most favorable to the nonmoving party. *Johnson v. Rancho*

3   *Santiago Cmty. Coll. Dist.*, 623 F.3d 1011, 1018 (9th Cir. 2010).

4   Where the party moving for summary judgment would bear the burden of proof at trial,

5   that party "has the initial burden of establishing the absence of a genuine issue of fact on each

6   issue material to its case." *C.A.R. Transp. Brokerage Co. v. Darden Rests., Inc.*, 213 F.3d 474,

7   480 (9th Cir. 2000). Where the party moving for summary judgment would not bear the burden of

8   proof at trial, that party "must either produce evidence negating an essential element of the

9   nonmoving party's claim or defense or show that the nonmoving party does not have enough

10 evidence of an essential element to carry its ultimate burden of persuasion at trial." *Nissan Fire &*

11 *Marine Ins. Co. v. Fritz Cos.*, 210 F.3d 1099, 1102 (9th Cir. 2000). If the moving party satisfies

12 its initial burden of production, the nonmoving party must produce admissible evidence to show

13 that a genuine issue of material fact exists. *Id.* at 1102-03. If the nonmoving party fails to make

14 this showing, the moving party is entitled to summary judgment. *Celotex Corp. v. Catrett*, 477

15 U.S. 317, 322-23 (1986).

16 **IV.   DISCUSSION**

17   **A.   Statute of Limitations**

18   HPE moves for partial summary judgment on Oracle's copyright infringement, intentional

19 interference with contract, and intentional interference with prospective economic relations claims

20 to the extent those claims are time-barred under the applicable statute of limitations. ECF No.

21 470-3. The parties executed a tolling agreement effective May 6, 2015, to toll the running of any

22 statutes of limitation and any other statutes, laws, rules or principles of equity with similar effect

23 that apply to the claims raised in Oracle's complaint. ECF No. 306 at 23. The statute of

24 limitations for copyright infringement is three years, and runs separately for each violation. 17

25 U.S.C. § 507(b); *Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663, 670 (2014). The

26 interference claims have a two-year limitations period. Cal. Civ. Proc. Code § 339(1).

27 Accordingly, unless Oracle can show tolling, all infringements before May 6, 2012, and all

28 interferences before May 6, 2013, are barred.

United States District Court
Northern District of California

1.   Pre-May 6, 2012 Copyright Infringement Claims

A copyright claim accrues when the plaintiff "has knowledge of a violation or is chargeable with such knowledge." *Roley v. New World Pictures, Ltd.*, 19 F.3d 479, 481 (9th Cir. 1994). A plaintiff is chargeable with knowledge of copyright infringement only if the plaintiff reasonably could have discovered the infringement. *See Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 706 (9th Cir. 2004). Upon suspicion of infringement, a plaintiff has a duty to investigate, and "equity will impute to a litigant knowledge of facts that would have been revealed by reasonably required further investigation." *Wood v. Santa Barbara Chamber of Commerce, Inc.*, 705 F.2d 1515, 1521 (9th Cir. 1983); *see also Pincay v. Andrews*, 238 F.3d 1106, 1109-10 (9th Cir. 2001). The alleged infringer's denial of wrongdoing is not "sufficient to constitute fraudulent concealment or otherwise sufficient to render [a plaintiff's] purported inability to discover the infringement reasonable under the circumstances." *Wolf v. Travolta*, 167 F. Supp. 3d 1077, 1098 (C.D. Cal. 2016) (citing *Grimmett v. Brown*, 75 F.3d 506, 515 (9th Cir. 1996) ("A failure to 'own up' does not constitute active concealment.")). In order for concealment to toll the statute of limitations, a plaintiff must show "both that the defendant used fraudulent means to keep the plaintiff unaware of his cause of action, and also that the plaintiff was, in fact, ignorant of the existence of his cause of action." *Wood*, 705 F.2d at 1521. The statute of limitations for secondary liability accrues when the plaintiff discovered, or reasonably should have discovered, the direct infringement. *See, e.g., Goldberg v. Cameron*, No. C-05-03535 RMW, 2009 WL 2051370, at *10 (N.D. Cal. July 10, 2009); *Experexchange, Inc. v. Doculex, Inc.*, Case No. C-08-03875 JCS, 2009 WL 3837275, at *19-21 (N.D. Cal. Nov. 16, 2009).

