

1 litigate. *See Oracle USA*, 6 F.Supp.3d 1086.¹⁴ The only true dispute here is whether the issues are
2 identical. Rimini argues that its express license defense for the 47 PeopleSoft environments is
3 different from its express license argument that both this Court and the Ninth Circuit rejected in
4 *Oracle I*. Specifically, Rimini stated that following the Court’s grant of summary judgment to
5 Oracle in *Oracle I*, the parties entered into a “limited stipulation” regarding the scope of the
6 software license provisions for PeopleSoft; the parties agreed that “for the purposes of this action,”
7 the remaining PeopleSoft licenses were the same as or very similar to the two licenses at issue in
8 the motion for summary judgment. ECF Nos. 967, 974-s at 13; *Oracle I*, ECF No. 599 ¶ 1. The
9 Court had found those two licenses to both contain provisions that prohibited Rimini from copying
10 its customers’ PeopleSoft environments over to its own computer system. Oracle now argues that
11 because the 47 PeopleSoft environments at issue here are the same as the two licenses at issue in
12 the Court’s summary judgment ruling in *Oracle I*, Rimini is collaterally estopped from contesting
13 liability for the 47 licenses. ECF Nos. 1146, 1149-s at 10–11.

14 Having reviewed the relevant licenses, the Court agrees with Oracle that the issues in the
15 two lawsuits are identical. First, there is a substantial overlap between the evidence because Oracle
16 would be presenting the same facts surrounding the local hosting process that was one of the central
17 issues in the first case to a jury in this case. Oracle would also be presenting the same argument
18 that it did in the first case, namely that Rimini committed copyright infringement by hosting its
19 clients’ PeopleSoft software on its own computer systems. This evidence also invokes the same
20 rule of law as in the first proceeding, as the Court would be applying the same standard contract
21 interpretation principles to interpret the licensing provisions, and Rimini would presumably
22 present the same affirmative defenses. Additionally, the pretrial preparation and discovery in
23 *Oracle I* embraced this issue as substantial discovery was conducted regarding Rimini’s local
24 hosting process, and the parties briefed the issue extensively at the dispositive motion phase.

25 Turning to the factor of whether the claims are “closely related,” the major point of
26 contention between the parties is whether the licensing agreements for the PeopleSoft products in
27 *Oracle I* are the same as the licensing agreements for the 47 PeopleSoft products Oracle seeks

28 ¹⁴ As the Court has noted, this decision was affirmed by the Ninth Circuit in *Rimini I*, 879 F.3d at 959–60.

1 judgment on here. In the previous action, one of the two licenses stated that Oracle “grants
2 Licensee a . . . license to use the licensed Software, solely for Licensee’s internal data processing
3 operations at its facilities.” *Rimini I*, 879 F.3d at 959. On appeal, neither Oracle nor Rimini
4 differentiated between the language in the two licenses despite minor language variations. *Id.* at
5 959, n.5. The “facilities restriction” provision, regardless of any minor language variation,
6 prohibited Rimini from hosting its clients’ PeopleSoft software on its own computer systems.

7 While not all the PeopleSoft licensing agreements are the same as the ones in *Oracle I*, the
8 evidence presented by Oracle here demonstrates that they all contain facilities restriction
9 provisions that are either identical or substantially similar to the restrictions from the previous
10 action. ECF Nos. 1146, 1149-s at 10–11. Some of the language is identical to the two licenses
11 ruled on in *Oracle I*, such as the license belonging to the City of Ontario, Canada, which granted
12 it the ability to use the software “on one or more servers at Licensee’s facilities.” ECF No. 896-
13 24-s at 11. Some of the language is substantially similar to the language from *Oracle I*, such as the
14 language from Adventist Healthcare, Inc.’s license, which limited it to only making copies of the
15 software on “one or more servers and/or workstations located at facilities utilized by the licensee,”
16 and Brandeis University’s license, which limited copying of and use of the software to “servers
17 and/or workstations located at facilities owned or leased by” Brandeis University. *Id.* at 4, 7-8.¹⁵
18 Rimini’s argument to the contrary is unpersuasive because it does not provide any alternative
19 meaning to any of these facilities provisions within the PeopleSoft licenses at issue here. To defeat
20 a motion for summary judgment, especially one such as this where there are no disputed facts,
21 Rimini must do more than make a naked legal conclusion without providing a plausible alternative

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23 ¹⁵ Rimini points to 4 additional licenses that it argues either do not have facilities provisions or the
24 provisions are not substantially similar to those ruled on in *Oracle I*. See ECF No. 974-s at 22. While the
25 provisions identified are not identical, the Court finds that each license contains a provision that prohibits
26 local hosting. See ECF No. 896-11 at 6 (under the PNMR Services Company’s license, a “Computer license
27 allows you to use the licensed program on a *single* specified computer.” (emphasis added)); ECF No. 896-
28 24-s at 2-3 (under the A.H. Belo Corporation license, copying is limited to “each Server at the Site up to
the licensed number of workstations specified in the applicable Schedule,” and defines “Site” as “a specific,
physical location of Licensee’s Server as set forth in the applicable Schedule.”); ECF No. 896-5-s at 13
(under the Bemis Company, Inc. license, the licensee can “use an unlimited number of copies of Software,
solely for the internal data processing operations of Licensee” on specified servers); and ECF No. 896-24-
s at 10-11 (under the Choice Hotels International Services Corporation’s license, the licensees use is limited
to “a single machine.”).

1 explanation. To the contrary, each license contains a provision that makes it clear that Rimini was
2 not allowed to copy the PeopleSoft software or environments to its system. Accordingly, the Court
3 finds that the facilities restrictions language within the PeopleSoft licenses here have the same
4 meaning as their counterparts in *Oracle I*.

5 Rimini further argues that Oracle has “failed to produce the specific customer licenses for
6 at least 4 of the 47 PeopleSoft environments.” ECF Nos. 967, 974-s at 23. The Declaration of
7 Casey McCracken provides that after Rimini notified Oracle that some of the licensee agreements
8 for certain clients were missing, Oracle provided that “Oracle was unable to identify a license
9 agreement for certain clients” and instead provided “a representative agreement.” ECF No. 976-s
10 ¶¶ 4-5. The Court agrees with Rimini that the Court cannot rule that these 4 license agreements
11 contain a provision that would prohibit local hosting without seeing the agreement. However,
12 Rimini has not provided the Court with the names of the clients without license agreements, or
13 anything else that would provide a useful guide for determining those left at issue. With nothing
14 more than a bare assertion that some 4 of these 47 PeopleSoft environments do not contain a
15 facilities restriction that would prohibit local hosting, when every other PeopleSoft license the
16 Court has reviewed did, the Court finds Rimini has failed to meet its burden for an express license
17 defense.

18 Rimini finally argues that the issue was not “actually litigated” in the previous action
19 because Oracle must specifically argue and demonstrate that each particular license did not allow
20 for Rimini’s conduct. ECF Nos. 967, 974-s at 23. While this is factually correct, what both the
21 Court and the Ninth Circuit analyzed in *Oracle I*, with respect to the PeopleSoft licenses, was
22 whether Rimini’s conduct violated the facilities restriction within those licenses. As stated above,
23 Rimini has also failed to demonstrate how the facilities restrictions that apply to each of the 47
24 PeopleSoft environments here are different from the facilities restriction from *Oracle I*. If Rimini’s
25 argument were correct, then every time a court was presented with a routine insurance contract
26 case, courts would be unable to rely on district and circuit precedent interpreting the same language
27 found in contracts from the past. This, of course, is not the law, and it is well-established that
28 courts may look to previous cases for guidance when interpreting identical contract language. *See,*

1 *e.g., Kimble v. Marvel Entertainment, LLC*, 576 U.S. 446, 457, 135 S.Ct. 2401, 2410 (2015)
2 (recognizing that in “cases involving property and contract rights, considerations favoring *stare*
3 *decisis* are at their acme.” (internal quotation marks omitted)).

4 The Court accordingly grants Oracle partial summary judgment on its first claim for
5 copyright infringement for the 47 PeopleSoft environments listed in its third corrected amended
6 counterclaims.

7 2. The Court grants in part and denies in part Oracle’s motion for summary judgment on
8 the six affirmative defenses at-issue in this motion, as each relates to Oracle’s copyright
9 infringement counterclaim.

10 Oracle also seeks summary judgment on six of Rimini’s affirmative defenses: (1) implied
11 license and consent; (2) statute of limitations; (3) laches; (4) equitable estoppel; (5) abandonment;
12 and (6) unclean hands. ECF Nos. 888, 896-s at 15-24. Importantly, Oracle only seeks summary
13 judgment on these claims as they apply to its first counterclaim for copyright infringement (not
14 just the 47 PeopleSoft environments at issue above), but not as each would apply to any other
15 counterclaim Oracle has asserted.

16 *i. Implied License and Consent Defense*

17 Oracle seeks summary judgment on Rimini’s third affirmative defense, the combined
18 defenses of implied license and consent of use. Implied license and consent of use are legally
19 duplicative affirmative defenses and shall be addressed together. *See e.g., Peter Letterese &*
20 *Assocs., Inc. v. World Inst. Of Scientology Enters.*, 533 F.3d 1287, 1308-09 (11th Cir. 2008)
21 (equating a consent defense to that of implied license and applying the same standard); *I.A.E., Inc.*
22 *v. Shaver*, 74 F.3d 768, 775-76 (7th Cir. 1996) (holding that consent is equivalent to nonexclusive
23 license defense).

24 “An implied license can be found where the copyright holder engages in conduct ‘from
25 which [the] other [party] may properly infer that the owner consents to his use.’” *Field v. Google,*
26 *Inc.*, 412 F.Supp.2d 1106, 1116 (D. Nev. 2006)). “Consent to use the copyrighted work need not
27 be manifested verbally and may be inferred based on silence where the copyright holder knows of
28 the use and encourages it.” *Id.*

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1 Oracle offers two separate arguments in support of summary judgment. First, it argues that
2 Rimini is collaterally estopped from asserting this defense because Rimini utilizes similar
3 arguments and evidence here as it did in *Oracle I*, and there, the Court granted Oracle summary
4 judgment on the defense. ECF Nos. 888, 896-s at 16. Second, Oracle argues that Rimini has not
5 provided any evidence that Oracle did in fact consent to Rimini's conduct. *Id.* In its response,
6 Rimini highlights the fact that Oracle has often encouraged its clients to use cloud servers to host
7 its business software, and points to the fact that Oracle approved the processes used by two of
8 Rimini's competitors, Spinnaker and CedarCrestone, but inexplicably objected to the same
9 processes when used by Rimini. ECF Nos. 967, 974-s at 28–31.

10 After reviewing the record, the Court finds partial summary judgment is appropriate for
11 Oracle. As an initial matter, collateral estoppel does not apply here because Rimini is premising
12 this defense on different conduct than before, namely that Rimini's clients had copied their
13 PeopleSoft environments to a cloud server rather than hosting the software on Rimini's computer
14 systems. This support process was not "actually litigated" in *Oracle I*. As to Rimini's contentions
15 about the use of a cloud server, it is undisputed that Oracle executives have consented to and
16 approved of licensees hosting their Oracle software on their licensee's cloud servers. Rimini
17 asserts that the cloud server falls outside the "facilities restriction" provision in the legacy
18 PeopleSoft licensing agreements and that somehow this supports an affirmative defense of implied
19 license and consent. Rimini's argument misses the broader point. The use of a cloud server by an
20 Oracle licensee does not insulate Rimini from Oracle's claims of copyright infringement, such as
21 illegal copying or cross-use. The terms of the licensing agreement do not suddenly expand or allow
22 greater conduct by Rimini simply based upon the physical location of the licensee's software.
23 Access to a licensee's cloud server may be subject to the exclusive control of the licensee, just as
24 is software physically located within the licensee's "facilities."¹⁶

25 Rimini argues that Oracle consented to the processes used by Spinnaker and
26 CedarCrestone, but it is unclear from Rimini's brief whether that consent was ever communicated

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28 ¹⁶ As discussed below, there is an issue of material fact whether the client has control of its cloud server.
See Part IV.G.3.

1 by Oracle to Rimini, and if so, when. Rimini states that Oracle approved Spinnaker's support
2 processes, but as evidence, Rimini cites to a confidential letter from Oracle to Spinnaker sent in
3 November 2011. ECF No. 975-10 at 2. Rimini has provided no evidence that it knew about this
4 approval prior to this litigation. Similarly, Rimini cites to a settlement agreement between Oracle
5 and CedarCrestone, whereby Oracle permitted CedarCrestone's use of "know-how" in servicing a
6 licensee's software. ECF No. 975-21. But it is unclear how Rimini would have known the details
7 of this confidential settlement agreement at the time it was agreed to in mid-2013. Rimini cannot
8 claim that it had an implied license to operate in the manner Oracle accuses it of because of private
9 communications between Oracle and a third party. *Field*, 412 F.Supp.2d at 1116; *Alaska Stock,*
10 *LLC v. Pearson Edu., Inc.*, 975 F.Supp.2d 1027, 1041 (D. Alaska 2013) ("Often, the parties' course
11 of dealings will determine whether an implied license was given."). While this evidence might
12 arguably be used by Rimini at trial to cast doubt on Oracle's motivation for raising the causes of
13 action it has against Rimini, it cannot be used as a basis for an implied license or consent defense.

14 *ii. Statute of Limitations Defense*

15 As it did in *Oracle I*, Rimini again asserts a statute of limitations defense (its sixth
16 affirmative defense) to defeat Oracle's copyright infringement claim. Rimini argues that because
17 Oracle filed its first set of counterclaims on February 17, 2015, it can only recover for the
18 infringing actions that took place after February 17, 2012. ECF Nos. 967, 974-s at 33-34.
19 Generally, copyright infringement actions must be filed "within three years after the claim
20 accrued." *Roley v. New World Pictures, Ltd.*, 19 F.3d 479, 481 (9th Cir. 1994) (quoting 17 U.S.C.
21 § 507(b)); *see also Petrella v. Metro-Goldwyn-Mayer, Inc.*, 572 U.S. 663, 671 (2014). A copyright
22 infringement claim "accrues when one has knowledge of a violation or is chargeable with such
23 knowledge." *Roley*, 19 F.3d at 481. One is chargeable with knowledge of a copyright violation if
24 it could have been reasonably discovered. *Polar Bear Prods. v. Timex Corp.*, 384 F.3d 700, 706
25 (9th Cir. 2004). Thus, "[a] claim for copyright infringement accrues on the date that a reasonable
26 investigation would have put the rights holder on notice that potentially infringing conduct has
27 occurred." *In re Napster, Inc. Copyright Litig.*, Case No. C MDL-00-1369-MHP, C 04-3004 MHP,
28 2005 WL 289977, at *4 (N.D. Cal. Feb. 3, 2005).

1 This defense is only applicable to some of Oracle’s claims, specifically infringement of
2 Oracle’s E-Business Suite software (“EBS”) dating back to 2010 (which was not at issue in
3 *Oracle I*) and Oracle’s other copyright infringement claims that purportedly accrued prior to
4 February 17, 2012. ECF Nos. 888, 896-s at 17–18. Oracle argues that these copyright infringement
5 claims did not accrue until April 2014 when Rimini provided Oracle with an updated customer list
6 which, for the first time, placed Oracle on notice that Rimini’s infringing conduct had continued
7 through the litigation. ECF Nos. 1146, 1149-s at 21.

8 To prevail on its statute of limitations defense, Rimini must provide at least some evidence
9 showing that Oracle knew or should have known of Rimini’s underlying conduct prior to February
10 17, 2012. As the Ninth Circuit made clear in its recent decision *Oracle America, Inc. v. Hewlett*
11 *Packard Enterprise Company*, constructive knowledge is enough to trigger the statute of
12 limitations. --- F.3d ---, 2020 WL 4876833, at *3 (9th Cir. Aug. 20, 2020) (“*Hewlett Packard*”).
13 Regarding the EBS claims, Rimini states that in October and November 2011, it released several
14 press statements stating that it was now offering support services for Oracle’s EBS. ECF Nos. 967,
15 974-s at 34 (citing ECF No. 969-1). Importantly, the press statements indicated that Rimini’s
16 support services for EBS followed “the same successful model used in the design for each of its
17 other products lines.” ECF No. 969-1 at 2-3. Given that Oracle had accused Rimini of using a
18 business model that infringed on its copyrights, Rimini argues that Oracle had a duty to investigate
19 Rimini’s conduct at that time. ECF No. 974-s at 34. As to the other copyright claims, Rimini argues
20 that because of what was revealed during discovery in *Oracle I*, Oracle was on notice that Rimini
21 might be continuing to infringe Oracle’s copyrights. *Id.*

22 The Court agrees with Rimini regarding EBS. A “plaintiff is deemed to have had
23 constructive knowledge if it had enough information to warrant an investigation which, if
24 reasonably diligent, would have led to discovery of the” claim. *Pincay v. Andrews*, 238 F.3d 1106,
25 1109–10 (9th Cir. 2001) (internal quotation marks and citation omitted). The Ninth Circuit has
26 “previously explained that ‘suspicion’ of copyright infringement ‘places upon the plaintiff a duty
27 to investigate further into possible infringements of its copyrights.’” *Hewlett Packard*, --- F.3 ---,
28 2020 WL 4876833, at *3 (quoting *Wood v. Santa Barbara Chamber of Commerce, Inc.*, 705 F.2d

1 1515, 1521 (9th Cir. 1983)). At the time Rimini argues that Oracle was given constructive notice
2 of potential infringement (October/November 2011), Oracle suspected that Rimini had engaged in
3 widespread copyright infringement (which a jury later determined that it did) in the course of
4 providing support services for several of Oracle’s software products, such as J.D. Edwards, Siebel,
5 and PeopleSoft. There is an issue of material fact as to whether it would have been reasonable for
6 Oracle, upon hearing that Rimini had begun offering support services for EBS, to investigate
7 whether Rimini was utilizing the same infringing practices with that software as Oracle suspected
8 Rimini was with others.

9 A case from the Central District of California, *Fahmy v. Jay-Z*, is instructive. 835
10 F.Supp.2d 783 (C.D. Cal. 2011). There, the plaintiff sued a musician and several other defendants,
11 arguing that in creating the song “Big Pimpin’,” the defendants had infringed upon the plaintiff’s
12 copyrighted interest in an original song. *Id.* at 786. The plaintiff argued that because he only knew
13 about the “Big Pimpin’” single, which he claims infringed his copyrighted work, the statute of
14 limitations did not bar his recovery for subsequent remixes and acoustic versions of “Big Pimpin’”
15 that he did not know existed. *Id.* at 789. The Court rejected the plaintiff’s argument because, *inter*
16 *alia*, the plaintiff had an obligation to investigate whether the defendants created other songs based
17 on the plaintiff’s original song in addition to the single he already knew about. *Id.* at 790. This is
18 the same situation here. There is a plausible argument to be made that Oracle, having suspected
19 that Rimini infringed on its PeopleSoft, Siebel, and J.D. Edwards copyrights, should have
20 investigated whether Rimini also infringed on its EBS copyright after Rimini announced it would
21 be using the same support model for EBS as it did for the other software. *See Kepner–Tregoe, Inc.*
22 *v. Exec. Dev., Inc.*, 79 F.Supp.2d 474, 488 (D.N.J. 1999) (upon discovering one infringing work,
23 plaintiff had a duty to monitor the defendant's additional published works because “a reasonable
24 [copyright holder], motivated by his interest in recovering for and preventing infringement, keeps
25 abreast of the activities of those in his field of endeavor.” (internal quotation marks omitted)).
26 Whether Oracle should have investigated Rimini’s support services for EBS is a disputed question
27 of fact that the jury must decide.