HPE introduces evidence showing that Oracle had actual knowledge of Terix's conduct since at least 2009, and Oracle knew of, or at least strongly suspected, HPE's alleged wrongdoing starting in 2010. *See* ECF Nos. 467-12, 467-13, 467-14, 467-15, 467-16, 467-17, 467-18, 467-19; ECF No. 476-21 at 28 (March 2010 Oracle company presentation accusing TPMs, including HPE and Terix, of "[c]laiming to legitimately source and install Sun's non-security related software patches and Sun spares" to "attract customers"). HPE points to internal Oracle communications from November 2010 about a customer potentially moving from Oracle to HPE/Terix for support,

1   wherein Oracle said, "[i]f they do go to HP for support, we'll be forced to approach them over IP

2   issues, and that will kill the relationship." ECF No. 480-8 at 2. Similarly, in October 2011,

3   Oracle employees confirmed that ███████, a customer that was no longer under Oracle support,

4   was receiving patches from Terix, and characterized it as "a big deal," saying, "[w]e need to push

5   on this." ECF 480-7 at 2. In communications about another customer, ███████ Oracle said

6   "███████ came to Oracle in September 2011 and made [Oracle] aware that they were considering

7   a TPM (HP/Terix)" to replace support services provided by Oracle despite "infringement issues

8   around Solaris patches and IP infringement." ECF Nos. 480-6 at 5; 480-20 at 2. Oracle discussed

9   using a "hardline approach" to "[d]iscourage [███████ from TPM by pushing the issue of IP

10   infringement based on TPM's inability to support Solaris and our ability to audit as we see

11   necessary if they choose not to buy a Solaris SW contract." ECF No. 480-4 at 3. ███████ later

12   moved most of its servers off Oracle support, but HPE notes that deposition testimony of Oracle

13   employees reveals Oracle never exercised its right to audit ███████'s servers, saying "it doesn't

14   set a good tone for the relationship." ECF Nos. 548-8 at 4-7; 579-25 at 3-4.

15   Oracle counters that it did not discover and could not have reasonably discovered Terix's

16   and HPE's infringement or interference as to the relevant customers until after May 2013 because

17   the companies concealed their conduct from Oracle. ECF Nos. 466-17 at 6; 466-18 at 24-25; 466-

18   19 at 7-8, 20-21. In February 2011, Oracle contacted HPE to confirm that HPE was not providing

19   patches to a former Oracle customer, and after meeting with the representative from HPE, Oracle

20   said it "do[es] not believe that he intends to install Solaris patches on un-entitled systems." ECF

21   No. 547-2 at 3-4. In January 2013, Oracle sent a letter to the TPMs (Terix and Maintech, Inc.)

22   supporting customer ███████, alleging misuse of Oracle's IP, and Terix replied that it used the

23   customer's valid MOS credential to access patches for "properly licensed" servers. ECF Nos.

24   551-15, 553-6. Oracle conducted an investigation in April 2012 to determine if Terix had

25   downloaded patches from MOS, and did not detect any activity linked to users with terix.com

26   email addresses. ECF No. 544-6 at 2-4. Oracle claims it first uncovered improper downloads

27   concerning an HPE/Terix customer, ███████ in June 2013, and that even when confronted by

28   Oracle about this, ███████ said "[i]t is not yet clear if Terix provided patches to ███████" and

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United States District Court
Northern District of California

1   later said it believed installing the patches on off-contract servers was lawful. ECF No. 551-16 at

2   5-6. Oracle maintains that it learned of Terix's methods to conceal its actions and HPE's

3   involvement only after it sued Terix in July 2013. ECF No. 544-4 at 32.

4   Notwithstanding these denials, the Court concludes that HPE has shown as a matter of law

5   that Oracle had actual or constructive knowledge of Terix's infringement prior to May 6, 2012.

6   "A fraudulent concealment defense requires a showing both that the defendant used fraudulent

7   means to keep the plaintiff unaware of his cause of action, and also that the plaintiff was, in fact,

8   ignorant of the existence of his cause of action." *Wood*, 705 F.2d at 1521. Oracle cannot establish

9   the second of these two elements. Oracle's internal communications show a customer suggested

10   to Oracle in November 2010 that "Terix might purchase support for one system and reuse that IP

11   for all other systems," and in October 2011, Oracle had confirmed that Terix provided patches for

12   a customer's unentitled servers. ECF Nos. 476-26 at 4; 480-7 at 2. Although Oracle investigated

13   Terix's activity by searching for improper downloads by users with terix.com email addresses, it

14   did not investigate other ways Terix could have provided patches to unentitled servers. For

15   example, it did not conduct audits of its customers, although it had the contractual right to do so,

16   and despite discussing the possibility of "infringement issues around Solaris patches and IP

17   infringement" if a major customer stopped purchasing Oracle support in favor of HPE/Terix. ECF

18   Nos. 480-6 at 5; 548-8 at 4-7; 579-25 at 3-4. Oracle's lack of investigation was unreasonable in

19   light of the significant evidence Oracle had concerning Terix's pattern of infringements across

20   customers. *Wood*, 705 F.2d at 1521 ("[E]quity will impute to a litigant knowledge of facts that

21   would have been revealed by reasonably required further investigation."). Therefore, the Court

22   concludes that tolling is unavailable and grants HPE's motion for partial summary judgment as to

23   Oracle's infringement claims based on conduct prior to May 6, 2012.

24   **2.   Pre-May 6, 2013 Interference Claims**

25   HPE asserts that Oracle knew HPE and Terix promised to provide patches for unsupported

26   servers for certain customers in 2011 and 2012, so Oracle's pre-May 6, 2013 interference claims

27   are also time-barred. HPE points to ██████ as an example, citing internal Oracle

28   communications that show it knew in September 2011 that HPE/Terix was offering to their

1   customers to provide support services that included the provision of Solaris patches and that

2   HPE/Terix "assured [████████ that they have the right to use and patch Solaris." ECF Nos. 480-4

3   at 2-3; 480-9 at 2. In April 2012, Oracle said it made ████████ aware that "a TPM could not

4   legally provide [patches] for Solaris," but realized Oracle was "exposed because we have 10 [other

5   servers] that will remain under contract which enables the customer to have MOS access. They

6   could conceivably download patches for [servers] not under contract with Oracle." ECF No. 480-

7   20 at 3. Oracle responds that ████████ denied wrongdoing when confronted about the downloads,

8   ECF Nos. 544-4 at 31; 551-16 at 5, but a mere denial neither relieves Oracle of the burden to

9   reasonably investigate nor shows that Oracle was ignorant of the infringement. *See Wolf*, 167 F.

10   Supp. 3d at 1098. Taken together, HPE presents sufficient evidence for the Court to grant

11   summary judgment on Oracle's pre-May 6, 2013 interference claims as a matter of law.

12   The Court grants HPE's motion for summary judgment as to Oracle's interference claims

13   based on conduct prior to May 6, 2013.

B.   Copyright Infringement

15   The parties have filed competing motions for summary judgment on Oracle's direct,

16   vicarious, and contributory copyright infringement claims. ECF No. 466-4 at 16.

1.   Direct Copyright Infringement

18   The Court first addresses Oracle's direct copyright infringement claims. "To prove

19   copyright infringement, a plaintiff must demonstrate (1) ownership of the allegedly infringed work

20   and (2) copying of the protected elements of the work by the defendant." *Unicolors, Inc. v. Urban*

21   *Outfitters, Inc.*, 853 F.3d 980, 984 (9th Cir. 2017) (quoting *Pasillas v. McDonald's Corp.*, 927

22   F.2d 440, 442 (9th Cir. 1991)). "In addition, direct infringement requires the plaintiff to show

23   causation (also referred to as 'volitional conduct') by the defendant." *Perfect 10, Inc. v.*

24   *Giganews, Inc.*, 847 F.3d 657, 666 (9th Cir. 2017) (citing *Fox Broad. Co., Inc. v. Dish Network*

25   *L.L.C.*, 747 F.3d 1060, 1067 (9th Cir. 2013)).