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1 The Court further finds that there are disputed questions of fact concerning when Oracle
2 acquired knowledge of or is chargeable with knowledge of a prospective Rimini infringement
3 beyond the three-year statute of limitations. Fact discovery closed in *Oracle I* on December 5,
4 2011, and following motion practice and over the objections of Rimini, the Court ruled that Oracle
5 could supplement its expert damages report to include damages it suffered through the course of
6 litigation regarding pre-suit Rimini clients. *Oracle I*, ECF No. 669 at 4. Oracle represented to the
7 Court that it did not intend to seek damages for so-called “gap customers” (customers Rimini
8 acquired after Oracle had filed its lawsuit) in *Oracle I*, but rather seek damages for them in this
9 litigation. There is an issue of material fact as to what claims Oracle knew or should have known
10 about prior to February 17, 2012, that must be resolved at trial. Accordingly, the Court denies
11 Oracle’s motion for summary judgment as to Rimini’s statute of limitations defense.

12 *iii. Laches Defense*

13 Next, Oracle requests summary judgment on Rimini’s fourteenth affirmative defense,
14 laches. To establish a laches defense in a copyright infringement action, a defendant must show
15 that (1) the plaintiff delayed in initiating the lawsuit; (2) the delay was unreasonable, and (3) the
16 delay resulted in prejudice. *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 951 (9th Cir. 2001). Delay
17 is measured from when “the plaintiff knew (or should have known) of the allegedly infringing
18 conduct, until the initiation of the lawsuit.” *Id.* at 952. In determining the reasonableness of the
19 delay, “courts look to the cause of the delay.” *Id.* at 954. Delays have been held permissible when
20 (1) “it is necessitated by the exhaustion of remedies through the administration process;” (2) “it is
21 used to evaluate and prepare a complicated claim;” and (3) “its purpose is to determine whether
22 the scope of the proposed infringement will justify the cost of litigation.” *Id.* (internal quotation
23 marks and citations omitted). As to the prejudice element, courts generally require that a defendant
24 demonstrate greater harm when the delay is short, but less when the delay is lengthy. *Miller v.*
25 *Glenn Miller Prods., Inc.*, 454 F.3d 975, 1000 (9th Cir. 2006) (appendix). The two primary forms
26 of prejudice in the laches context are expectations-based prejudice, which exists where a defendant
27 “took actions or suffered consequences that it would not have, had the plaintiff brought suit
28 promptly,” and evidentiary prejudice, which exists where there are “such things as lost, stale, or

1 degraded evidence, or witnesses whose memories have faded or who have died.” *Danjaq*, 263 F.3d
2 at 955. Importantly, the Supreme Court recently held that the defense of laches cannot be used to
3 defeat copyright infringement claims that have been brought within the Copyright Act’s three-year
4 limitations period absent “extraordinary circumstances.” *Petrella v. Metro-Goldwyn-Mayer, Inc.*,
5 572 U.S. 663, 677, 686 (2014).

6 Pursuant to *Petrella*, Rimini cannot assert a laches defense to any copyright infringement
7 claim brought within the statute of limitations absent an “extraordinary circumstance.” At this
8 point, this means that it cannot assert a laches defense to any claim brought after February 17,
9 2012, unless it can demonstrate this situation is an “extraordinary circumstance.” In its response
10 to Oracle’s motion, Rimini does not explain how this case qualifies as an “extraordinary
11 circumstance.” In fact, Rimini never addresses the issue. Therefore, the Court will grant Oracle
12 summary judgment on this defense because, having failed its burden of persuasion, the only claims
13 to which Rimini can lawfully assert a laches defense would already be barred by the statute of
14 limitations, making this defense unnecessary and redundant.

15 *iv. Equitable Estoppel Defense*

16 Oracle next moves for summary judgment on Rimini’s fifteenth affirmative defense,
17 equitable estoppel. The purpose of equitable estoppel is to “prevent the assertion of legal rights
18 that in equity and good conscience should not be available due to a party’s conduct.” *In re Estate*
19 *of Prestie*, 138 P.3d 520, 525 (Nev. 2006) (internal quotation marks and citation omitted).
20 “Equitable estoppel requires that ‘(1) the party to be estopped must be apprised of the true facts;
21 (2) [it] must intend that [its] conduct shall be acted upon, or must so act that the party asserting
22 estoppel has the right to believe it was so intended; (3) the party asserting the estoppel must be
23 ignorant of the true state of facts; (4) [the party asserting estoppel] must have relied to its detriment
24 on the conduct of the party to be estopped.’” *Leeward Capital, L.P. v. Archon Corp.*, 759
25 F.Supp.2d 1249, 1254 (D. Nev. 2010) (quoting *In re Harrison Living Trust*, 112 P.3d 1058, 1062
26 (Nev. 2005)).

27 Rimini is unable to proffer sufficient evidence on each element of equitable estoppel to
28 create a triable issue of fact. Here, Rimini’s basic theory of the defense is that it relied on Oracle’s

1 repeated statements that “third-party support can be performed under its licenses,” but that when
2 it changed its support processes, Oracle changed its theories of liability. ECF Nos. 967, 974-s at
3 36. But whether third-party support is allowed under the licensing agreements is not at issue in this
4 lawsuit, nor was it at issue in *Oracle I*. What was (and is) at issue is the manner in which Rimini
5 performed that third-party support. Rimini has not provided any evidence that Oracle intended for
6 Rimini to rely on its statements or other conduct when Rimini altered the manner in which it
7 provided services to its clients. In any event, the statements to which Rimini cites were made by
8 Oracle employees during depositions taken well-after the date that Rimini states it changed its
9 support practices. For instance, Rimini cites to early 2018 depositions of Oracle founder Lawrence
10 Ellison and co-CEO Safra Catz for the proposition that “the provision of third-party support...is
11 permitted by its software licenses.” ECF Nos. 967, 974-s at 36. But Rimini cannot make a plausible
12 argument that it relied on statements that did not yet exist when it changed its support service
13 model in 2014 and 2015. Similarly, Rimini cites to a portion of Oracle’s appellate brief, but that
14 brief was not filed until February 2017, roughly two and a half years after Rimini claims to have
15 altered course. *Id.* Rimini does not cite to any Oracle acts or statements that occurred prior to
16 Rimini changing its business model, and therefore, there was nothing upon which it could rely to
17 its detriment.

18 Accordingly, the Court grants Oracle summary judgment on this defense.

19 *v. Abandonment/ Waiver Defense*

20 Next, Oracle requests summary judgment on Rimini’s seventeenth affirmative defense,
21 abandonment and waiver, which is focused entirely on Oracle’s PeopleSoft copyrights. “In
22 copyright, waiver or abandonment of copyright ‘occurs only if there is an intent by the copyright
23 proprietor to surrender rights in its work.’” *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004,
24 1026 (9th Cir. 2001) (quoting 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*
25 ¶ 13.06 (2000)). “Under Ninth Circuit caselaw, abandonment ‘must be manifested by some overt
26 act indicative of a purpose to surrender the rights and allow the public to copy.’” *Marya v.*
27 *Warner/Chappell Music, Inc.*, 131 F.Supp.3d 975, 991 (C.D. Cal. 2015) (quoting *Hampton v.*
28 *Paramount Pictures Corp.*, 279 F.2d 100, 104 (9th Cir. 1960)). It is possible for a copyright holder

1 to abandon some rights but not others. *See Micro Star v. FormGen Inc.*, 154 F.3d 1107, 1114 (9th
2 Cir. 1998) (“Given that [FormGen] overtly encouraged players to make and freely distribute new
3 levels, FormGen may indeed have abandoned its exclusive right to do the same. But abandoning
4 some rights is not the same as abandoning all rights, and FormGen never overtly abandoned its
5 rights to profit commercially from new levels.”). The *Marya* Court noted that “what does or does
6 not constitute abandonment appears to be a highly fact-specific inquiry” because there is no clear
7 rule as to what constitutes abandonment. 131 F.Supp.3d at 992. What is clear, however, is that the
8 copyright holder does not abandon its rights to its copyright by mere inaction. *Id.*

9 Here, Rimini is unable to point to any overt acts by Oracle that would signal to the public
10 that it was abandoning its rights to the facilities restrictions in the PeopleSoft licenses. Rimini
11 asserts that “Oracle has *never* claimed that PeopleSoft licenses may not use the cloud” as evidence
12 of overt acts. ECF Nos. 967, 974-s at 38 (emphasis in original). But not stating something cannot
13 constitute an overt act for purposes of abandonment, as the Ninth Circuit made clear in *Hampton*.
14 279 F.2d at 104 (finding no evidence of an overt act where copyright holder did not consent to
15 public use and did not give anyone permission to sell the copyrighted works). Rimini also asserts
16 that Oracle has “encouraged” its licensees to use the cloud, but the evidence to which Rimini cites
17 only reveals that Oracle stated that its customers had the option of hosting their software on cloud
18 servers if they so desired. *Cf. Melchizedek v. Holt*, 792 F.Supp.2d 1042, 1051-52 (D. Ariz. 2011)
19 (finding issue of material fact where copyright holder stated that he let his material “go out to the
20 world unrestrained. No control on the copyrighted material.”). In any event, Rimini does not
21 explain how Oracle informing its customers that it could make use of cloud hosting constitutes its
22 intent to abandon the entire facilities restriction in the PeopleSoft licenses.

23 Accordingly, the Court grants Oracle summary judgment on this defense.

24 *vi. Unclean Hands Defense*

25 Finally, Oracle seeks summary judgment on Rimini’s eighth affirmative defense, unclean
26 hands. Under the doctrine of unclean hands, a plaintiff “seeking equitable relief must have acted
27 fairly and without fraud or deceit as to the controversy in issue.” *Bangkok Broadcasting & T.V.*
28 *Co., Ltd. v. IPTV Corp.*, 742 F.Supp.2d 1101, 1117 (C.D. Cal. 2010) (internal quotation marks and

1 citation omitted). “To establish unclean hands, a defendant must demonstrate (1) inequitable
2 conduct by the plaintiff; (2) the plaintiff’s conduct directly relates to the claim which it has asserted
3 against the defendant; and (3) plaintiff’s conduct injured the defendant.” *Metro-Goldwyn-Mayer*
4 *Studios, Inc. v. Grokster, Ltd.*, 518 F.Supp.2d 1197, 1223 (C.D. Cal. 2007) (internal quotation
5 marks and citation omitted). This usually presents a question of fact. *Los Angeles News Service v.*
6 *Tullo*, 973 F.2d 791, 799 (9th Cir. 1992).

7 Rimini argues that Oracle should be barred from asserting any copyright infringement
8 claims by the doctrine of unclean hands because Oracle “misrepresented the scope of its copyrights
9 to” the Court, Rimini, and the general public to “foreclose lawful competition in the software
10 support market.” ECF Nos. 967, 974-s at 40. To support this allegation, Rimini states that Oracle
11 has “privately told customers” that Rimini is an “illegal maintenance provider,” and that a
12 customer would be “stupid” and “foolish” to purchase services from Rimini. *Id.* But the documents
13 that Rimini takes these quotes from are internal emails between Oracle employees, not direct
14 statements to customers. *See* ECF Nos. 975-30-s, 975-31-s. These internal emails do not show
15 that Oracle ever communicated such language to Rimini customers, and Rimini has not provided
16 any evidence that Oracle ever did. Rimini also asserts that Oracle’s copyright infringement
17 allegations in this lawsuit (namely that Rimini impermissibly engaged in cross use) constitutes
18 unclean hands. ECF Nos. 967, 974-s at 40. But as Oracle states, the mere filing of a lawsuit and
19 the allegations within cannot “form the basis of an unclean hands defense.” *Taylor Holland LLC*
20 *v. MVMT Watches, Inc.*, Case No. 2:15-cv-03578-SVW-JC, 2016 WL 6892097, at *12 (C.D. Cal.
21 Aug. 11, 2016).

22 Accordingly, the Court grants Oracle summary judgment on this affirmative defense.

23 **C. Oracle’s motion for partial summary judgment regarding cross-use and derivative**
24 **works (ECF Nos. 898, 904-s) is granted in part and denied in part.**

25 Oracle’s next motion seeks partial summary judgment on its first cause of action, copyright
26 infringement, on Rimini’s second affirmative defense (express license) and seventh affirmative
27 defense (fair use), and on Rimini’s first cause of action for declaratory relief. First, Oracle requests
28 judgment on its claim that Rimini illegally copied and cross used the software environments of its

1 client, Campbell Soup Company (“Campbell Soup”), in violation of Campbell Soup’s PeopleSoft
2 software license agreement. Second, Oracle requests judgment on its claim that Rimini engaged in
3 unlicensed copying, cross use, and the creation of derivative works of Oracle’s PeopleSoft license
4 belonging to Rimini’s client, City of Eugene. Third, Oracle argues that Rimini’s use of its
5 Automation Framework (“AFW”) Tools software to distribute updates to its clients constitutes
6 impermissible cross use by design. Fourth and finally, if the court grants any of Oracle’s motions
7 for summary judgment, Oracle requests summary judgment on Rimini’s claim for declaratory
8 relief that it did not violate any of Oracle’s copyrights. The Court will discuss each of Oracle’s
9 arguments in turn.

10 1. Campbell Soup.

11 i. *Oracle’s Prima Facie Case of Copyright Infringement*

12 “To prevail on a claim of copyright infringement, a plaintiff must prove ownership of a
13 copyright and a copying of protectable expression beyond the scope of the license.” *MAI Systems*
14 *Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 517 (9th Cir. 1993) (internal quotation marks and
15 citation omitted). It is undisputed that Oracle owns the two at issue copyrights pertaining to
16 Campbell Soup: PeopleSoft Human Resource Management System (“HRMS”) 8.9 (TX 7-065-
17 381) and PeopleTools 8.46.17 (TX 7-092-772). *See* ECF No. 1084-s (Rimini does not dispute
18 Oracle’s ownership of these copyrights in its Response); ECF No. 1240 at 4 (finding that issue
19 preclusion prevents Rimini from relitigating whether Oracle is the valid copyright holder of
20 PeopleSoft HRMS 8.9 (TX 7-065-318)); ECF No. 899-2; ECF No. 889 ¶ 3 & ECF No. 892-13
21 (providing that PeopleTools 8.46 (TX 7-092-772) was registered within five years of first
22 publication, and therefore, pursuant to 17 U.S.C. § 410(c), it is presumed valid. No evidence to the
23 contrary has been provided.); ECF No. 899-3.

24 It is further undisputed that the at issue PeopleSoft software was installed in the Campbell
25 Soup environments WSM-H890CAMX and WSM-H890CAMO. *See* ECF No. 1084-s (Rimini
26 does not dispute this fact in its Response); ECF No. 905-4-s at 11 & ECF No. 905-5-s at 2 (Ex. D-
27 3.5) (listing these environments as “PeopleSoft environments that were migrated from Rimini’s
28 computer systems to remote systems”). As this Court discussed in *Oracle USA*, given the critical

1 nature of enterprise software programs, like Peoplesoft, updates to the software must be fully tested
2 and verified in a development or testing environment before they are provided to a customer.
3 *Oracle USA, Inc. v. Rimini Street, Inc.*, 6 F.Supp.3d 1086, 1092 n.4 (D. Nev. 2014) (“*Oracle*
4 *USA*”). These testing environments, while stored on the licensed client’s computer systems,
5 necessarily require copying Rimini’s client’s PeopleSoft software to be created. ECF No. 905-3-s
6 at 6-7, 9 (“In order to create the Development and the Test Environment, a *copy* of that Rimini
7 Client’s PeopleSoft Software is loaded to a particular location on such Rimini Client’s Computer
8 Systems.” (emphasis added)). Oracle argues that when “Rimini loaded these environments to use
9 them for development, Rimini copied the environments into” the random access memory
10 (“RAM”), which constitutes the second element of its *prima facie* case of copyright infringement.
11 ECF No. 904-s at 21.

12 Pursuant to the Copyright Act, “copies” are “material objects, other than phonorecords, in
13 which a work is fixed by any method now known or later developed, and from which the work can
14 be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine
15 or device.” 17 U.S.C. § 101. “A work is ‘fixed’ in a tangible medium of expression when its
16 embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently
17 permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a
18 period of more than transitory duration.” *Id.* The Ninth Circuit addressed whether RAM copies
19 constitute “copies” under the Copyright Act in *MAI Systems Corporation v. Peak Computer*
20 *Corporation, Inc.*, 991 F.2d 511 (9th Cir. 1993). In *MAI*, it was undisputed that when the computer
21 was on, the copyrighted operating system was loaded into the computer’s RAM. *Id.* at 518. When
22 the software was loaded into the RAM, the technician was “able to view the system error log and
23 diagnose the problem with the computer.” *Id.* Therefore, because the plaintiff had “adequately
24 shown that the representation created in the RAM [was] ‘sufficiently permanent or stable to permit
25 it to be perceived, reproduced, or otherwise communicated for a period of more than transitory
26 duration,’” the Court held that “the loading of software into the RAM creates a copy under the
27 Copyright Act.” *Id.* at 518-19 (quoting 17 U.S.C. § 101).

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1 Here, it is undisputed that the RAM copies of the at issue PeopleSoft software loaded into
2 the Campbell Soup environments are “copies” within the meaning of the Copyright Act. First, like
3 in *MIA*, when Rimini is accessing and using Campbell Soup’s PeopleSoft environments, the
4 copyrighted operating system is copied into the computer’s RAM. Oracle’s computer software
5 expert, Barbara Frederiksen-Cross, explains:

6 Each time Rimini used a PeopleSoft environment, this use resulted in the creation
7 of ephemeral copies of Oracle software in the computer’s RAM. Such copies are
8 necessarily created when software is used, because a computer-readable version of
the software is loaded into the computer’s memory so that its instructions can be
interpreted and acted upon by the computer.

9 . . . Development, testing, and distribution all result in RAM copies of the individual
updates. When a program runs, the copy of the program that is stored on disk is
10 loaded into the computer’s memory, so that its instructions can be executed.
Without this step, the program cannot perform any useful function, so every use of
11 the software necessarily results in creation of additional in-memory copies. In the
case of a complex system such as PeopleSoft, which requires interaction between
12 the application software and infrastructure components, copies of applications,
PeopleTools components, and the underlying architectural components such as PIA
13 and the Oracle database may all be active at the same time, running on separate
threads supported by the hardware’s processing architecture.

14 ECF No. 904-2-s ¶¶ 7-8.¹⁷ Rimini further concedes that RAM copies were created in the course of
15 developing updates for Campbell Soup’s PeopleSoft software. *See* ECF No. 1084-s at 27-28.
16 Given how Rimini engineers use these RAM copies—to create and develop updates and fixes for
17 the PeopleSoft software—it cannot be disputed that the RAM copies are “sufficiently permanent
18 or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more
19 than transitory duration.” Accordingly, like in *MIA*, the Court also finds that these RAM copies
20 are “copies” within the Copyright Act.