26   Because the evidence as to ████████ is different than it is as to the remaining direct

27   support customers, the Court analyzes the two sub-categories separately.

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13

a. ▮▮▮▮▮

Oracle provides some evidence that HPE installed patches provided by Terix on ▮▮▮▮'s Solaris servers. ECF No. 548-4 at 10-11. Testimony from HPE's own employees is consistent with the conclusion that HPE had a practice of installing patches downloaded from MOS for ▮▮▮▮ on-contract servers, and installing patches downloaded from and delivered through Terix for ▮▮▮▮ off-contract servers. *See, e.g.*, ECF Nos. 548-12 at 17-18; 467-15 at 21-22; 467-7 at 8. Oracle's expert, Christian Hicks, concluded that in February 2014, an HPE employee downloaded 57 Solaris patches from MOS using ▮▮▮▮'s MOS credential, and placed them in a repository "to supplement for missing patches for use on systems without active Oracle support." ECF No. 472-14 at 63-64; *see also id.* at 55-56. And HPE employee Chris Elfers testified, "▮▮▮▮

▮▮▮▮

▮▮▮▮" *Id.* at 60.

Nonetheless, HPE argues that it is not reasonable to infer, "let alone the *only* reasonable inference," that HPE infringed Oracle's copyrights when it installed patches from Terix onto ▮▮▮▮ servers because Oracle cannot show that any *particular* patch was installed on an off-contract server. ECF No. 545-4 at 13. In other words, notwithstanding that HPE may have warehoused Solaris patches for later use, Oracle cannot show that HPE actually did so as to any particular customer.

HPE also argues that Oracle's evidence does not show that any patch delivered to ▮▮▮▮ was protectable. *Id.* at 14. HPE cites to two exhibits by Oracle's experts that when cross-referenced show no overlap between the downloaded protectable patches, and patches delivered to ▮▮▮▮ ECF Nos. 472-8; 472-22 at 20.

Oracle has no answer for these arguments, and they dispose of Oracle's direct infringement claims as to ▮▮▮▮. Notwithstanding the evidence that HPE employees admitted to installing Terix patches on ▮▮▮▮ servers, and the potentiality that some of those patches were unauthorized, some of the servers in question were covered by Oracle support agreements. Because Oracle cannot identify the ones that were not, summary judgment must be entered against

1   it on these claims.

2   **b.**   **Direct Support Customers Other Than** ▮▮▮▮▮

3   With regard to direct support customers other than ▮▮▮▮, Oracle presents no

4   testimonial evidence that HPE installed patches on those customers' off-contract servers. *See*

5   *generally*, ECF Nos. 466-4, 544-4, 574-4.

6   Oracle relies on the testimony of its expert, Christian Hicks, who found 188 instances

7   across 11 different customers in which patches that had been released after a customer's service

8   contract for a particular server had ended nonetheless were installed on that server. ECF No. 472-

9   12 ¶ 11. This evidence alone does not show that HPE committed direct infringement, because

10   Oracle has not introduced evidence that identifies who actually installed the offending patches –

11   i.e., whether it was HPE rather than Oracle, the customer itself, or a third party. ECF Nos. 470-3

12   at 27; 545-4 at 14; *see also* ECF 551-17 at 12 (former HPE employee David Jensen affirming that

13   "when HPE had customers with Sun and Oracle servers, that sometimes HPE was the one

14   providing the service, but also sometimes someone else was the one providing the service to those

15   servers"). "Infringement of the reproduction right requires 'copying by the defendant,' which

16   comprises a requirement that *the defendant* cause the copying." *Fox Broad. Co.*, 747 F.3d at 1067

17   (emphasis added) (quoting *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 817 (9th Cir. 2003)). Absent

18   evidence that HPE performed the installation, it cannot be liable for direct infringement. *Cartoon*

19   *Network LP, LLLP v. CSC Holdings, Inc.*, 536 F.3d 121, 130 (2d Cir. 2008).