21 Because the Court finds that the copyrighted material is owned by Oracle and that it was
22 copied, Oracle has proved its *prima facie* case of copyright infringement.

23 *ii. Rimini’s Express License Defense: RAM Copies*

24 Rimini asserts the affirmative defense, express license, which Rimini argues authorized it
25 to make the above-mentioned RAM copies of Oracle’s copyrighted software. *See* ECF No. 410 at
26 22-27. Because Rimini does not hold a “license to copy or to modify from Oracle, the success of

27 ¹⁷ This opinion was articulated in Barbara Ann Frederiksen-Cross’s May 4, 2018 expert report and reiterated
28 in her supplemental expert report of June 19, 2018. *See* ECF No. 904-2-s ¶¶ 6-8. For clarity, the court cites
to her declaration filed with the at issue motion.

1 Rimini's affirmative defense turns on whether Rimini's accused acts came within the scope of
2 licenses held by its customers." *Oracle USA, Inc. v. Rimini Street, Inc.*, 879 F.3d 948, 954 (9th
3 Cir. 2018) ("*Rimini I*"). Rimini has the initial burden to identify any license provision(s) that it
4 believes excuses its infringement. *Oracle USA*, 6 F.Supp.3d at 1093. If Rimini identifies any
5 relevant license provision, Oracle may overcome the defense of express license by showing that
6 Rimini's conduct exceeded the scope of that provision. *Id.*

7 Construing the scope of a license is principally a matter of contract interpretation.¹⁸ *S.O.S.,*
8 *Inc. v. Payday, Inc.*, 886 F.2d 1081, 1088 (9th Cir. 1989). The starting point for the interpretation
9 of any contract is the plain language of the contract. *Klamath Water Users Protective Ass'n v.*
10 *Patterson*, 204 F.3d 1206, 1210 (9th Cir. 1999) ("Whenever possible, the plain language of the
11 contract should be considered first."). When a contract contains clear and unequivocal provisions,
12 these provisions shall be construed according to their usual and ordinary meaning. *Id.* Then, using
13 the plain language of the contract, the Court shall effectuate the intent of the parties. *Id.* ("Contract
14 terms are to be given their ordinary meaning, and when the terms of a contract are clear, the intent
15 of the parties must be ascertained from the contract itself.").

16 While "[a]nyone who violates any of the exclusive rights of the copyright owner, . . . is an
17 infringer of the copyright," "anyone who is authorized by the copyright owner to use the
18 copyrighted work in a way specified in the statute . . . is not an infringer of the copyright with
19 respect to such use." *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 433 (1984)
20 (quoting 17 U.S.C. § 501(a)). "The existence of a license creates an affirmative defense to a claim
21 of copyright infringement." *Worldwide Church of God v. Phila. Church of God, Inc.*, 227 F.3d
22 1110, 1114 (9th Cir. 2000). However, "[w]hen a licensee exceeds the scope of the license granted
23 by the copyright holder, the licensee is liable for infringement." *LGS Architects, Inc. v. Concordia*
24 *Homes of Nev.*, 434 F.3d 1150, 1156 (9th Cir. 2006).

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¹⁸ By the express terms, the Campbell Soup and City of Eugene (discussed below) PeopleSoft branded software licenses at issue in this motion are to be construed in accordance with the laws of the State of California. See ECF Nos. 905-1-s at 3, 7; & 905-2-s at 10. See also *MDY Indus., LLC v. Blizzard Entm't, Inc.*, 629 F.3d 928, 939 (9th Cir. 2010) (finding that the license was to be interpreted according to Delaware law pursuant to the game's Terms of Use and the End User License Agreement).

1 It is clear that Rimini’s initial copying to create the development and/or testing
2 environment, which it uses to create and test modifications to Campbell Soup’s PeopleSoft
3 software, is permitted by the license agreement. *See* ECF No. 905-1-s at 2 (Licensee may: . . .
4 modify or merge the Software with other software, with the understanding that any modifications,
5 however extensive, shall not diminish PeopleSoft’s title or interest in the Software.”).
6 Additionally, the licensee is permitted to use a third-party servicer, like Rimini, to make these
7 modifications. *See id.* at 10 (“Licensee may, at its option, enter into an outsourcing arrangement
8 with a third party solely for the purpose of outsourcing the processing of Licensee’s internal data
9 under this Agreement.”). Like in *MAI*, the software license allowed “MAI customers to use the
10 software for their own *internal information processing*,” which necessarily allowed “loading of
11 the software into the computer’s [RAM] by a MAI customer.” *MAI*, 991 F.2d at 517 (emphasis
12 added). Therefore, because the Campbell Soup license permits Rimini to make these updates, fixes,
13 and modifications for Campbell Soup’s internal data processing operations, the making of RAM
14 copies while doing so is generally permitted by the license. However, these copies will potentially
15 infringe unless the licensee’s use is within the scope of the license. *See MDY Indus., LLC v.*
16 *Blizzard Entm’t, Inc.*, 629 F.3d 928, 938 (9th Cir. 2010) (“The parties agree that when playing
17 WoW, a player’s computer creates a copy of the game’s software in the computer’s random access
18 memory (“RAM”), a form of temporary memory used by computers to run software programs.
19 This copy potentially infringes unless the player (1) is a licensee whose use of the software is
20 within the scope of the license or (2) owns the copy of the software.”).

21 Here, it is undisputed that Rimini “prototyped” or developed its Patient Protection and
22 Affordable Care Act (“PPACA”) Phase 1 update HCM104286 in Campbell Soup’s environment,
23 and only that environment. ECF No. 906-12-s at 24-25 (“And Ms. Smith responds to you and
24 says, ‘CAMX is only the place where the development is taking place. . . . Based on this email
25 thread, it does look like Campbell’s environment was used for prototyping the ACA project. It
26 does appear like we continued in there because we started in there before we knew that they didn’t
27 even want to get this update.”); ECF No. 906-14-s; ECF No. 1084-1-s ¶ 3 (“Campbell Soup was
28 the ‘prototype’ client for Rimini’s Phase 1 PPACA update, meaning that Rimini developed the

1 update for Campbell Soup first.”). It is undisputed that by October 2014, Rimini was aware that
2 Campbell Soup did not want this update: Susan Tahtaras, senior director for PeopleSoft
3 development at Rimini, testified in her deposition that in October 2014, Rimini learned that
4 Campbell Soup was not scheduled to receive and did not want PPACA Phase 1 update
5 HCM104286. ECF No. 906-12-s at 25; ECF No. 906-14-s at 3 (“CAMX is only the place where
6 the development is taking place. They are not actually receiving the update.” (Email dated October
7 9, 2014)). It is undisputed that until June 2015, Rimini continued to use Campbell Soup’s
8 environment to develop the update even though Director Tahtaras testified that it was not their
9 “normal process.” ECF No. 906-12-s at 25 (“It is not our practice to be developing a prototype in
10 an environment of a client that is not actually going to receive that update. That is not a normal
11 process.”). Finally, it is undisputed that RAM copies of Oracle’s protected software were created
12 by Rimini while it was working on this update. ECF No. 904-2-s ¶¶ 7-8. Based on these undisputed
13 facts, the Court finds that these RAM copies, made during the development and testing of the
14 PPACA Phase 1 update HCM104286, could not be for Campbell Soup’s sole “internal data
15 processing operations” when it is clear that Campbell Soup did not want or need the update.
16 Accordingly, Rimini’s use was outside the scope of the license.

17 Rimini argues that it did not violate the “internal data processing operations” provision
18 because even though Campbell Soup had articulated that it did not want or need the update, Rimini
19 was still under contract to deliver the update to Campbell Soup. And consequently, it was obligated
20 to develop and test that update for potential use by Campbell Soup because if Campbell Soup
21 changed its mind at the last minute, Rimini would be unable to perform its contractual obligation.
22 ECF No. 1084-s at 27. The undisputed facts show: (1) Campbell Soup engaged Rimini in
23 September 2012 to provide support for its PeopleSoft software (ECF No. 1104-7; ECF No. 1104-
24 8); (2) Rimini began developing the PPACA Phase 1 update as early as August 2014 (ECF No.
25 1084-1-s ¶ 3 (“In or around August or September 2014, [Timothy Conley’s] team of developers
26 began developing Phase 1 of Rimini’s PPACA update for its client, Campbell Soup.”)); (3) in
27 October 2014, Campbell Soup informed Rimini that it would not need the PPACA update (ECF
28 No. 906-12-s at 25; ECF No. 906-14-s at 3); and (4) at the time Rimini was developing the update,

1 Rimini's statement of work provided that Campbell Soup was to receive "Enterprise Payroll North
2 America updates," which would have included PPACA updates (ECF No. 1084-1-s ¶ 10).

3 The Court again draws guidance from the Ninth Circuit's opinion in *MAI Systems*
4 *Corporation v. Peak Computer, Inc.*, 991 F.2d 511. There, the MAI software license allowed
5 "customers to use the software for their own internal information processing." *Id.* at 517. However,
6 it specifically prohibited "the use or copying of MAI software by third parties." *Id.* Therefore, the
7 Court found that any copying by the defendant (a third-party servicer), which included RAM
8 copies, was outside the scope of the license. *Id.* Similarly here, Campbell Soup's license allows
9 the licensee to use the software solely for its own "internal data processing operations." While
10 third-party servicers are permitted to perform the tasks that the licensee would, they must only act
11 within the scope of the license. Because Campbell Soup specifically told Rimini that it did not
12 want the PPACA Phase 1 update, Rimini's creation of RAM copies while developing and testing
13 the update were not solely for Campbell Soup's internal use. Even though Campbell Soup and
14 Rimini had a contract for third-party service, that does not mean that Rimini may act outside the
15 scope of the license agreement and make copies of the PeopleSoft software that are not solely for
16 the licensee's internal data processing operations.

17 *iii. Rimini's Express License Defense: Cross-Use*

18 Oracle further alleges that the PPACA Phase 1 update HCM104286 was then improperly
19 delivered to another Rimini client, Toll Brothers, in December 2014, which constituted further
20 copyright infringement by cross use. ECF No. 904-s at 21-22. Cross use is "the creation of
21 development environments, under color of license of one customer, to support *other* customers.
22 . . . In its narrowest form, 'cross use' is the making of development environments, under color of
23 license held by one identifiable customer of Rimini, for another identifiable customer of Rimini
24 that also holds a license." *Rimini I*, 879 F.3d at 956.

25 The undisputed facts before the Court are: (1) this update was prototyped under color of
26 Campbell Soup's license (ECF No. 1084-1-s ¶ 3); (2) Rimini was not authorized by Campbell
27 Soup to develop and test the update in its environment—Rimini was expressly aware that
28 Campbell Soup did not want the update; (ECF No. 906-12-s at 25); (3) the Campbell Soup

1 development environment, “CAMX,” was “the only place” where development of this update took
2 place (ECF No. 906-14-s at 3); (4) Toll Brothers is a licensee of PeopleSoft permitted to “make
3 and run copies of the Software for Licensee’s and Affiliates’ internal data processing operations”
4 (ECF No. 942-10-s at 2); and (5) Rimini delivered the PPACA Phase 1 update HCM104286 to
5 Toll Brothers on December 31, 2014 (ECF No. 907-5-s at 6; ECF No. 907-6-s).

6 Given these undisputed facts, the Court finds that Rimini used Campbell Soup’s
7 development environment, under color of Campbell Soup’s license, to develop the update for Toll
8 Brothers. As Campbell Soup’s license limits copying and use to supporting the licensee, here,
9 Campbell Soup, developing the update in Campbell Soup’s environment to support Toll Brothers
10 is a violation of the “internal data processing operations” provision of the license. *See Rimini I*,
11 879 F.3d at 957 (“Any work that Rimini performs under color of a license held by a customer for
12 other existing customers cannot be considered work in support of that particular customer.”). Toll
13 Brothers is authorized under its own license to make copies and create modifications, just as
14 Campbell Soup is. However, that is not what the undisputed evidence shows; rather the evidence
15 shows that the update was only developed in Campbell Soup’s environment and was then given to
16 Toll Brothers outright. This is directly prohibited by Campbell Soup’s license agreement
17 regardless of the fact that Toll Brothers would have been authorized to create and test its own
18 update. Therefore, Rimini’s delivery of the PPACA Phase 1 update HCM104286 to Toll Brothers
19 violates the “internal data processing operations” provision of Campbell Soup’s license.

20 *iv. Breach of the “Internal Data Processing Operations” provision is a*
21 *Copyright Violation*

22 Finally, Rimini asserts that even if it breached the “internal data processing” provision in
23 Campbell Soup’s license, it is not a copyright violation, but is instead a contract violation. ECF
24 No. 1084-s at 28-29. “Generally, a copyright owner who grants a nonexclusive license to use his
25 copyrighted material waives his right to sue the licensee for copyright infringement and can sue
26 only for breach of contract.” *Sun Microsystems, Inc. v. Microsoft Corp.*, 188 F.3d 1115, 1121 (9th
27 Cir. 1999) (internal quotation marks omitted). However, if “a license is limited in scope and the
28 licensee acts outside the scope, the licensor can bring an action for copyright infringement.” *Id.*

1 Therefore, before Oracle “can gain the benefits of copyright enforcement, it must definitively
2 establish that the rights it claims were violated are copyright, not contractual, rights.” *Id.* at 1122.

3 As discussed above, the Court finds that Rimini’s copying of Oracle’s at issue PeopleSoft
4 software violated the “internal data processing operations” provision of Campbell Soup’s license.
5 If this term is a “condition” that limits the scope of the license, a violation constitutes copyright
6 infringement. *MDY*, 629 F.3d at 939. Conversely, if it is an independent contractual “covenant,” it
7 is only actionable under breach of contract. *Id.* To determine if the “internal data processing
8 operations” provision is a “condition” or a “covenant” the Court looks to California state contract
9 law,¹⁹ to the extent such construction is “consistent with federal copyright law and policy.” *Id.*

10 A covenant is a ““contractual promise,”” which “for contract purposes ‘is a manifestation
11 of intention to act or refrain from acting in a specified way, so made as to justify a promisee in
12 understanding that a commitment has been made.’” *Netbula, LLC v. Storage Tech. Corp.*, Case
13 No. C06-07391 MJJ, 2008 WL 228036, at *3 (N.D. Cal. Jan. 18, 2008) (quoting George W. Kuney
14 & Donna C. Looper, California Law of Contracts § 6.32 (1st ed. 2007); Restatement (Second) of
15 Contracts § 2 (1981)) (evaluating whether the license provision at issue was a condition or
16 contractual covenant under California law). In contrast, a condition ““is an event, not certain to
17 occur, which must occur, unless its non-occurrence is excused, before performance under a
18 contract becomes due.’” *Id.* (quoting Restatement (Second) of Contracts § 224 (1981)).
19 “Conditions precedent are disfavored and will not be read into a contract unless required by plain,
20 unambiguous language.” *Effects Assoc., Inc. v. Cohen*, 908 F.2d 555, 559 n.7 (9th Cir. 1990); *see*
21 *also MDY*, 629 F.3d at 939 (“Conditions precedent are disfavored because they tend to work
22 forfeitures.”).

23 Further, as the Ninth Circuit made clear in *MDY*, for the provision to be a condition, it
24 “must be grounded in an exclusive right of copyright (e.g., unlawful reproduction or distribution).”
25 *MDY*, 629 F.3d at 940. This means that for “a licensee’s violation of a contract to constitute
26 copyright infringement, there must be a nexus between the condition and the licensor’s exclusive
27 rights of copyright.” *Id.* at 941. For example, in *MDY*, the Court distinguished between prohibitions

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¹⁹ *Supra* note 18.

1 in a software Terms of Use agreement: a prohibition against creating derivative works and
 2 prohibitions against the use of botting software. *Id.* at 940-41. While a violation of either would
 3 be a breach of the Terms of Use agreement, only creating derivative works would “violate one of
 4 the [copyright holder’s] exclusive rights under the Copyright Act.” *Id.* at 941. The Court therefore
 5 held that the use of botting software was only a violation of a contractual covenant with the
 6 copyright holder and was not actionable under copyright law. *Id.*

7 Applying these principals to the provision of Campbell Soup’s license at issue, the Court
 8 finds that the limit to using the software for the Licensee’s “internal data processing operations”
 9 is a copyright-enforceable condition rather than a contractual covenant. The at issue provision in
 10 Campbell Soup’s license provides:

11 **1.1** PeopleSoft grants Licensee [Campbell Soup] a perpetual, non-exclusive
 12 non-transferable license to use the licensed number of copies of Software, solely
 for Licensee’s *internal data processing operations* on the corresponding number of
 Servers located at the Site(s) specified in the Schedule. . . .

13 **1.2** Licensee may:

14 c. . . .
 modify or merge the Software with other software, with the understanding
 15 that any modifications, however extensive, shall not diminish PeopleSoft’s
 title or interest in the Software.

16 ECF No. 905-1-s at 2 (emphasis added). This provision is part of the overall section of the license
 17 designed to limit the ways in which a licensee can utilize and copy the copyrighted software, which
 18 as discussed above, includes the creation of RAM copies. As a bedrock principal of copyright law
 19 is prohibiting the reproduction or copying of protected work without the owner’s permission, 17
 20 U.S.C. §101 *et seq.*, a provision of the license working to prohibit such unlawful copying clearly
 21 provides the required nexus between the condition and the licensor’s exclusive rights of copyright.

22 Because a violation of the “internal data processing operations” provision is a copyright-
 23 enforceable condition, not a contract violation, both the RAM copies created when developing and
 24 testing the PPACA Phase 1 update HCM104286 and the delivery of that update to Toll Brothers,
 25 in violation of the provision, were outside the scope of Campbell Soup’s license. And because
 26 Rimini’s use was outside the scope of the license, Rimini is not entitled to an express license
 27 defense. Accordingly, the Court grants Oracle’s motion for summary judgment.

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1 2. City of Eugene

2 Separate from the Campbell Soup license, Oracle alleges that Rimini engaged in unlicensed
3 copying, cross use, and the creation of derivative works of Oracle’s PeopleSoft license belonging
4 to another of Rimini’s clients, City of Eugene, when it created and distributed the PPACA Phase
5 3 update HCM104288. ECF No. 904-s at 24. Like with Campbell Soup, it is undisputed that Oracle
6 owns the at issue copyrighted software: PeopleSoft HRMS 8.3 (TX 5-469-032) and PeopleTools
7 8.48.10 (TX 7-092-819). *See* ECF No. 1084-s (Rimini does not dispute Oracle’s ownership of
8 these copyrights in its Response); ECF No. 889 ¶ 3; ECF No. 892-13 & ECF No. 892-15
9 (providing that PeopleSoft HRMS 8.3 (TX 5-469-032) and PeopleTools 8.48.10 (TX 7-092-819)
10 were registered within five years of first publication, and therefore, pursuant to 17 U.S.C. § 410(c),
11 it is presumed valid. No evidence to the contrary has been provided.); ECF Nos 899-1 & 899-4. It
12 is further undisputed that the at issue PeopleSoft software was installed in the City of Eugene
13 environments WSM-H900COEX and WSM-H900COEM. *See* ECF No. 1084-s (Rimini does not
14 dispute this); ECF No. 905-4-s at 11; ECF No. 905-5-s at 2 (listing these environments as
15 “PeopleSoft environments that were migrated from Rimini’s computer systems to remote
16 systems.”). As discussed above, whenever Rimini creates development environments and accesses
17 and uses those environments, RAM copies are made, which satisfies the second element of
18 Oracle’s *prima facie* case—the copyrighted software is “copied.” *See supra* part C.1.i. Therefore,
19 the Court finds that Oracle has also proved its *prima facie* case of copyright infringement as it
20 relates to City of Eugene.

21 *i. Rimini’s Express License Defense: Derivative Works*

22 Oracle argues that Rimini infringed on its exclusive right to create derivative works when
23 Rimini developed the PPACA Phase 3 update HCM104288. *See* ECF No. 904-s at 24. Oracle
24 argues that not only was the individual update a derivative work, but the update as applied to City
25 of Eugene’s environment was also a derivative work. *Id.* at 24-29. Rimini argues that while the
26 update combined with the development environment may have been a derivative work, the update
27
28

1 itself was not. ECF No. 1084-s at 29-33. It further argues that both the development and testing of
2 the update were expressly licensed. *Id.*

3 Under the Copyright Act, the owner of a copyright has the exclusive right “to prepare
4 derivative works based upon the copyrighted work.” 17 U.S.C. § 106(2). A “derivative work,” is
5 a work “based upon one or more preexisting works that recasts, transforms, or adapts a preexisting
6 work and consists of editorial revisions, annotations, elaborations, or other modifications which,
7 as a whole, represent an original work of authorship.” *ABS Entertainment, Inc. v. CBS Corp.*, 908
8 F.3d 405, 414 (9th Cir. 2018) (internal quotation marks and alterations omitted). Because this
9 statutory language is overly broad, the Court uses narrower criteria to make its determination: to
10 qualify as a derivative work, a work must “exist in a ‘concrete or permanent form’” and must
11 “substantially incorporate protected material from the preexisting work.” *Micro Star v. FormGen*
12 *Inc.*, 154 F.3d 1107, 1110 (9th Cir. 1998) (quoting *Lewis Galoob Toys, Inc. v. Nintendo of America,*
13 *Inc.*, 964 F.2d 965, 967 (9th Cir. 1992) and citing *Litchfield v. Spielberg*, 736 F.2d 1352, 1357 (9th
14 Cir. 1984)). Additionally, “a work will be considered a derivative work only” if it took material
15 from a preexisting work “without the consent of the copyright proprietor.” *Micro Star*, 154 F.3d
16 at 1112 (internal quotation marks omitted).

17 The parties dispute the meaning of an important Ninth Circuit copyright infringement case
18 dealing with computer software and derivative works, *Micro Star v. FormGen Inc.*, 154 F.3d 1107
19 (9th Cir. 1998). FormGen was a computer software company that held the rights to *Duke Nukem*
20 *3D* (“*Duke 3D*”), a popular first-person shooter video game. *Id.* at 1109. When a consumer
21 purchased *Duke 3D*, in addition to receiving the game, the consumer also received separate
22 software called the Build Editor, a utility that allowed the player to create new levels to play in the
23 game. *Id.* The player could share his or her created levels with other players online. *Id.* Micro Star
24 downloaded several hundred user-created levels from the Internet and began selling them
25 commercially on CD-ROMs. *Id.* FormGen sued, arguing that the level files (designated with the
26 file extension “MAP”) contained on the CD-ROMs constituted unlicensed derivative works of
27 *Duke 3D*. *Id.*

28 ///

1 The Ninth Circuit agreed. The Court first found that the “MAP files themselves exist in a
2 concrete or permanent form; they are burned onto a CD-ROM.” *Id.* at 1111. Further, the
3 audiovisual displays generated when a player runs the Micro Star MAP files (“the actual game
4 level as displayed on the screen”) also satisfied the concrete or permanent form requirement
5 because those displays were in the MAP files themselves. *Id.* at 1111-12. Second, the Court
6 considered whether the MAP files were substantially incorporated from the “preexisting work.”
7 *Id.* at 1112. In part, Micro Star argued that while the MAP files “reference the source art library,”
8 they “do not contain any art files themselves,” and therefore, did not include any of the original
9 work. *Id.* The Court disagreed, finding instead that the “protected work” included the Duke Nukum
10 story itself, and like with any story, the “copyright owner holds the right to create sequels.” *Id.*
11 The Ninth Circuit also noted that the MAP files could only be used with *Duke 3D*; had they been
12 compatible with another game, then “the MAP files would not incorporate the protected
13 expression” of *Duke 3D*. *Id.* at 1112, n.5.

14 Starting with the entire City of Eugene environment with the incorporated PPACA Phase
15 3 update HCM104288, Rimini concedes that this is a derivative work because it contains
16 substantial copyrighted expression; but contends it is a licensed one. *See* ECF No. 1084-s at 30-
17 31. The Court agrees. City of Eugene’s license provides, in pertinent part:

18 **1.1.** PeopleSoft grants Licensee a perpetual, non-exclusive, non-transferable
19 license to use the licensed Software, *solely for Licensee’s internal data processing*
20 *operations* at its facilities in the Territory for the size of the entity specified in the
21 Schedule(s). . . .

22 **1.2** Licensee may:

23 . . .

24 c. modify or merge the Software with other software, with the understanding that
25 any modifications, however extensive, shall not diminish PeopleSoft’s title or
26 interest in the Software.

27 . . .

28 **4.1** PeopleSoft retains title to all modifications created by Licensee as a
derivative work, but Licensee shall have a perpetual, royalty free license to use such
modifications in conjunction with the Software in accordance with this Agreement.
. . . PeopleSoft shall have no obligation to support Licensee created modifications
or *third party modification*.

. . .

1 **14.2** . . . Licensee may provide access to and use of the Software only to those
2 third parties that: (i) provide services to Licensee concerning Licensee’s use of the
3 Software; (ii) have a need to use and access the Software; and (iii) have agreed to
 substantially similar non-disclosure obligations imposed by Licensee as those
 contained herein.

4 ECF No. 905-2-s at 7-9 (emphasis added). As part of this PeopleSoft licensing agreement, City of
5 Eugene is clearly allowed to develop and test updates for the software. *See Rimini I*, 879 F.3d at
6 956 (noting that maintaining business enterprise software requires copying and creating
7 development environments, and that licensees may “opt to outsource the work of maintenance to
8 others, such as Rimini or even Oracle itself.”). In addition, like with the Campbell Soup license,
9 City of Eugene is permitted to hire a third-party servicer, such as Rimini, to create these updates
10 instead. *See id.* Unlike other license agreements the Court has analyzed in the past, the City of
11 Eugene agreement includes Section 4.1, which also clearly permits City of Eugene to create
12 derivative works, and permits a third party servicer, like Rimini, to create those derivative works
13 on its behalf. Additionally, the Court agrees with Rimini that the evidence does not show that this
14 entire environment was ever marketed or distributed to any other Rimini client. Therefore, while
15 this entire environment is a derivative work, the creation and testing of it was permitted under the
16 City of Eugene license.

17 Now, turning to the individual PPACA Phase 3 update HCM104288, the Court finds that
18 it is also a derivative work. Following the *Micro Star* analysis, the Court first finds that the update
19 exists in a concrete and permanent form. Neither party disputes this. *See* ECF No. 904-s at 28-29;
20 ECF No. 1084-s at 31-32. Second, the Court finds that the update substantially incorporated
21 protected material from the preexisting work. It is undisputed that Rimini used PeopleTools
22 Application Designer utility to create object changes, like the PPACA updates. *See* ECF No. 1100-
23 3-s at 38; ECF No. 906-12-s at 26 (“Well in order to complete the development for the online
24 objects, the developer would have had to use the Application Designer. . . . Application Designer
25 is part of PeopleTools.”). It is also undisputed that this update was designed to interact with
26 PeopleSoft, and Rimini’s customers would access the new update by signing into their existing
27 PeopleSoft software. ECF No. 906-12-s at 26. Nothing in the record supports a finding that the
28 update could be used with other software programs other than PeopleSoft. These undisputed facts

1 show, similarly to *Micro Star*, that even if the individual update contained only Rimini written
2 expression, because it only interacts and is useable with PeopleSoft and it was designed using
3 Oracle's utility tools software, it substantially incorporated protected material.

4 Like above, creation of this individual update is also expressly licensed. However, under
5 the license, these derivative works and modifications are also only permitted for the Licensee's
6 *internal data processing operations*. It is undisputed that this update was created and tested in City
7 of Eugene's environment as a "prototype" for the PPACA Phase 3 update HCM104288. ECF No.
8 906-1-s at 11; ECF No. 906-12-s at 27. Nothing in the record supports that this update was
9 developed or tested in any other client's environment. If Rimini was "prototyping" the individual
10 update in City of Eugene's environment, that necessarily means that Rimini was planning on
11 sending that update to other Rimini clients. If the update was being created and tested in the City
12 of Eugene's environment, for other customers, the court must find that it was not being developed
13 and created solely for City of Eugene's "internal data processing operations." Because Rimini is
14 only permitted under the license to develop and test these derivative works and modifications for
15 the "internal data processing operations" of City of Eugene, prototyping the update was outside
16 the scope of the license. Moreover, Rimini's "know-how" argument is irrelevant to the Court's
17 analysis: Rimini has presented no evidence that it took the "know-how" it received by developing
18 this update in City of Eugene's environment and used it to develop a separate update for other
19 clients. Rather, the evidence shows that the update was only developed in City of Eugene's
20 environment and was then given outright to three of Rimini's other clients—Easter Seals New
21 Hampshire, Inc. ("Easter Seals"), Shawnee Mission Schools, and the City of Glendale. *See* ECF
22 No. 906-17-s at 38 (Easter Seals); ECF No. 907-4 at 30 (Shawnee Mission Schools); ECF No.
23 907-2-s at 26 (City of Glendale) (showing that update number "HCM104288" was "ready for
24 download" by these customers). As the Court found above, a violation of the "internal data
25 processing operations" provision is a copyright violation, not a contract violation; therefore,
26 Rimini's express license defense fails as a matter of law. Accordingly, the Court grants Oracle
27 summary judgment.

28 ///

1 ii. *Rimini's Express License Defense: Cross Use*

2 Second, Oracle argues that Rimini engaged in impermissible cross use when it distributed
3 the PPACA Phase 3 update HMC104288, which was developed and tested in City of Eugene's
4 development environment, to other Rimini customers. ECF No. 904-s at 29-31. Even if the Court
5 were to find that the prototyping of the update for distribution to other clients was not a violation
6 of the license, or if the individual update was not a derivative work, it was clearly a violation of
7 the license agreement to distribute and market the update to other Rimini clients.

8 Section 4.1 of City of Eugene's license provides: "Licensee may share modifications with
9 other customers *only* through PeopleSoft Forum, subject to PeopleSoft's right to modify and
10 monitor modifications distributed through PeopleSoft Forum. Except as stated above, Licensee
11 *shall have no rights to market or distribute modifications.*" ECF No. 905-2-s at 8 (emphasis
12 added). Even if the individual update was not a derivative work, it was clearly a modification that
13 was created for and tested in City of Eugene's environment. The license agreement expressly
14 prohibits distribution and/or marketing of those modifications, created and tested for City of
15 Eugene, to anyone else. It is undisputed that Rimini distributed the PPACA Phase 3 update
16 HCM104288 to Rimini customers other than City of Eugene: specifically, Easter Seals, Shawnee
17 Mission Schools, and the City of Glendale. Emails from Rimini to these three clients indicate that
18 the update designated as "HCM104288" was available for them to download. *See* ECF No. 906-
19 17-s at 38 (Easter Seals); ECF No. 907-4 at 30 (Shawnee Mission Schools); ECF No. 907-2-s at
20 26 (City of Glendale). Nothing in the record supports finding that this update "HCM104288"
21 delivered to Easter Seals, Shawnee Mission Schools and City of Glendale was different than the
22 update "HCM104288" developed for City of Eugene. Therefore, Rimini violated Section 4.1 of
23 the license agreement.

24 The Court must now, like above, determine whether a violation of Section 4.1 of the license
25 is a contract or copyright violation. Applying the Ninth Circuit's reasoning in *MDY* to the Section
26 4.1 provision, the Court finds that the limit on marketing and distribution of derivative works and
27 modifications is a copyright-enforceable condition rather than a contractual covenant. Section 4.1.
28 is part of the overall section of the license designed to limit the ways in which a licensee can utilize

1 and copy derivative works and modifications it created of the copyrighted software. Prohibitions
2 on copying, as well as limitations on the right to create derivative works, are bedrock principles of
3 copyright law. *See* 17 U.S.C. §101 *et seq.* Therefore, a provision of the license working to prohibit
4 copying and the creation of derivative works clearly provides the required nexus between the
5 condition and the licensor’s exclusive rights of copyright.

6 Because a violation of Section 4.1 is a copyright-enforceable condition, not a contract
7 violation, Rimini’s distribution of the PPACA Phase 3 update HCM104288 to clients other than
8 City of Eugene, was outside the scope of the license. And because Rimini’s use was outside the
9 scope of the license, Rimini’s express license defense fails as a matter of law. Accordingly, the
10 Court grants Oracle summary judgment.

11 3. Rimini’s Seventh Affirmative Defense: Fair Use

12 Oracle argues that Rimini has failed to meet its burden of showing that the Section 107, 17
13 U.S.C. § 107, fair use factors weigh in its favor, and thus, Rimini’s fair use defense fails as a matter
14 of law. *See* ECF No. 904-s at 31-34. The fair use doctrine “permits unauthorized use of copyrighted
15 works ‘for purposes such as criticism, comment, news reporting, teaching (including multiple
16 copies for classroom use), scholarship, or research.” *Micro Star*, 154 F.3d at 1112 (quoting 17
17 U.S.C. § 107). “This listing was not intended to be exhaustive, or to single out any particular use
18 as presumptively a ‘fair’ use.” *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539,
19 561 (1985) (internal citation omitted). The Court must consider and weigh the determinative
20 factors: “(1) the purpose and character of the use, including whether such use is of a commercial
21 nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the
22 amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
23 (4) the effect of the use on the potential market for or value of the copyrighted work.” 17 U.S.C. §
24 107. But the “statutory factors are not exclusive. Rather, the doctrine of fair use is in essence ‘an
25 equitable rule of reason.’” *Sega Enterprises Ltd. v. Accolade, Inc.*, 977 F.2d 1510, 1522 (9th Cir.
26 1992) (“*Sega*”) (quoting *Harper & Row*, 471 U.S. at 560).

27 Additionally, “[a]lthough defendants bear the burden of proving that their use was fair,
28 they need not establish that each of the factors set forth in § 107 weighs in their favor. Instead, all

1 factors must be explored, and the results weighed together in light of the purposes of copyright
2 and the fair use defense.” *NXIVM Corp. v. Ross Inst.*, 364 F.3d 471, 476-77 (2d Cir. 2004) (internal
3 citations omitted); *see also Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 577-78 (1994)
4 (“*Acuff-Rose*”) (“The text employs the terms ‘including’ and ‘such as’ in the preamble paragraph
5 to indicate the ‘illustrative and not limitative’ function of the examples given, which thus provide
6 only general guidance about the sorts of copying that courts and Congress most commonly had
7 found to be fair uses.” (internal citations omitted)). “Fair use is a mixed question of law and fact.
8 If there is no genuine issues of material fact, or if, even after resolving all issues in favor of the
9 opposing party, a reasonable trier of fact can reach only one conclusion, a court may conclude as
10 a matter of law whether the challenged use qualifies as a fair use of the copyrighted work.”
11 *Worldwide Church of God v. Phila. Church of God, Inc.*, 227 F.3d 1110, 1115 (9th Cir. 2000); *see*
12 *Harper & Row*, 471 U.S. at 560 (“Where the district court has found facts sufficient to evaluate
13 each of the statutory factors, an appellate court . . . may conclude as a matter of law that [the
14 challenged use] do[es] not qualify as a fair use of the copyrighted work.” (internal quotation marks
15 omitted, alterations in original)). Because the fair use inquiry requires a case-by-case analysis, the
16 court shall address each of the four statutory factors in turn. *Harper & Row*, 471 U.S. at 560.

17 *i. Purpose and Character*

18 Under this factor, the Court first looks at whether the use is commercial in nature, rather
19 than educational or for public interest purposes. *See Acuff-Rose*, 510 U.S. at 584-85 (reiterating
20 that the “‘fact that a publication was commercial as opposed to nonprofit is a separate factor that
21 tends to weigh against a finding of fair use.’” (quoting *Harper & Row*, 471 U.S. at 561)).
22 “[A]lthough the statute requires [the Court] to consider the ‘commercial nature’ of the work, ‘the
23 degree to which the new user exploits the copyright for commercial gain—as opposed to incidental
24 use as part of a commercial enterprise—affects the weight we afford commercial nature as a
25 factor.’” *Oracle America, Inc. v. Google, Inc.*, 886 F.3d 1179, 1197 (Fed. Cir. 2018) (“*Google*”)
26 (quoting *Elvis Presley Enters., Inc. v. Passport Video*, 349 F.3d 622, 627 (9th Cir. 2003)). “The
27 crux of the profit/nonprofit distinction is not whether the sole motive of the use is monetary gain
28

1 but whether the user stands to profit from exploitation of the copyrighted material without paying
2 the customary price.” *Harper & Row*, 471 U.S. at 562.

3 Rimini’s purpose in using PeopleSoft is clearly commercial and for Rimini’s own financial
4 gain—it uses the software, making RAM copies in the process, to provide its clients with updates
5 and fixes. *See* ECF No. 906-10-s (“Our clients run Oracle systems, and we deliver tax, legal and
6 regulatory updates to those clients); ECF No. 906-8 at 5 (“We work on providing updates and
7 fixes.”). While Rimini’s commercial use is not dispositive, the Court finds that it does weigh
8 against a finding of fair use. *See Acuff-Rose*, 510 U.S. at 584 (“If, indeed, commerciality carried
9 presumptive force against a finding of fairness, the presumption would swallow nearly all of the
10 illustrative uses listed in the preamble paragraph of § 107, including news reporting, comment,
11 criticism, teaching, scholarship, and research, since these activities ‘are generally conducted for
12 profit in this country.’” (quoting *Harper & Row*, 471 U.S. at 592)). It is also not disputed that
13 Rimini profited from its work creating and testing updates for its clients. *See* ECF No. 1084-s at
14 34 (Rimini only argues about the transformative nature of the conduct, not whether its conduct
15 was commercial in nature); *See Worldwide Church of God*, 227 F.3d at 1118 (“It is beyond dispute
16 that PCG ‘profited’ from copying *MOA*—it gained an ‘advantage’ or ‘benefit’ from its distribution
17 and use of *MOA* without having to account to the copyright holder.”).