20   Furthermore, the evidence that Hicks relied upon to conclude that patches were installed

21   while servers were off-contract – a spreadsheet that HPE provided Oracle in discovery – does not

22   actually show when the patches were installed. Oracle customers can lawfully download patches

23   during the time they are under a support contract, and then install them at a future date after the

24   contract has expired. ECF No. 476-5 at 2 (email between Oracle employees explaining as much);

25   *see also* ECF No. 476-6 at 2 (same).[7] Although Oracle's expert concluded that 113 patches were

26   requested by and delivered to joint HPE-Terix customers who were not on contract, he lacked

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28   [7] It also does not directly infringe when customers install patches that are or were at some point
publicly available. ECF No. 490-4 at 3.

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United States District Court
Northern District of California

1   evidence to conclude when these patches were installed. ECF No. 472-14 at 52; *see also id.* at 40-

2   41 (expert conceding that his analysis did not assess whether patches were installed on servers

3   rather than merely delivered to the FTP site by Terix).

4   The spreadsheet does contain an "███████████" label, but that is actually only one of

5   three possible meanings for the dates shown on the spreadsheet. The "███████████" might

6   also mean the patch release date or the date the file was updated on the machine. ECF Nos. 470-3

7   at 29; 480-18 at 9. This ambiguity in the spreadsheet led to false positives, for example, Oracle's

8   expert concluding that HPE installed a patch on an off-contract server where the "███████

9   ████" actually fell before the patch was released. ECF No. 475-7 at 12. That means that a

10   customer might have downloaded the patch during the time the server was still supported by

11   Oracle, such that installation of the patch could not be infringing. Furthermore, as Oracle

12   conceded at oral argument, even if the "███████████" meant what it said, Oracle could not

13   identify any particular non-supported server on which a protected patch was improperly installed.

14   ECF No. 604 at 4:4-5:15.

15   To enable a reasonable jury to conclude that HPE committed direct copyright

16   infringement, Oracle must provide (1) evidence that HPE installed a patch on a server that was not

17   supported by an Oracle support contract, and (2) evidence that the patch was released and

18   downloaded while that server was not on contract. Because Oracle has not done this as to any

19   particular patch and server, the Court grants summary judgment in favor of HPE on Oracle's direct

20   infringement claims as to all non-███████ customers.[8]

21   **2.**   **Indirect Infringement**

22   **a.**   **Direct Infringement by Terix**

23   HPE argues that it is entitled to summary judgment on Oracle's indirect infringement

24   claims because Oracle cannot prove that Terix, HPE's third-party service provider, engaged in

25   direct copyright infringement. ECF No. 470-3 at 19. Terix was permitted to download and

26

27   [8] Because it grants summary judgment to HPE on this ground, the Court need not address the

28   questions of whether all, or only some, of the Solaris patches were protectable under the copyright
laws, or whether OA, OIC, or both owned the copyrights in question.

16

1   deliver Oracle software as an agent of the customer with a license to obtain that software. *Id.*

2   Only if that software was then installed on a server that was not under a support contract when the

3   patch was made available could the installation constitute copyright infringement.

4   As set forth above, however, Oracle has no evidence regarding the actual installation of

5   individual patches on any individual server. Both vicarious and contributory infringement require

6   proof of infringement by a third party. *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1169

7   (9th Cir. 2007). As with Oracle's direct infringement claims, Oracle does not have evidence

8   sufficient to create a genuine dispute of material fact that Terix committed specific acts of direct

9   infringement for the HPE/Terix customers. For this reason, HPE is entitled to summary judgment

10   on Oracle's indirect infringement claims.

          b.   **Vicarious Copyright Infringement and Contributory Copyright Infringement**

11

12   Oracle also makes claims for vicarious copyright infringement and contributory copyright

13   infringement. "To impose vicarious liability on a defendant for copyright infringement, a plaintiff

14   must establish that the defendant exercises the requisite control over the direct infringer and that

15   the defendant derives a direct financial benefit from the direct infringement." *Range Rd. Music,*

16   *Inc. v. E. Coast Foods, Inc.*, 668 F.3d 1148, 1155 (9th Cir. 2012). To prove liability for

17   contributory copyright infringement, Oracle must show that HPE "(1) knew of the direct

18   infringement; and (2) . . . either induced, caused, or materially contributed to the infringing

19   conduct." *Luvdarts, LLC v. AT & T Mobility, LLC*, 710 F.3d 1068, 1072 (9th Cir. 2013).