18 Second, the Court considers “whether the new work is transformative or simply supplants
19 the original.” *Wall Data Inc. v. Los Angeles County Sheriff’s Dept.*, 447 F.3d 769, 778 (9th Cir.
20 2006) (citing *Acuff-Rose*, 510 U.S. at 579). The new use is transformative if it “adds something
21 new, with a further purpose or different character, altering the first with new expression, meaning
22 or message.” *Acuff-Rose*, 510 U.S. at 579. If “the ‘use is for the same intrinsic purpose as [the
23 copyright holder’s] . . . such use seriously weakens a claimed fair use.”” *Worldwide Church of*
24 *God*, 227 F.3d at 1117 (quoting *Weissmann v. Freeman*, 868 F.2d 1313, 1324 (2d Cir. 1989)).
25 “[W]hether a work is transformative is a question of law.” *Google*, 886 F.3d at 1199 (citing *Mattel,*
26 *Inc. v. Walking Mountain Prod.*, 353 F.3d 792, 801 (9th Cir. 2003)).

27 Here, the Court cannot find that Rimini’s new work was transformative. While Rimini
28 created new code to create the PPACA updates, they were ultimately implemented in the same

1 PeopleSoft software as the original. This software, with Rimini’s updates, works just as the original
2 copyrighted software does. The client accesses the software in the same way it did with the original
3 work, it sees the software in the same way (albeit with the updates from Rimini), and it uses the
4 software for the same purpose as the original software. *See Google*, 886 F.3d at 1199 (finding that
5 Google’s use was not transformative as a matter of law, in part, because “the purpose of the API
6 packages in Android [was] the same as the purpose of the packages in the Java platform, . . . [and
7 because] Google made no alteration to the expressive content or message of the copyrighted
8 material[.]”). *C.f. Sony Comput. Entm’t, Inc. v. Connectix Corp.*, 203 F.3d 596, 603 (9th Cir. 2000)
9 (“*Sony*”) (finding that the new product was “modestly transformative” when it created a new
10 platform, on which users could play Sony PlayStation games, and a “wholly new product,
11 notwithstanding the similarity of the uses and functions between” the old and new products. The
12 Court noted this was in contrast to *Micro Star*, 154 F.3d at 1113 & n.6, “which involved a use that
13 was non-transformative.”).

14 Rimini argues that its copying, making of RAM copies to create and test its PPACA
15 updates, was only “intermediate,” and resulted in “the creation of entirely new software, containing
16 no Oracle copyrighted expression.” ECF No. 1084-s at 34 (citing *Sega*, 977 F.3d at 1527-28). In
17 *Sega Enterprises Ltd. v. Accolade, Inc.*, game developer Accolade copied the Sega software “to
18 discover the functional requirements of compatibility” so that it could make its own games
19 compatible with the Sega game console, Genesis. 977 F.3d at 1522. “Although Accolade’s ultimate
20 purpose was the release of Genesis-compatible games for sale, its direct purpose in copying Sega’s
21 code, and thus its direct use of the copyrighted material, was simply to study the functional
22 requirements for Genesis compatibility so that it could modify existing games and make them
23 usable with the Genesis console.” *Id.* The *Sega* Court further found that Accolade’s copying “led
24 to an increase in the number of independently designed video game programs offered for use with
25 the Genesis console,” which was “precisely [the] growth in creative expression, based on the
26 dissemination of other creative works and the unprotected ideas contained in those works, that the
27 Copyright Act was intended to promote.” *Id.* at 1523. This is not the case here—Rimini’s direct
28 purpose in copying Oracle’s software was not for research of the software but to create and test

1 updates, that work within and can only be used with the existing PeopleSoft software, that Rimini
2 then marketed to its clients for profit. Accordingly, this factor weighs against fair use.

3 Lastly, the Court considers “whether the historical facts support the conclusion that the
4 infringer acted in bad faith.” *Google*, 886 F.3d at 1196; *see also Harper & Row*, 471 U.S. at 562
5 (“Fair use presupposes ‘good faith’ and ‘fair dealing.’” (internal citation and quotation marks
6 omitted)). “[T]he innocent intent of the defendant constitutes no defense to liability.” *Monge v.*
7 *Maya Magazines, Inc.*, 688 F.3d 1164, 1170 (9th Cir. 2012) (quoting 4 Melville B. Nimmer &
8 David Nimmer, *Nimmer on Copyrights* § 13.08[B][1] (Matthew Bender rev. ed. 2011) (footnote
9 omitted)). Oracle argues that Rimini acted in bad faith because “Rimini engaged in the same
10 infringing conduct long after this Court’s February 2014 [*Oracle USA*] summary judgment order.”
11 ECF No. 904-s at 32. While similar issues of copyright infringement appear both before the Court
12 now, and in *Oracle I*, the alleged infringing practices before the Court today are different from
13 those alleged in case 1. Simply because Rimini’s new practices have been found to be infringing
14 also, albeit for similar reasons to those found in *Oracle USA*, the Court cannot find that Rimini
15 acted in bad faith on this assertion alone. Therefore, this factor does not weigh in Oracle’s favor,
16 and is at most neutral to its analysis.

17 *ii. Nature of the Copyrighted Work*

18 The nature of the copyrighted work factor “turns on whether the work is informational or
19 creative.” *Worldwide Church of God*, 227 F.3d at 1118. “Although ‘software products are not
20 purely creative works,’ it is well established that copyright law protects computer software.”
21 *Google*, 886 F.3d at 1204 (quoting *Wall Data*, 447 F.3d at 780). Here, the nature of the copyrighted
22 work is unique business enterprise software, which is clearly protected by copyright law. *See*
23 *Oracle USA*, 6 F.Supp.3d at 1093 (finding Rimini liable for copyright infringement pursuant to
24 the Copyright Act). While it is true that some functional aspects of the PeopleSoft software may
25 be unprotected by copyright law, unlike in *Sega*, where the only means of determining the
26 unprotected functional aspects of the software was disassembly, and necessarily copying, that is
27 not the case here. *See* 977 F.2d at 1526. Rimini, and the licensees it services, are permitted to make
28 copies of PeopleSoft, including RAM copies, to make updates and fixes to the software. What the

1 Court determined above was that Rimini (and the licensee) could only do so within the scope of
2 the license. *Sega* has no bearing on this conclusion. Accordingly, this factor weighs in Oracle’s
3 favor.

4 *iii. Amount and Substantiality*

5 Third, the Court “looks to the quantitative amount and qualitative value of the original
6 work used in relation to the justification for its use.” *Google*, 886 F.3d at 1205 (citing *Seltzer v.*
7 *Green Day, Inc.*, 725 F.3d 1170, 1178 (9th Cir. 2013)). Rimini’s use was quantitatively significant:
8 Rimini created RAM copies every time it worked in Campbell Soup’s and City of Eugene’s
9 environments creating and testing its PPACA updates. *See* ECF No. 904-2-s ¶¶ 7-8. And these
10 RAM copies contained a substantial portion of the protected expression of the at issue copyrighted
11 software. *See* ECF No. 899-12 at 4 (Rimini’s admission that the at issue environments embody “a
12 substantial portion of the protected expression of each of the registered copyrights”); ECF No.
13 905-7-s at 10. “While ‘wholesale copying does not preclude fair use per se,’ copying an entire
14 work ‘militates against a finding of fair use.’” *Worldwide Church of God*, 227 F.3d at 1118
15 (quoting *Hustler Magazine Inc. v. Moral Majority Inc.*, 796 F.2d 1148, 1155 (9th Cir. 1986)).

16 Rimini’s copying was also qualitatively significant. First, “the fact that a substantial portion
17 of the infringing work was copied verbatim is evidence of the qualitative value of the copied
18 material, both to the originator and to the plagiarist who seeks to profit from marketing someone
19 else’s copyrighted expression.” *Harper & Row*, 471 U.S. at 565. Second, Rimini copied the
20 software to create updates for Oracle’s software so that it could continue to be used for its original
21 purpose and in the same manner for which it was designed to be used. *See Triad Systems Corp. v.*
22 *Southeastern Exp. Co.*, 64 F.3d 1330, 1337 (9th Cir. 1995) (“Southeastern is simply
23 commandeering its customers’ software and using it for the very purpose for which, and in
24 precisely the manner in which, it was designed to be used.”). Rimini argues that because the RAM
25 copies are intermediate, that exist for a “brief, sometimes fleeting” moment and are “inherent in
26 all software use,” such copying is not significant. ECF No. 1084-s at 34. It is undisputed that it is
27 impossible to use the software or create and test Rimini’s updates without making RAM copies of
28 Oracle’s software. *See* ECF No. 1100-7-s ¶ 184 (“If a tool needs to be tested to confirm that it

1 works within a PeopleSoft environment and needs to run PeopleSoft to do so, temporary copies of
2 the software will be loaded in RAM—there would be no other way to perform such testing without
3 making those RAM copies.”). It is also undisputed that the PPACA updates depend on the core
4 functionality of PeopleSoft to allow the client to utilize the new functionality provided by Rimini’s
5 updates. ECF No. 906-12-s at 26 (Describing that Rimini’s client “would have to access the
6 existing PeopleSoft software to get” to the updated pages, and that the new functionality is added
7 “within the framework of being able to access it through . . . the PeopleSoft software.”). Therefore,
8 like the Court found in *Google*, “no reasonable juror could conclude that what was copied was
9 qualitatively insignificant, particularly when the material copied was” essential to the creation and
10 functionality of the updates. *Google*, 886 F.3d at 1207. Accordingly, this factor weighs in Oracle’s
11 favor.

12 *iv. Effect on the Market*

13 Finally, the Court looks at “the effect of the use upon the potential market for or value of
14 the copyrighted work.” 17 U.S.C. § 107(4). Courts are to “consider not only the extent of market
15 harm caused by the particular actions of the alleged infringer, but also whether unrestricted and
16 widespread conduct of the sort engaged in by the defendant would result in a substantially adverse
17 impact on the potential market for the original.” *Acuff-Rose*, 510 U.S. at 590 (internal quotation
18 marks and alterations omitted). While the Supreme Court initially directed that this factor was
19 “undoubtedly the single most important element of fair use,” *Harper & Row*, 471 U.S. at 566, it
20 has since clarified that all of the factors should be weighed together, *Acuff-Rose*, 501 U.S. at 578.
21 “Market harm is a matter of degree, and the importance of this factor will vary, not only with the
22 amount of harm, but also with the relative strength of the showing on the other factors.” *Acuff-*
23 *Rose*, 510 U.S. at 590 n.21. Additionally, “[i]n evaluating the fourth factor, courts consider not
24 only harm to the actual or potential market for the copyrighted work, but also harm to the ‘market
25 for potential derivative uses,’ including ‘those that creators of original works would in general
26 develop or license others to develop.’” *Google*, 886 F.3d at 1208 (quoting *Acuff-Rose*, 510 U.S. at
27 592). “A court can therefore consider the challenged use’s ‘impact on potential licensing revenues
28 for traditional, reasonable, or likely to be developed markets.’” *Google*, 886 F.3d at 1208 (quoting

1 *Swatch Grp. Mgmt. Servs. Ltd. v. Bloomberg, L.P.*, 756 F.3d 73, 91 (2d Cir. 2014) (citation
2 omitted)). “Since fair use is an affirmative defense, its proponent would have difficulty carrying
3 the burden of demonstrating fair use without favorable evidence about relevant markets.” *Acuff-*
4 *Rose*, 510 U.S. at 590.

5 Rimini argues that the infringing “RAM copies have no conceivable effect on the market
6 for copyrighted PeopleSoft software.” ECF No. 1084-s at 35. The Court disagrees: as discussed
7 above, without the RAM copies, Rimini would be unable to create and test its updates, and those
8 updates clearly have an effect on the market. As Rimini itself provides, “Rimini and Oracle are
9 competitors in the aftermarket (or aftermarkets) for software support,” and that “Rimini’s offering
10 of independent aftermarket support for Oracle software products, and the decision of Oracle
11 licensees to purchase Rimini’s services, pose a direct competitive threat to Oracle.” ECF No. 582-
12 3 ¶¶ 8, 80. And it is undisputed that Oracle “released new PeopleSoft functionality designed to
13 support the PPACA’s reporting requirements for IRS Forms 1094-C and 1095-C.” ECF No. 898-
14 6 at 2. Like in *Google*, the fact that Rimini competes directly with Oracle in the market for software
15 support, is sufficient to undercut Rimini’s arguments that its conduct does not affect the market.
16 *Google*, 886 F.3d at 1209 (“That Android competed directly with Java SE in the market for mobile
17 devices is sufficient to undercut Google’s market harm arguments.”).

18 Moreover, while licensees can create their own updates, under the City of Eugene license,
19 Oracle owns title to any derivative works that a licensee creates, which shows that Oracle intends
20 to occupy the market for derivative works. *See Acuff-Rose*, 510 U.S. at 592 (“The market for
21 potential derivative uses includes only those that creators of original works would in general
22 develop or license others to develop.”). Rimini’s creation, testing, and distribution of these
23 derivative works will undoubtedly impact Oracle’s ability to function in that market—a PeopleSoft
24 licensee that needs a PPACA update, will purchase that update from either Rimini or Oracle, but
25 not both. *C.f. Sega*, 977 F.2d at 1523 (reasoning that unlike the case in *Harper & Row*, where it
26 was unlikely a consumer would purchase more than one version of President Ford’s memoirs,
27 video game users are likely to purchase multiple games); *Sony*, 203 F.3d at 607 (reasoning that
28 while Sony is likely to lose console sales and profits to Connectix’s Virtual Game Station, “because

1 the Virtual Game Station is transformative, and does not merely supplant the PlayStation console,
2 the Virtual Game Station is a legitimate competitor in the market for platforms on which Sony and
3 Sony-licensed games can be played.”). Accordingly, this factor too weighs in favor of Oracle.

4 v. *Conclusions*

5 “The four statutory fair use factors must be ‘weighed together, in light of the purposes of
6 copyright.’” *Sony*, 203 F.3d at 608 (quoting *Acuff-Rose*, 501 U.S. at 578). “Courts balance these
7 factors to determine whether the public interest in the free flow of information outweighs the
8 copyright holder’s interest in exclusive control over the work.” *Hustler*, 796 F.2d at 1151-52. The
9 Court has analyzed the four statutory factors and finds that each is either neutral or weighs in favor
10 of Oracle. While these factors are not exclusive, *Harper & Row*, 471 U.S. at 560, nothing else in
11 the record before the Court changes its analysis. Therefore, the Court finds that Rimini’s making
12 of RAM copies of Oracle’s copyrights associated with Campbell Soup and City of Eugene, was
13 not a fair use under 17 U.S.C. § 107, as a matter of law. Accordingly, the Court grants Oracle
14 summary judgment on Rimini’s seventh affirmative defense.

15 Because the Court finds that Rimini infringed on Oracle’s copyrights—PeopleSoft HRMS
16 8.9 (TX 7-065-381); PeopleTools 8.46.17 (TX 7-092-772); PeopleSoft HRMS 8.3 (TX 5-469-
17 032); and PeopleTools 8.48.10 (TX 7-092-819)—and neither Rimini’s second affirmative defense
18 (express license) nor its seventh affirmative defense (fair use) are applicable, the Court grants
19 Oracle summary judgment on its first counterclaim for copyright infringement, as it relates to these
20 four specific copyrights.

21 4. Automated Framework (“AFW”) Tools

22 Oracle also seeks summary judgment on its claim that Rimini’s Automated Framework
23 (“AFW”) Tools software impermissibly cross uses Oracle’s copyrighted software “by design.”
24 ECF No. 904-s at 34-36. Oracle asserts that the AFW Tools software essentially continues
25 Rimini’s practices of cross use that the Court ruled infringed Oracle’s copyrights in *Oracle USA*.
26 *Id.* Oracle argues that the only difference this time is that instead of Rimini employees manually
27 transferring files from one licensee’s copy of PeopleSoft to another licensee’s copy, Rimini’s
28 automated software does it for them. *Id.* Rimini, however, argues that the AFW Tools software

1 does not transfer any Oracle code or other copyrighted expression between clients. ECF No. 1084-s
2 at 35-36.

3 Rimini provides the following definition for AFW Tools:

4 [A] proprietary suite of Rimini designed and developed software tools for which a
5 patent is pending – also known collectively as the Automation Frameworks Tools
6 – that are, among other things, used to develop and deliver TLR Updates to Rimini
7 Clients, to develop and deliver the Rimini Change Set to certain Rimini Clients that
8 have identical files that require updating (as described in further detail in this
9 Interrogatory No. 2 response), and to promulgate Rimini Customer Content to
10 Rimini Clients.

11 ECF No. 905-3-s at 5. Rimini provides that AFW operates in the following way:

12 Rimini uses the AFW Tools to automate certain development and record
13 keeping functions for Rimini Clients, including (1) to generate and to deliver the
14 Rimini Change Set to certain Rimini Clients that have identical Code or Text Files
15 that require updating, and (2) to promulgate Rimini Custom Content to Rimini
16 Clients. Using the AFW Tools, Rimini can automatically provide TLR Updates to
17 Rimini Clients that have identical Code or Text Files without copying any of
18 Oracle’s protectable copyrightable expression from one such Rimini Client to
19 another.

20 The AFW Tools are installed on each Rimini Client’s Computer Systems
21 when Rimini commences its relationship with such Rimini Client. The AFW Tools
22 rely on the Automation Framework Manager (“AFM”), which also is installed on
23 each Rimini Client’s Computer Systems when Rimini commences its relationship
24 with such Rimini Client. The AFM is a Rimini-developed service that periodically
25 checks the Rimini Client’s dedicated account on the Rimini FTP Server for files
26 written in the XML programming language that contain machine-readable
27 instructions for that Rimini Client.

28 When the AFM installed on a Rimini Client’s Computer Systems finds an
XML file in that particular Rimini Client’s dedicated account on the Rimini FTP
Server, the AFM reads that XML file to determine what task needs to be performed
by the AFM. When the task has been executed in that Rimini Client’s Development
Environment or Test Environment, the AFM generates an XML file that reports on
whether or not the task has been completed successfully. This XML file is sent back
to the Rimini Client’s dedicated account on the Rimini FTP Server. In this way,
Rimini can track whether tasks have been successfully executed for each Rimini
Client.

1 *Id.* at 14. Owen Astrachan, one of Rimini’s technical experts, provided the following analogy as
2 to how the AFW Tools software works:

3 In effect, this process is akin to an engineer remotely logging in to each client
4 development environment and performing the modification. By automating
5 Rimini’s modifications, Rimini increases consistency and reduces the chance of
6 coding errors.

7 ECF No. 907-9-s at 4; ECF No. 1100-3-s ¶ 104. Astrachan further testified that the “DIFF files do
8 not contain Oracle IP, either in and of themselves, nor in a numerical representation of Oracle IP.