20   As stated above, Oracle has not submitted sufficient evidence of direct infringement by

21   Terix. Accordingly, HPE is entitled to summary judgment on these claims.[9]

22   **C.**   **Intentional Interference with Contractual Relations**

23   HPE moves for summary judgment on Oracle's intentional interference with contractual

24   relations claim. Under California law, to state a claim for intentional interference with contractual

25   relations, a plaintiff must plead:

26   (1) a valid contract between plaintiff and a third party; (2)

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28   _____

[9] The Court does not reach HPE's alternative arguments regarding these claims.

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1   defendant's knowledge of this contract; (3) defendant's intentional
     acts designed to induce a breach or disruption of the contractual
2   relationship; (4) actual breach or disruption of the contractual
     relationship; and (5) resulting damage.

3   *Swipe & Bite, Inc. v. Chow*, 147 F. Supp. 3d 924, 934 (N.D. Cal. 2015) (quoting *Pac. Gas & Elec.*

4   *Co. v. Bear Stearns & Co.*, 50 Cal. 3d 1118, 1126 (1990)). Where a contract is simply not

5   renewed or extended, or where an at-will contract is terminated, a plaintiff has a claim only as to

6   interference with prospective economic relations. *Reeves v. Hanlon*, 33 Cal. 4th 1140, 1151-52

7   (2004).

8   HPE argues it is entitled to summary judgment because Oracle cannot show "breach or

9   disruption" of any specific contract. ECF No. 470-3 at 30 (citing *eForce Glob., Inc. v. Bank*

10   *of Am., N.A.*, 2010 WL 2573976, at *10 (N.D. Cal. June 24, 2010)). In response, Oracle does not

11   identify any specific contract with which HPE allegedly interfered. Instead, it argues that

12   customers breached Oracle's support policies as to any servers that "remained under Oracle

13   support" after the customers moved other servers to HPE. ECF No. 544-4 at 27. But Oracle fails

14   to identify any customers with servers that "remained under Oracle support," or any contracts

15   between Oracle and those customers that allegedly were breached.

16   Even if Oracle had identified any specific contract, it fails to respond to HPE's argument

17   that it suffered no economic harm: "Oracle's customers pay for support contracts up front, so

18   even if any Oracle support contracts were disrupted or breached as a result of HPE's conduct, that

19   could not cause Oracle economic harm." ECF No. 470-3 at 31.

20   For both these reasons, HPE is entitled to summary judgment on Oracle's claims for

21   intentional interference with contractual relations.

22   **D.   Intentional Interference with Prospective Economic Advantage**

23   HPE also moves for summary judgment on Oracle's prospective economic advantage

24   claims. Under California law, to state a claim for intentional interference with prospective

25   economic relations, a plaintiff must plead:

26   (1) [a]n economic relationship between the plaintiff and some third
          party, with the probability of future economic benefit to the plaintiff;
27   (2) the defendant's knowledge of the relationship; (3) intentional
          acts on the part of the defendant designed to disrupt the relationship;
28   (4) actual disruption of the relationship; and (5) economic harm to

United States District Court
Northern District of California

the plaintiff proximately caused by the acts of the defendant.

Swipe & Bite, 147 F. Supp. 3d at 935 (quoting *Youst v. Longo*, 43 Cal. 3d 64, 71 n.6 (1987)).

Unlike a claim for intentional interference with contract, claims for intentional interference with

prospective economic relations "require that a defendant's conduct be independently wrongful."