1 Oracle IP, in any form, is not part of a DIFF file.” ECF No. 907-9-s at 4. Rickard Frank, a software
2 developer at Rimini, explained that the AFW toolset will locate the Rimini written update or
3 modification located in the client’s PeopleSoft development environment. ECF No. 906-4-s at 18.
4 The AFW Tools then copies only the Rimini code file, designated “RSI,” and sends it to the AFW
5 monitor on a Rimini server. *Id.* The AFW monitor picks up the XML file and sends it to the target
6 machine (the other Rimini client that is getting that update). *Id.*

7 After reviewing the relevant evidence, the Court finds that there is an issue of material fact
8 as to whether Rimini’s AFW Tools software per se constitutes copyright infringement, and
9 whether through the use of a “Diff” file, which is, at its core, an “XML” file, Rimini copies
10 Oracle’s protected expression. There is no evidence that the AFW Tools software copies Oracle’s
11 source code or its copyrighted expression; the evidence shows that Rimini copies its own code
12 only. Nor is there evidence that the AFW Tools software distributes files containing copyrighted
13 Oracle expression to multiple clients. Oracle argues that copying an update, developed in one of
14 Rimini’s client’s environments to another client, even if it is Rimini’s code, is impermissible cross
15 use. The Court disagrees. The Court found above that when Rimini accessed its client’s
16 development environment and created and tested the updates, it made RAM copies in the process,
17 which constituted “copying” under the Copyright Act. Here, Oracle has not shown that when
18 Rimini’s AFW Tools software operates, RAM copies of Oracle’s copyrighted software are made.
19 If no “copies” of Oracle’s protected expression are made, then Oracle has not proven its prima
20 facie case of copyright infringement. As such, the Court finds that there is an issue of material fact
21 and denies Oracle summary judgment on this claim.

22 5. Declaratory Relief

23 Finally, Oracle seeks summary judgment on Rimini’s first cause of action, declaratory
24 judgment that its new processes are not violating Oracle’s copyrights. ECF No. 904-s at 36.
25 Because, as discussed above, Rimini has infringed on four of Oracle’s copyrights on which Rimini
26 sought declaratory judgment—PeopleSoft HRMS 8.9 (TX 7-065-381); PeopleTools 8.46.17 (TX
27 7-092-772); PeopleSoft HRMS 8.3 (TX 5-469-032); and PeopleTools 8.48.10 (TX 7-092-819)—
28 while following its new Procedure 2.0, the Court grants Oracle summary judgment on this claim

1 as it pertains to these specific copyrights. *See TD Bank, N.A. v. Hill*, Civil No. 12-7188 (RBK/JS),
2 2015 WL 4523570, at *20 (D.N.J. July 27, 2015) (“[T]hough neither party addressed Defendant’s
3 declaratory judgment counterclaim of non-infringement, it necessarily follows that the Court must
4 enter judgment against Defendant on this counterclaim.”). As Rimini’s Third Amended Complaint
5 specifies that it seeks declaratory rulings on each of Oracle’s software copyrights as identified,
6 dated, and numbered, the Court’s summary judgment ruling for Oracle is limited to the four at
7 issue copyrights. *See* ECF No. 582-3 ¶ 113.

8 **D. The Court grants in part and denies in part Oracle’s motion for partial summary**
9 **judgment regarding Rimini’s fourth, sixth, and eighth causes of action, and Rimini’s**
10 **damages claims (ECF Nos. 916, 936-s).**

11 Oracle’s fourth motion seeks partial summary judgment relating to three of Rimini’s causes
12 of action: intentional interference with contractual relations (fourth cause of action), violations of
13 the Nevada Deceptive Trade Practices Act (sixth cause of action), and violations of the California
14 Business and Professional Code § 17200 *et seq.* (eighth cause of action), and what Oracle argues
15 are improperly aggregated damages claims. ECF Nos. 916, 936-s. The Court will address Oracle’s
16 arguments as to each cause of action in turn.

17 1. The Court grants Oracle’s motion on Rimini’s fourth cause of action for intentional
18 interference with contractual relations.

19 In Part IV.A.2 above, the Court granted Oracle summary judgment on Rimini’s fourth
20 cause of action as it pertained to Rimini’s third theory of liability: that the cease and desist letter
21 impermissibly revoked Rimini’s access to Oracle’s support websites, thereby causing severe
22 contractual issues between Rimini and its clients. Therefore, the court’s ruling on this motion
23 addresses Rimini’s remaining two theories of liability—(1) that Oracle made several
24 misrepresentations to Rimini’s clients regarding the legality of Rimini’s services with the intent to
25 induce those clients to break their contracts with Rimini; and (2) that Oracle engaged in selective
26 audits of Rimini clients to harass them and drive them away from Rimini’s services—and Oracle’s
27 arguments that Rimini lacks evidence that proves the elements of intentional interference with
28 contractual relations. *See* ECF Nos. 916, 936-s.

///

1 As articulated above, to prove a claim for intentional interference with contractual relations
2 under Nevada law, a plaintiff must demonstrate: “(1) a valid and existing contract; (2) the
3 defendant's knowledge of the contract; (3) intentional acts intended or designed to disrupt the
4 contractual relationship; (4) actual disruption of the contract; and (5) resulting damage.” *J.J.*
5 *Indus., LLC v. Bennett*, 71 P.3d 1264, 1267 (Nev. 2003). To demonstrate the “intentional act”
6 requirement, a plaintiff must show that the defendant had a specific purpose or motive to injure
7 the plaintiff through the tortious interference. *Nat. Right to Life Political Action Comm. v. Friends*
8 *of Bryan*, 741 F.Supp. 807, 814 (D. Nev. 1990) (“*Friends of Bryan*”). The mere knowledge that a
9 plaintiff had a contract with a third party is “insufficient to establish that the defendant intended or
10 designed to disrupt the plaintiff’s contractual relationship.” *J.J. Indus., LLC*, 71 P.3d at 1268. The
11 “actual disruption” element requires that a plaintiff show either an actual breach of a contract or a
12 significant disruption of a contract rather than a simple impairment of contractual duties. *Treasury*
13 *Sols. Holding Inc. v. Upromise, Inc.*, Case No. 3:10-CV-00031-ECR-RAM, 2010 WL 5390134, at
14 *5 (D. Nev. Dec. 22, 2010).

15 According to Oracle, at issue in this cause of action are Rimini’s relationships with
16 approximately 355 clients and licensees of Oracle business software. Oracle derives this number
17 from Rimini’s various expert reports and discovery responses. ECF Nos. 916, 936-s at 20. Out of
18 these 355 customers, Rimini has provided contracts for only 177 of them. ECF Nos. 995, 1004-s
19 at 19. Therefore, the Court will proceed and determine whether Oracle is entitled to judgment as a
20 matter of law as to those 177 contracts. Obviously, Rimini cannot proceed on any intentional
21 interference claim for any client for which it has not provided the Court with evidence of a valid
22 and existing contract. *See Strack v. Morris*, Case No. 3:15-CV-00123-LRH-VPC, 2015 WL
23 7428555, at *4 (D. Nev. Nov. 20, 2015).

24 Oracle argues that Rimini has failed to provide any evidence that Oracle actually interfered
25 with any of the 177 identified contracts. ECF Nos. 916, 936-s at 21. Specifically, Oracle points to
26 the fact that Rimini’s causation expert, Paul Loftus, offered a specific opinion on causation as to
27 only 16 Rimini clients. *Id.* at 21–22; ECF Nos. 1170, 1179-s at 9. Oracle also argues that Rimini
28 does not have a cause of action for any client that failed to renew a contract, as opposed to a client

1 breaching a contract it had with Rimini. ECF Nos. 916, 936-s at 22. Oracle makes numerous other
2 but related arguments; each essentially asserting that Rimini, in one form or another, has not
3 provided any evidence that any action Oracle took regarding Rimini's clients was designed to
4 induce those clients to breach their existing Rimini contracts (or that such a breach occurred in the
5 first place). *Id.* at 20–29. Rimini counters by arguing that opinions offered by its causation expert,
6 Paul Loftus, while helpful, are not required to establish causation and that Oracle's general conduct
7 could lead a reasonable finder of fact to conclude that Oracle interfered with the 177 contracts at
8 issue here. ECF Nos. 995, 1004-s at 20. Rimini also points to a report authored by another one of
9 its experts, Dr. Russell Winer, who opined that "Oracle's false statements about Rimini influenced
10 customer purchasing decisions" and drove them away from Rimini and to Oracle. *Id.*

11 Rimini argues that Oracle's general conduct throughout its decade-long dispute with
12 Rimini is evidence sufficient to establish the intentional act element, but this assertion falls well-
13 short of the standard needed to survive summary judgment. If Rimini seeks to recover damages
14 stemming from tortious interference with 177 separate contracts, it must demonstrate how Oracle
15 caused damage to Rimini in relation to each of those contracts on a contract by contract basis. The
16 only specific evidence of Oracle conduct Rimini presents is contained within the Loftus report,
17 wherein Loftus analyzes and offers an opinion about how Oracle's conduct involving sixteen
18 different Rimini clients caused business harm to Rimini. In his report, Loftus cites to numerous
19 business documents, depositions, and public statements produced or generated by the parties in
20 discovery, but Rimini has not provided all those documents to the Court in the over seven hundred
21 exhibits it filed alongside its response. Although Oracle has not contested the accuracy of the
22 documents on which Loftus bases his opinions, Rimini's failure to provide them to the Court
23 prevents the Court from delving deeper into their contents beyond the portions Loftus discusses in
24 his report.

25 Out of the sixteen companies Loftus discusses in his report, Rimini has provided contracts
26 for five of those. These five customers/contracts are: (1) Telenor ASA, (2) AZZ, Inc. ("AZZ"), (3)
27 Yanmar Co., Ltd. ("Yanmar"), (4) Saint Francis Hospital and Medical Center ("St. Francis"), and
28 (5) Philips. Rimini's cause of action falls apart, however, because it has not presented any evidence

1 that Oracle’s conduct induced Telenor ASA, AZZ, Yanmar, St. Francis, Philips, or any other client
2 to breach the contracts they had with Rimini. Instead, the evidence presented in the Loftus report
3 for each of these clients (and all the others) indicates that they declined to either enter or renew
4 contracts with Rimini and either continued with or returned to Oracle for support services upon
5 the expiration of their contracts with Rimini. *See* ECF No. 1076-1-s at 54, 66-67, 68, 73, 80. A
6 Rimini client declining to renew its service contract with Rimini because of statements Oracle
7 made to that client is not the same as a client breaching the service contract because of those
8 statements. The absence of any demonstrable breach or disruption of the existing contract defeats
9 any cause of action for intentional interference with contractual relations. *See Treasury Solutions*
10 *Holdings, Inc. v. Upromise, Inc.*, Case No. 3:10-CV-00031-ECR-RAM, 2010 WL 5390134, at *5
11 (D. Nev. Dec. 22, 2010) (“Unless there is a breach of contract, Plaintiffs cannot prevail on a claim
12 of tortious interference with contractual relations.”).

13 Not only must Rimini present evidence of a contractual breach, it must also present
14 evidence that Oracle’s actions were committed with the intent to cause a breach. *J.J. Indus.*, 71
15 P.3d at 1267; *Lake at Las Vegas Investors Grp., Inc. v. Pacific Malibu Development Corp.*, 867
16 F.Supp. 920, 924–25 (D. Nev. 1994) (“[A]t the heart of [an intentional interference] action is
17 whether Plaintiff has proved *intentional acts by Defendant* intended or designed to disrupt
18 Plaintiff’s contractual relations.” (emphasis in original) (quoting *Friends of Bryan*, 741 F.Supp.
19 807, 814 (D. Nev. 1990)). Rimini points to interactions that Oracle employees had with Rimini
20 clients as evidence of Oracle’s intent to disrupt Rimini’s contracts. Generally speaking, the Oracle
21 employees would tout the alleged superiority of Oracle’s support services, direct the client to
22 recently issued decisions adverse to Rimini by this Court and the Ninth Circuit, claim that Rimini’s
23 support offerings were too high risk, and/or threaten the client with legal action or audits. ECF
24 Nos. 995, 1004-s at 12–14. For instance, the Loftus report states that Oracle representatives made
25 “false and misleading” statements to Philips executives that caused Philips to “reconsider its
26 contractual and business relationship with Rimini.” ECF No. 1076-1-s at 77. However, and most
27 significantly, Philips continued in its contract with Rimini and the contract was never breached.
28 *Id.* at 80. And with regard to the St. Francis contract, St. Francis switched from Oracle to Rimini

1 for a defined project from September 2015 to March 2016. ECF No. 1076-1-s at 70-73. After the
2 project was completed, St. Francis lawfully ended the contract and returned to Oracle. Although
3 Rimini's contract was not renewed, the existing Rimini contract was never breached. *Id.*

4 These interactions support an inference that Oracle intended to cause its licensees to not go
5 to Rimini or to leave Rimini when trial periods and other contract periods were over and return to
6 Oracle. Internal Oracle documents support this view, as Rimini has presented several self-
7 described “saves” and “winbacks,” wherein Oracle employees recount to their fellow employees
8 how they successfully persuaded Rimini clients to return to or stay with Oracle for software
9 support. ECF Nos. 995, 1004-s at 18, 20. But Rimini has not presented any evidence that Oracle
10 intended for Rimini’s clients to breach their existing contracts with Rimini as a result of Oracle’s
11 actions. Oracle's alleged actions were always directed toward the retention or creation of future
12 contracts as opposed to a disruption of an existing Rimini contract. Without at least some evidence
13 that Oracle’s intentional acts were specifically designed (at least in part) to induce a contractual
14 breach, Rimini cannot survive summary judgment on this claim. *J.J. Indus., LLC*, 71 P.3d at 1268;
15 *Friends of Bryan*, 741 F.Supp. at 814-15; *Gonzales v. Shotgun Nev. Invs., LLC*, Case No. 2:13-cv-
16 00931-RCJ-VPC, 2013 WL 3944140, at *2-3 (D. Nev. July 30, 2013).

17 Rimini broadly points to an expert report from Dr. Russell Winer, a professor of marketing
18 at New York University, as evidence that “Oracle’s false statements about Rimini influenced
19 customer purchasing decisions.” ECF Nos. 995, 1004-s at 20. But the paragraph in the report to
20 which Rimini cites only relates that “when prospective Rimini customers are exposed to Oracle’s
21 alleged mischaracterizations and misstatements,” those customers are less likely to switch from
22 Oracle to Rimini for support services. ECF No. 1083-4-s at 28. Not only is this citation irrelevant
23 because there must, at some point, be a valid and existing contract between the plaintiff and a third
24 party for a claim of tortious interference in contractual relations (not merely a possible or
25 speculative one), but it does not identify any specific contractual relationships that were
26 supposedly interfered with. Even assuming that Winer’s report is correct in asserting that Oracle’s
27 statements did dissuade potential or prospective entities from contracting with Rimini, any such
28

1 damages that Rimini has alleged to have incurred are not recoverable through an action for
2 intentional interference with contractual relations.

3 The fifth essential element to a claim for intentional interference with contractual relations
4 requires resulting damage arising from the actual disruption of the contract. *See Financial*
5 *American Group, LLC v. CH Montrose, LLC*, 373 P.3d 913, 2011 WL 6916454 (Nev. 2011)
6 (unpublished). Obviously, there can be no compensable damage when there has been no breach of
7 a contract and the contract reached its natural termination. Rimini's action for intentional
8 interference with contractual relations lacks at least two essential elements and cannot be
9 sustained.

10 The Court will therefore grant Oracle summary judgment on Rimini's fourth claim for
11 intentional interference with contractual relations on Rimini's two remaining theories of liability.

12 2. The Court grants Oracle's motion on Rimini's sixth cause of action, Nevada
13 Deceptive Trade Practices Act.

14 Next, Oracle argues that Rimini's claims under the Nevada Deceptive Trade Practices Act
15 ("NDTPA") should be dismissed for three independent reasons: (1) the act does not apply
16 extraterritorially; (2) none of the alleged misrepresentations are actionable; and (3) Rimini cannot
17 satisfy all the elements of the claim. ECF Nos. 916, 936-s at 30. To prove a private claim under
18 the NDTPA, Rimini must demonstrate that "(1) an act of consumer fraud by [Oracle] (2) caused
19 (3) damage to [Rimini]." *Picus v. Wal-Mart Stores, Inc.*, 256 F.R.D. 651, 658 (D. Nev. 2009).
20 Actionable consumer fraud is defined by statute in N.R.S. §§ 598.0915 to 598.0925. Relevant here
21 is § 598.0915(8), which states that "[a] person engages in a 'deceptive trade practice' if, in the
22 course of his or her business or occupation, he or she disparages the goods, services or business of
23 another person by making false or misleading representations of fact."

24 Oracle's first argument concerns the scope of the NDPTA. It argues that because it (as a
25 California-based corporation) made all the alleged misrepresentations outside Nevada to entities
26 also located outside Nevada, Rimini cannot use a Nevada law to hold it liable for those alleged
27 misrepresentations. ECF Nos. 916, 936-s at 30–31. It asserts that any misrepresentation must be
28 physically made in Nevada to entities residing in Nevada. *Id.* at 31. Conversely, Rimini argues that

1 because it, a Nevada corporation, was the intended target of the misrepresentations (i.e. Oracle
2 made them to third parties with the intent to harm Rimini), it is not attempting to apply the NDPTA
3 extraterritorially. ECF Nos. 995, 1004-s at 32.

4 There appears to be no case law from the Nevada Supreme Court about the reach of the
5 NDPTA. There is, however, a general presumption against the extraterritoriality of a state's statute.
6 *Risinger v. SOC LLC*, 936 F.Supp.2d 1235, 1250 (D. Nev. 2013); *see also E.E.O.C. v. Arabian*
7 *Am. Oil Co.*, 499 U.S. 244, 248 (1991) (recognizing the presumption as it relates to federal law
8 applying outside of U.S. jurisdiction). One of the primary principals behind this rule, as Rimini
9 recognizes, is to avoid conflicts of laws with other states. Hannah L. Buxbaum, *Determining the*
10 *Territorial Scope of State Law in Interstate and International Conflicts: Comments on the Draft*
11 *Restatement (Third) and on the Role of Party Autonomy*, 27 DUKE J. COMP. & INT'L L. 381, 391
12 (2017). As the Kentucky Supreme Court once accurately explained, “[i]mposing the policy choice
13 by [Kentucky] on the employment practices of our sister states should be done with great prudence
14 and caution out of respect for the sovereignty of other states, and to avoid running afoul of the
15 Commerce Clause of the United States Constitution.” *Union Underwear Co., Inc. v. Barnhart*, 50
16 S.W.3d 188, 193 (Ky. 2001). The concern here is imposing liability on Oracle under a Nevada
17 statute where virtually all of the alleged misconduct occurred in California and other states.

18 As before, absent guidance from Nevada Supreme Court, it is up to this Court to predict
19 how the state supreme court would rule on an issue. *Soltani v. Western & Southern Life Ins. Co.*,
20 258 F.3d 1038, 1045–46 (9th Cir. 2001). Federal courts can look to intermediate appellate court
21 decisions, statutes, and “well-reasoned decisions” from other jurisdictions for guidance. *Takahashi*
22 *v. Looms Armored Car Service*, 625 F.2d 314, 316 (9th Cir. 1980); *Gravquick A/S v. Trimble*
23 *Navigation Int'l Ltd.*, 323 F.3d 1219, 1222 (9th Cir. 2003). Given the general presumption against
24 applying statutes extraterritorially, it is likely that the Nevada Supreme Court would find that
25 actionable conduct must occur within Nevada's borders. As such, Rimini cannot maintain a cause
26 of action under the NDTPA when the challenged conduct occurred outside of Nevada; it is more
27 appropriate to bring a claim under the applicable statute of the state where the conduct is alleged
28

1 to have occurred. Because the Court grants Oracle summary judgment on this claim based on
2 extraterritoriality, the Court declines to address Oracle's additional arguments.

3 3. The Court grants in part and denies in part summary judgment on Rimini's eighth
4 cause of action for violations of the California Business and Professions Code
5 § 17200 et seq.