Oakley Inc., v. Nike, Inc., 988 F. Supp. 2d 1130, 1135 (C.D. Cal. 2013).

HPE argues it is entitled to summary judgment on the intentional interference with

prospective economic advantage claims because Oracle fails to identify any intentional act by

HPE designed to disrupt an economic relationship between Oracle and a third party "that had a

probability of future benefit." ECF No. 470-3 at 31 (citing *Korea Supply Co. v. Lockheed Martin

Corp.*, 29 Cal. 4th 1134, 1153-54 (2003)). To reach a jury on this claim, it is not sufficient for

Oracle to show interference – Oracle must introduce evidence "that the defendant . . . engaged in

conduct that was wrongful by some legal measure other than the fact of interference itself."

Overstock.com, Inc. v. Gradient Analytics, Inc., 151 Cal. App. 4th 688, 713 (2007) (quoting *Della

Penna v. Toyota Motor Sales, U.S.A., Inc.*, 11 Cal. 4th 376, 393 (1995)). An act is "independently

wrongful" if it is "proscribed by some constitutional, statutory, regulatory, common law, or other

determinable legal standard." *Id.* (citation omitted).

As discussed above, only misrepresentations after May 6, 2013 are actionable in light of

Oracle's awareness of HPE's alleged misrepresentations as early as 2010. ECF No. 476-32

(Oracle presentation providing that unauthorized Third Party Maintainers like Terix claim to

"legitimately source and install Sun's non-security related software patches"); *see also* ECF No.

480-5 at 2-3 (explaining that ███████ was leaving Oracle for HPE despite "potential exposure"

and "risks"). Oracle fails to show an independently wrongful act within the relevant time frame.

Because Oracle fails to introduce evidence of any timely independent wrong, the Court grants

summary judgment to HPE on this claim.

E.   California Unfair Competition Law ("UCL")

HPE moves for summary judgment on Oracle's unfair competition claim under California

Business and Professions Code § 17200. "California's unfair competition statute prohibits any

unfair competition, which means 'any unlawful, unfair or fraudulent business act or practice.'" *In*

1   *re Pomona Valley Med. Grp., Inc.*, 476 F.3d 665, 674 (9th Cir. 2007) (quoting Cal. Bus. & Prof.

2   Code § 17200). Regarding the unlawful prong, "Section 17200 borrows violations from other

3   laws by making them independently actionable as unfair competitive practices." *CRST Van*

4   *Expedited, Inc. v. Werner Enterprises, Inc.*, 479 F.3d 1099, 1107 (9th Cir. 2007) (internal

5   quotation marks omitted).

6   The Court grants HPE's motion as to Oracle's UCL claims because Oracle's state law

7   claims fail and the Copyright Act preempts derivative UCL claims. *See Maloney v. T3Media, Inc.*,

8   853 F.3d 1004, 1019 (9th Cir. 2017); *Samsung Elecs. Co. v. Panasonic Corp.*, 747 F.3d 1199,

9   1205 n.4 (9th Cir. 2014).

10   **CONCLUSION**

11   For the foregoing reasons, the Court grants summary judgment to HPE on all claims.[10]

12   Oracle's motion is denied in full.

13   HPE is ordered to serve a proposed form of judgment on Oracle within five court days of

14   the date of this order. Oracle shall either sign the proposed judgment, indicating its agreement

15   only as to form, or provide written objections to the form of judgment, within five court days

16   thereafter. Within five court days thereafter, HPE must file either an approved form of judgment,

17   or a proposed form of judgment, a copy of Oracle's objections, and a written response. The

18   objections and response may be no longer than three pages each.

19   All pending deadlines and hearings in this action, and the trial date, are vacated.

20   **IT IS SO ORDERED.**

21   Dated: January 29, 2019

22   _____
                                            JON S. TIGAR
23   United States District Judge

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27   _____

     [10] In light of this conclusion, the Court does not reach Oracle's motion regarding HPE's
28   affirmative defenses or HPE's request for an order under Rule 56(g) treating certain facts as not
     genuinely in dispute and therefore established in this case.