6 Oracle lastly seeks summary judgment on Rimini's eighth cause of action, unfair
7 competition under California's Business and Professions Code §17200 et seq. ("UCL"),
8 (equivalent to the NDTPA). ECF Nos. 916, 936-s at 33-34. Like Nevada's unfair competition law,
9 the UCL prohibits any unfair competition, which it defines as "any unlawful, unfair, or fraudulent
10 business act or practice." CAL. BUS. & PROF. CODE § 17200. Plaintiffs who prevail on an UCL
11 claim are generally limited to injunctive relief and restitution, never damages or attorneys' fees.
12 *Cel-Tech Communications, Inc. v. Los Angeles Cellular Telephone Co.*, 973 P.2d 527, 539 (Cal.
13 1999). Section 17203 provides that restitution is an available remedy under the UCL to "restore
14 to any person in interest any money or property, real or personal, which may have been acquired
15 by means of" unfair competition. Oracle argues that Rimini's claim for restitution must fail as a
16 matter of law because Rimini has not presented any evidence that Oracle took and now holds funds
17 from Rimini that Oracle obtained through unfair business practices. ECF Nos. 916, 936-s at 34.

18 Rimini has not presented any evidence showing what money or property Oracle has
19 improperly obtained through a violation of the UCL. Rimini may only recover money in which it
20 held "a vested interest." *Tomlinson v. Indymac Bank, F.S.B.*, 359 F.Supp.2d 891, 893 (C.D. Cal.
21 2005) (quoting *Korea Supply Co. v. Lockheed Martin Corp.*, 63 P.3d 937, 947-48 (Cal. 2003)).
22 To successfully rebut Oracle's motion for summary judgment, Rimini must present some evidence
23 that it had a vested interest in money that Oracle obtained as a result of alleged unlawful business
24 practices. Rimini merely states that it "had a vested interest in the money owed to it by clients that
25 terminated their contracts," but it does not explain how it had a vested interest in the money or
26 which clients terminated their contracts because of Oracle's alleged unlawful UCL conduct. ECF
27 Nos. 995, 1004-s at 36. The reality is that Rimini's claim here is for damages, not restitution, and
28 damages are not available under the UCL. On the other hand, Oracle has not discussed why it
should be granted summary judgment on the injunctive relief Rimini has also requested under the

1 UCL. ECF No. 487 at 50. The Court will accordingly grant Oracle summary judgment on Rimini's
2 UCL claim insofar as it seeks restitution and damages, but summary judgment will be denied as to
3 the injunctive relief.

4 **E. Oracle's motion for partial summary judgement regarding Rimini's migration and**
5 **Windstream hosting (ECF Nos. 930, 941-s) is denied in part and granted in part.**

6 Oracle's fifth and final motion for summary judgment requests judgment on its first claim
7 for copyright infringement based on Rimini's migration, Windstream hosting, and its second
8 affirmative defense of express license related to those processes. ECF Nos. 930, 941-s. Oracle
9 argues that the process by which Rimini returned its customers' PeopleSoft environments to them
10 (and later hosted some of those environments on Windstream's servers) constituted unlicensed
11 copying of Oracle's PeopleSoft software. *Id.* at 6–7. In response, Rimini argues that because
12 Oracle failed to address its affirmative defense of fair use, Oracle's motion for partial summary
13 judgment should be denied outright. ECF Nos. 979, 986-s at 24.

14 Where the party moving for summary judgment bears the burden of proof at trial, that party
15 "has the initial burden of establishing the absence of a genuine issue of fact on each issue material
16 to its case." *C.A.R. Transp. Brokerage Co., Inc. v. Darden Rests., Inc.*, 213 F.3d 474, 480 (9th Cir.
17 2000). But where the moving party does not bear the burden of proof at trial, the party must either
18 produce evidence negating an essential element of the nonmoving party's defense or show that the
19 nonmoving party does not have enough evidence of an essential element to carry its ultimate
20 burden of persuasion at trial. *Nissan Fire & Marine Ins. Co., Ltd. v. Fritz Cos., Inc.*, 210 F.3d
21 1099, 1102 (9th Cir. 2000). Because fair use is an affirmative defense, Rimini bears the burden of
22 proof at trial.

23 Rimini has asserted the affirmative defense of fair use in response to Oracle's numerous
24 allegations of copyright infringement. Although Oracle argues in its reply that Rimini never
25 asserted a fair use defense regarding its migration or Windstream hosting, this argument is belied
26 by a plain reading of Rimini's answer to Oracle's third amended complaint. Under the section
27 setting forth its fair use defense, Rimini states that "any reproduction, display, derivation,
28 publication, or distribution of any valid Oracle copyright by [Rimini] is fair use protected by the

1 provisions of 17 U.S.C. § 107.” ECF Nos. 410, 414-s at 31. This clearly encompasses Oracle’s
2 allegations that Rimini’s migration process and subsequent Windstream hosting constituted
3 impermissible copying of PeopleSoft software. Rimini even specifically addresses its migration
4 process under its fair use defense argument. *See Id.* at 33. Oracle cannot now claim that it was
5 unaware that Rimini would be asserting a fair use defense when its answer clearly indicated that it
6 would.

7 While Rimini has the burden of proving every element of its fair use defense at trial, in a
8 motion for summary judgement, Oracle has the burden of showing that no evidence supports
9 Rimini’s defense or that there is evidence that negates one of the elements of that defense. By not
10 addressing Rimini’s fair use defense at all, Oracle has failed to carry its burden. And although
11 Oracle addresses the fair use defense in its reply, raising issues for the first time in a reply brief in
12 support of summary judgment is improper. *See, e.g., Smith v. Marsh*, 194 F.3d 1045, 1052 (9th
13 Cir. 1999) (“an argument raised for the first time in a reply brief, . . . is not an argument that we
14 may consider here.”). Therefore, because an outstanding defense exists, the court cannot grant
15 Oracle summary judgment on its copyright infringement claim. Accordingly, the Court denies in
16 part Oracle’s fifth motion for partial summary judgment.²⁰

17 **F. The Court denies Rimini’s first motion for partial summary judgment for**
18 **preclusion of Oracle’s gap customer claims.²¹**

19 Rimini’s first motion for partial summary judgment seeks to preclude Oracle from seeking
20 damages in this action for so-called “gap customers”: clients Rimini gained from December 5,
21 2011 (the close of fact discovery in *Oracle I*) to February 13, 2014 (the end of the *Oracle I* damages
22 period). ECF Nos. 910, 913-s at 8. Rimini argues that claim preclusion and judicial estoppel
23 preclude Oracle from seeking pre-February 2014 damages, or alternatively, that if Oracle is
24 permitted to proceed with its damages claims, issue preclusion bars Oracle from recovering lost
25

26 ²⁰ The Court’s reasoning for granting Oracle’s motion regarding Rimini’s express license defense is
27 discussed below as it is interrelated with Rimini’s second motion for partial summary judgment on
undisputed processes. *See* Part IV.G.3.

28 ²¹ Rimini’s motion is entitled Motion for Partial Summary Judgment Re: Preclusion of Oracle’s Already
Adjudicated Claims. For clarity, the Court refers to this motion as entitled here.

1 profits. *See id.* Oracle opposed Rimini's motion arguing that the law of the case precludes Rimini's
2 motion and that claim preclusion, judicial estoppel, and issue preclusion are all inapplicable. ECF
3 Nos. 983, 1038-s. Accordingly, Rimini replied. ECF Nos. 1152, 1155-s.

4 Fact discovery for *Oracle I* closed in December 2011. In January 2012, Oracle served its
5 expert report on the issue of damages seeking lost profits for customers gained by Rimini as of
6 September 28, 2011, the date of Rimini's last disclosed customer list prior to the close of discovery.
7 Oracle's expert damages report calculated damages for these identified customers 'through the end
8 of trial' which was presumed in the report to be December 2012. On February 13, 2014, the Court
9 issued a summary judgment order in *Oracle I* finding that, *inter alia*, Rimini infringed on a number
10 of Oracle's copyrights through its "local hosting" support process. *See Oracle USA*, 6 F.Supp.3d
11 1086 (D. Nev. 2014). Following the Court's order, Rimini alleges that by July 31, 2014, it had
12 changed its support practices to no longer infringe Oracle's copyrights (i.e. Process 2.0).

13 Pursuant to court order, the parties were then ordered to submit a proposed joint pre-trial
14 order. *Oracle I*, ECF No. 476. However, because the parties had a "fundamental disagreement over
15 the scope of the issues to be decided and the evidence to be presented" in the *Oracle I* trial, the
16 parties requested a case management conference. *Oracle I*, ECF No. 488 at 1. Oracle argued that
17 the *Oracle I* trial should be limited to Rimini's "old support model" rather than the new support
18 model Rimini adopted in 2014, and agreed that it would not seek damages for the period after
19 February 13, 2014. *Id.* at 8.²² At this hearing held on October 9, 2014, the Court agreed with
20 Oracle and declined to reopen discovery, held Oracle to its offer to stipulate that it would not seek
21 damages for any period after the February 2014 summary judgment order, and found that the case
22 would "remain as it was put in at the close of discovery." *Oracle I*, ECF No. 508 at 25-26; *Oracle*
23 *I*, ECF No. 515.²³

24 ///

25 _____
26 ²² Following the Court's February 2014 Order and in response to Oracle's supplemental discovery requests,
27 Rimini produced discovery and made its "development lead" available for a Rule 30(b)(6) deposition
regarding "the technical details of Rimini's remote service model." *Oracle I*, ECF No. 488 at 20.

28 ²³ During the hearing, the parties did not specifically discuss these gap customers as issue in this motion.
See Oracle I. ECF No. 508.

1 Rimini provided Oracle with supplemental discovery including “client lists and financials
2 through early 2014.” *Oracle I*, ECF No. 554 at 2. Because Oracle failed to supplement its damages
3 report to include post-December 2011 clients, in May of 2015, Rimini moved to preclude Oracle
4 from supplementing its expert report to include either damages for customers Rimini gained after
5 September 28, 2011 (i.e. “gap customers”), and updated damages for customers Rimini gained
6 before September 28, 2011. *Oracle I*, ECF No. 593 at 6. Oracle responded arguing that the *Oracle I*
7 trial should proceed in accordance with Magistrate Judge Lean’s Order (*Oracle I*, ECF No. 515),
8 and should allow for updated damages for Rimini customers as of September 28, 2011 through
9 February 2014, while precluding damages arising from conduct after the close of discovery,
10 including customers Oracle lost to Rimini after September 28, 2011. *Oracle I*, ECF No. 593 at 6.
11 While noting that Oracle’s request to supplement its report was “technically late,” the Court
12 allowed it for those customers that were currently set forth in the prior report, to account for the
13 nearly two and a half years of continued litigation between the parties, as doing so would not
14 prejudice defendants. *Oracle I*, ECF No. 669 at 4.²⁴ In denying Rimini’s motion, the Court’s order
15 made no further reference to the “gap customers.” *See id.* Accordingly, Oracle served its updated
16 expert damages report on July 30, 2015, and the parties joint pretrial order listed only Rimini
17 customers with start dates on or before September 28, 2011. ECF Nos. 910, 913-s at 14; ECF No.
18 983, 1038-s at 15 (citing *Oracle I*, ECF No. 528-s at 9-18). After a lengthy trial, the jury
19 determined that Rimini had engaged in copyright infringement and found that the best measure of
20 Oracle’s actual damages for all acts of copyright infringement was fair market value license.
21 *Oracle I*, ECF No. 896 at 1-3.

22 Having reviewed this procedural history, the Court finds that it did not rule that Oracle
23 *could not* seek damages from gap customers in the first case. *Oracle I*, ECF No. 669. On the
24 contrary, it was Oracle that decided not to pursue damages arising from the gap customers who
25 arose during the pendency of Oracle's first lawsuit. Fact discovery concerning the gap customers
26 would have required a re-opening of discovery and further delay of a complex case that was already

27 ²⁴ In the alternative, Rimini argued that if the Court did not preclude supplementation, the two actions
28 should be consolidated. The Court disagreed, finding that consolidation would lead to an unreasonable
delay of trial. *Oracle I*, ECF No. 669 at 5.

1 going on over 5 years old. Oracle's position there was that the instant case had now been filed and
2 it would have the opportunity to seek damages arising from gap customers in the new action.
3 Accordingly, the Court finds that Oracle's law of the case argument (*see* ECF Nos. 983, 1038-s at
4 19–20) lacks merit and that Rimini's arguments of preclusion and estoppel must be addressed.

5 1. Claim Preclusion

6 "Claim preclusion prevents the relitigation of claims previously tried and decided."
7 *Littlejohn v. U.S.*, 321 F.3d 915, 919–20 (9th Cir. 2003) (citing *Clark v. Bear Stearns & Co.*, 966
8 F.2d 1318, 1320 (9th Cir. 1992)). The three elements of a successful claim preclusion defense are:
9 (1) "identity of claims, (2) a final judgment on the merits, and (3) privity between parties." *Tahoe–*
10 *Sierra Pres. Council, Inc. v. Tahoe Reg'l Planning Agency*, 322 F.3d 1064, 1077 (9th Cir. 2003)
11 (internal quotation marks and citation omitted). As discussed previously, a recent Ninth Circuit
12 case, *Howard v. City of Coos Bay*, 871 F.3d 1032, 1040 (9th Cir. 2017), established a bright line
13 rule prohibiting the application of the doctrine of claim preclusion to "claims that accrue after the
14 filing of the operative complaint." The term "accrue" from *Howard*, has since been determined to
15 mean "come into existence" or "arise." *Media Rights Technologies, Inc. v. Microsoft Corp.*, 922
16 F.3d 1014, 1021 (9th Cir. 2019) ("*Microsoft*"). In other words, "claim preclusion does not apply
17 to claims that were not in existence and could not have been sued upon—i.e., were not legally
18 cognizable—when the allegedly preclusive action was initiated." *Id.*

19 Here, like above, the Court's analysis is straightforward: Oracle's claims regarding gap
20 customers are not precluded because they did not arise until after September 28, 2011, which is
21 after the operative complaint was filed in *Oracle I* on June 1, 2011 (*see Oracle I*, ECF No. 146).
22 *See Microsoft Corp.*, 922 F.3d at 1024 ("Because those claims arose after [the plaintiff] filed the
23 operative complaint in *MRT I* and [the plaintiff] could not have sued on them when it filed *MRT I*,
24 they are not precluded here.").

25 Rimini directs the Court to a recent unpublished decision by the Ninth Circuit, *Yagman v.*
26 *Garcetti*, 743 Fed. App'x. 837 (9th Cir. Aug. 8, 2018), arguing that *Howard* does not apply to
27 cases where a defendant is alleged to have engaged in a continuous pattern of unlawful conduct.
28 ECF Nos. 1152, 1155-s at 13. In *Yagman*, the Ninth Circuit noted that *Howard* does not always

1 allow for a plaintiff to assert claims that accrue after the filing of the operative complaint in a
2 successive lawsuit. 743 Fed. App'x. at 839–40. When a plaintiff challenges “the same ongoing
3 procedure or policy and the new factual event is alleged ‘only as an example of...[a] long-standing
4 practice of non-compliance with [the law],’ ” a plaintiff cannot assert that new factual event in a
5 subsequent case. *Id.* at 840 (quoting *Turtle Island Restoration Network v. U.S. Dep’t of State*, 673
6 F.3d 914, 918 (9th Cir. 2012)). In *Yagman*, the plaintiff challenged the constitutionality of the
7 procedure to contest parking tickets in his city. 743 Fed. App'x. at 838. This was his third lawsuit
8 challenging the same procedure; relevant here, the plaintiff based the third lawsuit on a new
9 parking ticket he received while his second case was pending. The Ninth Circuit held that despite
10 the basis of his third lawsuit accruing during the pendency of his second lawsuit, the plaintiff was
11 still barred from reasserting claims based on his new parking ticket. *Id.* at 840.

12 The difference between *Yagman* and this case is that the *Yagman* plaintiff’s successive
13 claims complained of the same conduct involving the same actors. Oracle, on the other hand, seeks
14 damages stemming from Rimini for gap customers that Rimini contracted with from September
15 28, 2011. While the conduct Oracle complains of (Process 1.0) is the same, the third parties (the
16 gap customers) are different. This distinction is key and takes Oracle’s gap customers claims out
17 of the realm of the impermissible successive claims the Ninth Circuit spoke of in *Yagman*.
18 Therefore, the doctrine of claim preclusion does not bar Oracle from asserting claims based on
19 Rimini’s gap customers.

20 2. Judicial Estoppel

21 Judicial estoppel is an equitable doctrine that “precludes a party from gaining an advantage
22 by asserting one position, and then later seeking a second advantage by taking” a clearly
23 inconsistent position. *Rissetto v. Plumbers & Steamfitters Local 343*, 94 F.3d 597, 600-601 (9th
24 Cir. 1996); *Russell v. Rolfs*, 893 F.2d 1033, 1037 (9th Cir. 1990). This court invokes judicial
25 estoppel not only to prevent a party from gaining an advantage by taking inconsistent positions,
26 but also because of “general consideration[s] of the orderly administration of justice and regard
27 for the dignity of judicial proceedings,” and to “to protect against a litigant playing fast and loose
28 with the courts.” *Russell*, 893 F.2d at 1037 (internal quotation marks and citations omitted).

1 The United States Supreme Court has noted that when a court is considering judicial
2 estoppel, one of the considerations is that a “party’s later position must be ‘clearly inconsistent’
3 with its earlier position.” *New Hampshire v. Maine*, 532 U.S. 742, 750 (2001). Here, Rimini claims
4 that Oracle is judicially estopped because in *Oracle I*, it “successfully persuaded this Court to draw
5 a clear line between the two cases and two processes,” and adjudicate all issues related to Process
6 1.0 in *Oracle I* while leaving issues involving Process 2.0 for this action. But that is not what
7 Oracle previously argued. Rather, as articulated in the procedural history above, Oracle only
8 argued that it wished to keep the legality of Rimini’s new process (Process 2.0) the subject of this
9 action rather than litigate everything together in *Oracle I*. It did not take the position that any issue
10 related to the old process should only be litigated in *Oracle I*. Accordingly, Rimini’s judicial
11 estoppel argument fails.

12 3. Issue Preclusion

13 As an alternative argument, Rimini asserts that the doctrine of issue preclusion prevents
14 Oracle from recovering lost profits damages from any gap customers in this case, meaning that
15 Oracle would only be able to seek fair market value license damages because in *Oracle I* the jury
16 determined that fair market value license damages for infringement under Process 1.0 was the
17 appropriate remedy. ECF Nos. 910, 913-s at 29-30; *Oracle I*, ECF No. 896 at 3.

18 The doctrine of issue preclusion (or collateral estoppel) “bars successive litigation of an
19 issue of fact or law actually litigated and resolved in a valid court determination essential to the
20 prior judgment, even if the issue recurs in the context of a different claim.” *Howard*, 871 F.3d at
21 1040-41 (internal quotation marks and citations omitted). The elements for issue preclusion are
22 similar to claim preclusion (though not identical), and require the party asserting issue preclusion
23 demonstrate: “(1) the issue at stake was identical in both proceedings; (2) the issue was actually
24 litigated and decided in the prior proceedings; (3) there was a full and fair opportunity to litigate
25 the issue; and (4) the issue was necessary to decide the merits.” *Oyeniran v. Holder*, 672 F.3d 800,
26 806 (9th Cir. 2012). Though not applied “mechanistically,” the Court applies four factors to
27 determine if the issues are “identical”: (1) whether “there is a substantial overlap between the
28 evidence or argument to be advanced in the second proceeding” as was in the first; (2) whether the

1 “new evidence or argument involve[s] the application of the same rule of law” as in the first
2 proceeding; (3) if pretrial preparation and discovery in the first action could be “reasonably
3 expected to have embraced” the issue in the second action; and (4) whether the claims in the two
4 proceedings are closely related. *Howard*, 871 F.3d at 1041 (citing *Resolution Trust Corp. v.*
5 *Keating*, 186 F.3d 1110, 1116 (9th Cir. 1999)).

6 Rimini argues that the issue in *Oracle I* and before this Court now are identical: whether a
7 fair market value license or lost profits is the best measure of Oracle’s damages for Process 1.0
8 infringement. The Court disagrees. The evidence that will be presented in this case will be distinct
9 from that presented in *Oracle I* as the customers are different, and the time frame of the alleged
10 infringement is different. As the Court found above, the application of the evidence will involve
11 the same rule of law, namely that Rimini cannot avoid liability or contest liability for local hosting
12 conduct which was found to be infringing in *Oracle I*. However, whether Oracle is entitled to lost
13 profits or fair market value license damages is a distinct question related to the specific at issue
14 gap customers and to be decided by the jury. While a reasonable jury in *Oracle I* concluded that
15 fair market value license damages was proper as it related to the 228 customers at issue there, a
16 reasonable jury could find that as it relates to these distinct gap customers lost profits is proper. As
17 discussed, while Rimini disclosed supplemental discovery following the Court’s February 2014
18 summary judgment Order, the Court ruled that to litigate damages issues for customers not
19 disclosed in the September 28, 2011 expert report or to consolidate the cases would require re-
20 opening of and extensive additional discovery which would cause impermissible delay to the
21 *Oracle I* trial. Accordingly, the Court does not find that the pretrial preparation and discovery in
22 *Oracle I* “embraced” the issue of damages for gap customers. Furthermore, the issue of damages
23 as it relates to gap customers was not litigated and never resulted in a decision on the merits in
24 *Oracle I*. Therefore, the Court denies Rimini’s motion for partial summary judgment and will
25 permit Oracle to argue for either lost profits or fair market value license damages related to these
26 gap customers at trial in this case.

27 ///

28 ///

1 **G. The Court denies Rimini’s second motion for summary judgment regarding its**
2 **undisputed processes (ECF Nos. 917, 927-s).²⁵**

3 Rimini’s second motion for summary judgment seeks partial judgment on Oracle’s first
4 cause of action for copyright infringement. Specifically, Rimini seeks judgment on four issues: (1)
5 its work product which does not contain any Oracle code are not derivative works; (2) it is not
6 “cross use” when a Rimini employee services more than one client by utilizing the experience he
7 or she gained from working with other clients; (3) Oracle licensees who host their Oracle software
8 on off-site cloud servers do not violate the facilities restriction provision within the PeopleSoft
9 licenses, and (4) Rimini’s process of migrating its clients’ software off its computer systems does
10 not infringe any of Oracle’s copyrights. As before, the Court will examine each of the arguments
11 in turn.

12 1. The Court denies Rimini’s motion regarding work product as derivative works.

13 Rimini first argues that files it creates from scratch which do not contain any Oracle code
14 or expression cannot infringe Oracle’s copyrights because those files are not derivative works.
15 ECF Nos. 917, 927-s at 21. Rimini requests summary judgment generally that any such file does
16 not constitute copyright infringement. It also requests summary judgment that three specific
17 categories of files—ePack scripts, Rimini-created scripts, and its “functional and technical
18 specifications”—are not derivative works. *Id.* In response, Oracle argues that Rimini’s motion is
19 “impermissively vague” because it identifies categories of files rather than specific files. ECF Nos.
20 1053, 1085-s at 16. As to the merits of Rimini’s motion, Oracle argues that even if Rimini-created
21 files do not have any Oracle code within them, they still can be derivative works if they are
22 “[e]xpansions to existing software.” *Id.* at 18.

23 Rimini points to three categories of files it claims do not contain any Oracle-protected
24 expression: (1) the “ePack script,” (2) Rimini-created scripts, and (3) Rimini’s “functional and
25 technical specifications.” ECF Nos. 917, 927-s at 21. According to Rimini, the ePack script is
26 essentially a separate executable file that Rimini provides its customers along with an update. *Id.*

27 _____
28 ²⁵ Rimini’s initial unredacted motion (ECF No. 917) contained contents that should have been redacted. To
protect the confidential information contained therein, this filing was sealed, and Rimini refiled the redacted
motion as ECF No. 965. ECF No. 927-s is the unredacted sealed version of the motion.

1 at 22. Once a customer receives the update and ePack script, the customer runs the script, which
2 installs the update automatically. *Id.* The ePack script automates the update installation process
3 that the client would otherwise have to perform manually, which, in Rimini's experience, could be
4 cumbersome for some clients. *Id.*

5 Oracle's expert Barbara Frederiksen-Cross testified in her deposition that as to the text
6 script of ePack "as it might be stored on disc" it was not her opinion that the script contained
7 Oracle expression, but testified that as to the "running software" that would be her opinion. ECF
8 No. 929-1-s at 8-9. Rimini's computer software expert, Owen Astrachan, stated that:

9 [ePack] script was written by Rimini and does not include any Oracle code
10 or expression. When run by a client (in the client's production environment), the
11 script automatically carries out the tasks that the client would have otherwise had
12 to carry out (prior to ePack), including moving files to the appropriate runtime
folders, running scripts associated with individual updates, compiling code, and
other tasks. ePack merely makes it easier for the client to install the updates and
reduces the possibility of errors during the installation process.

13 ECF No. 931-9-s at 47. In other words, "ePack packages Rimini's individually coded updates for
14 a particular client, which are already on that clients' system, into an easily installable package that
15 is also on the client's system." *Id.* at 48.

16 As the Court noted above, even if the software does not contain any copyrighted code, it
17 may still substantially incorporate protected material from the preexisting work. *See* Part IV.C.2.i.
18 Frederiksen-Cross has opined that ePack "relies heavily" and "cannot function" without Oracle's
19 EBS tools and other Oracle software, and that ePack "actually incorporates Oracle software and
20 Oracle functionality when they're run." ECF No. 929-1-s at 3. Because of the way ePack interacts
21 with Oracle's software, Frederiksen-Cross testified that ePack is not an "independent work, but
22 rather an extension of the Oracle environment in which it's run." *Id.* at 4. Given the conflicting
23 opinions of the parties' experts, the Court finds that there is an issue of material fact as to whether
24 Rimini's ePack scripts substantially incorporate protected material from the preexisting work.
25 Accordingly, Rimini's motion for summary judgment on this issue is denied.

26 As to the other two categories of Rimini files, the Court agrees with Oracle that these two
27 categories of files are too broad for the Court to rule on. To support a motion for partial summary
28 judgment, Rimini must sufficiently identify which portion of Oracle's claim for copyright

1 infringement on which it seeks judgment. *See* FED. R. CIV. P. 56(a). Merely requesting judgment
2 on all “Rimini-created scripts” and “functional and technical specifications” without identifying
3 which scripts and specifications (along with proffering evidence demonstrating how none of them
4 contain any protected Oracle expression) does not allow the Court to determine whether Rimini
5 may qualify for summary judgment in its favor. Therefore, summary judgment is denied as to these
6 other two categories of files.

7 2. The Court denies Rimini’s motion regarding know-how as cross-use.

8 Rimini next requests partial summary judgment on any claim that an engineer’s use of
9 “know-how” constitutes cross use. This essentially entails a Rimini engineer gaining experience
10 performing work for one client and then reusing the knowledge he or she gained to perform the
11 same work for other clients. ECF Nos. 917, 927-s at 25. As discussed below, Rimini asserts several
12 different legal theories as to why it is entitled to partial judgment.

13 *i. Express License Defense*

14 Rimini first argues that the licenses of each of its clients allows it to, in effect, create an
15 update for Client A using Client A’s development environment and then distribute the exact same
16 update file to Client B under Client B’s license. ECF Nos. 917, 927-s at 26. According to Rimini,
17 this is because Clients A and B both have the same license for the same software, so they are both
18 licensed to receive the update file regardless of where it originated. *Id.* As discussed above, it is
19 the burden of the party asserting the express license defense to identify which provisions of the
20 license allow for its conduct. *Oracle USA*, 6 F.Supp.3d at 1093.

21 Rimini and Oracle dispute the Court’s and the Ninth Circuit’s previous holdings regarding
22 cross use. Rimini asserts that in *Oracle USA*, this Court held that “once Oracle granted a licensee
23 the right to copy Oracle expression, that license right applied regardless of the source of the
24 copies.” ECF Nos. 917, 927-s at 27. But Rimini takes the Court’s holding out of context. In that
25 instance, Oracle had argued that it was copyright infringement for Rimini to install its customers’
26 licensed software on Rimini’s computer systems with anything other than the physical installation
27 media (i.e. the DVDs or flash media the software was distributed on) that Oracle gave to its
28 licensees. *Oracle USA*, 6 F.Supp.3d at 1095. The Court rejected this argument, instead holding

1 that Rimini did not violate Oracle’s software license because software installation media is not
2 protected under federal copyright law; instead, the Court articulated that the ownership of a
3 copyright is separate and independent from ownership of the material object in which it is
4 embodied. *Id.* This holding has nothing to do with whether Rimini committed copyright
5 infringement by using one client’s software to create an update that would then be distributed to
6 other clients.

7 The flaw in Rimini’s argument is that even assuming that an Oracle licensee may receive
8 an update file Rimini created using another licensee’s software without violating the licensing
9 agreement, Rimini itself is not insulated from a claim of copyright infringement. As the Court has
10 noted throughout this order and as the Ninth Circuit held, for Oracle to prove copyright
11 infringement based on the cross use theory, it must show that the work Rimini completed for one
12 client was done to support other clients. *Rimini I*, 879 F.3d at 956. Whether Client B is licensed to
13 receive the same update file as Client A is simply not relevant to whether Rimini committed
14 copyright infringement by using one customer’s license to create updates for another. Furthermore,
15 Rimini has failed its burden of identifying any provision within the applicable software license
16 that allows for it to engage in the conduct which Oracle has alleged is unlawful. Summary
17 judgment is therefore denied on this basis.

18 *ii. “Benefit”*

19 Rimini’s next theory is that the Court should grant it summary judgment on any Oracle
20 infringement claims premised on J.D. Edwards and EBS clients because Rimini’s support for those
21 products are “premiered exclusively on Rimini’s reuse of know-how.” ECF Nos. 917, 927-s at 28.
22 This dispute centers on Oracle’s accusation (bolstered by the expert report of Frederiksen-Cross
23 and accepted by Rimini as true for the purpose of the motion) that when Rimini begins
24 development of a new patch or update, it uses the first client’s software as a “prototype” to “test”
25 various features of the update. *Id.* at 29. Even if Rimini does not use any protected Oracle code to
26 create new updates or copy one client’s files for another client’s use, Oracle argues that “the use
27 of an Oracle software environment associated with one customer to prototype and test an update
28 for many customers” violates the licensing agreement. ECF Nos. 1053, 1085-s at 25. Specifically,

1 Oracle points to the licensing agreement provisions that require the software to be used “solely”
2 for that customer’s “internal business use.” *Id.* Rimini also points to the “internal business
3 operations” provision, but argues that this provision supports its argument that its engineers can
4 reuse knowledge gained from working on an update from client to client. ECF Nos. 917, 927-s at
5 29-30. Rimini argues that this provision is only intended to prohibit the licensee from performing
6 “PeopleSoft services for others and thereby prevent Oracle from selling more PeopleSoft
7 software.” *Id.* at 30 (quoting ECF No. 925-28 at 10).

8 After Rimini identifies a provision within the software license that it claims allows for its
9 conduct, Oracle may overcome the defense by showing that Rimini’s conduct exceeded the scope
10 of that provision. *Oracle USA*, 6 F.Supp.3d at 1093. As discussed above, the Court again construes
11 the scope of a license by utilizing the rules of contract interpretation. *Supra* Part IV.C.1.ii.

12 The Court finds the “internal business operations” provision to be unambiguous: the plain
13 language of the contract indicates that the licensee can only use Oracle software to support its own
14 business operations, such as managing payroll or storing personnel information. The licensee (or
15 Rimini acting in its stead) cannot use the software to manage another company’s payroll, for
16 instance, even if that other company has a valid license for the same software. Testimony from the
17 *Oracle I* trial to which Rimini cites supports this interpretation—Richard Allison, the senior
18 executive in charge of licensing, testified that it was “generally the intent” of the “internal business
19 operations” provision to stop licensees from using their Oracle software “to perform services for
20 others [non-licensees] and thereby prevent Oracle from selling more copies of its PeopleSoft
21 software.” ECF No. 925-28 at 10. As the Court found above, along with a prohibition on
22 performing business services for third parties, the licensee (or Rimini) cannot use Oracle software
23 to develop an update for the software that it then distributes to another Oracle licensee.

24 The Ninth Circuit defined cross use “generally” as “the creation of development
25 environments, under color of a license of one customer, to support *other* customers.” *Rimini I*, 879
26 F.3d at 956 (emphasis in original). The core of this definition is the phrase “creation of
27 development environments,” meaning that cross-use must entail the use of one customer’s
28 software to directly support another customer, whether the use of that software entails the creation

1 of a development environment or an update that is then distributed to other customers. As the Court
2 found above in Part C, there are some limited cases where there can be no explanation other than
3 cross use, such as where a client informs Rimini that it does not want a particular update, but
4 Rimini continues to use that client's license to develop that update anyway. And then, after not
5 developing the update in any other client's environment, Rimini distributes that update to other
6 customers. This limited circumstance aside, it is generally not cross use for a Rimini engineer to
7 create an update file for Client A exclusively using Client A's software and then create the same
8 update file for Client B exclusively using Client B's software. Nor is it cross use for a Rimini
9 engineer to "memorize and replicate the work" as Oracle claims. ECF Nos. 1053, 1085-s at 26.
10 The fact that a Rimini software engineer can create the update for Client B more efficiently because
11 he or she gained experience creating the update for Client A is not relevant in this analysis. It is
12 obvious that the first time a software engineer creates an update for a client, he or she is slower
13 and less proficient than any subsequent time they create that update. Moreover, it would be
14 impossible to direct an engineer, who developed an update in Client A's environment, to not use
15 the knowledge he or she gained when developing the same or similar update for Client B.

16 Turning now to the evidence presented for EBS, Oracle cites to three forms of evidence to
17 support its claim of EBS cross-use: the 30(b)(6) deposition of Rimini employee Craig Mackereth,
18 several internal Rimini technical specification documents, and a declaration from Frederiksen-
19 Cross. In the portions of Mackereth's deposition provided to the Court, he testified that the phrase
20 "prototype" within the EBS product line "refers to the client with whom development starts first."
21 ECF No. 1090-6-s at 13. But he also testified that the "prototype for that one client is not then used
22 with another client." *Id.* If more than one customer needs the same tax or regulatory update (for
23 example), a second developer "gains access to the second client's environment and starts
24 development on that second client's environment." *Id.* The second developer refers to the
25 "technical specification" to develop the update. *Id.* Mackereth testified that "no Oracle code" is
26 copied from one client to another during this process, but some "pseudo code" created by Rimini
27 may be. *Id.* at 14. Importantly, Mackereth also testified that "[c]ode doesn't need to be copied from
28 one client environment to another client environment" and that it did not ever happen to his

1 knowledge. *Id.* In fact, it was against company policy to do so. *Id.* There is no indication from
2 Mackereth’s testimony that when servicing EBS clients, Rimini copied files created using one
3 client’s software over to another client.

4 Oracle also cites to several technical specifications which show that several clients received
5 the same update, but these documents do not show whether the clients received updates that were
6 created using another client’s software license. In Frederiksen-Cross’s declaration, however, she
7 opines that Rimini has copied files “containing a substantial amount of Oracle copyrighted EBS
8 code,” which Rimini then uses to create updates for clients other than the source of the copied EBS
9 code. ECF No. 1085-3-s at 40. Given the conflicting opinions of the parties’ experts, the Court
10 finds that there is an issue of material fact as to whether Rimini improperly copied EBS code.

11 As for J.D. Edwards, Oracle cites to the 30(b)(6) deposition of Rimini employee Michael
12 Jacob and the same declaration by Frederiksen-Cross for the proposition that “Rimini copies [J.D.
13 Edwards] updates from one environment to another.” ECF Nos. 1053, 1085-s at 26. In his
14 deposition, Jacob testified that Rimini developers used the Object Management Workbench
15 (“OMW”) to modify a customer’s J.D. Edwards environment. ECF No. 1086-12-s at 7. Although
16 recognizing that others may disagree with him, Jacob stated that when using the OMW, developers
17 are modifying J.D. Edwards’s source code. *Id.* But when asked about whether Rimini developers
18 “copied and pasted” J.D. Edwards’s updates from one client to another, Jacob testified that they
19 did not. *Id.* at 9. Instead, the developers would “sit and type” and manually make the updates into
20 every client’s environment. *Id.* Like with Mackereth’s testimony concerning EBS, Jacob’s
21 deposition does not demonstrate that Rimini developers copied code created in one client’s J.D.
22 Edwards environment to another. However, in contrast, Frederiksen-Cross opines in her
23 declaration that Rimini developers “made copies of [J.D. Edwards] source code files and stored
24 those files on Rimini hosted servers as part of its development practices.” ECF No. 1085-3-s at 24.
25 She then lists several examples of such files. *Id.* Again, given the conflicting opinions of the
26 parties’ experts, the Court finds that there is an issue of material fact as to whether Rimini
27 improperly copied protected Oracle expression and then distributed that expression to multiple
28 Rimini clients.

1 iii. *Contractual Violation*

2 As a final alternative argument, Rimini states that even if it is found to have violated the
3 internal business operations provision within the licensing agreements, such a violation is only a
4 breach of contract issue and not copyright infringement. ECF Nos. 917, 927-s at 34. Rimini first
5 raised this argument in its reply brief on appeal to the Ninth Circuit, but contrary to Oracle’s
6 assertion that the Ninth Circuit “rejected” Rimini’s argument, the Court declined to address it
7 because Rimini improperly raised it for the first time in its reply brief. *Rimini I*, 879 F.3d at 957.

8 This Court addressed this argument in full above in Part IV.C.1.iv, and finds that a violation
9 of the “internal data processing operations” provision is a copyright violation, not a contract
10 violation. As Rimini presents no evidence or argument in this motion that changes the Court’s
11 above analysis, it sees no reason to further discuss the issue here.

12 Given that there are numerous issues of material fact pertaining to Rimini’s motion
13 regarding “know-how as cross-use,” the Court denies Rimini summary judgment.

14 3. The Court denies Rimini’s motion regarding cloud hosting.

15 Rimini next requests summary judgment on Oracle’s argument that Rimini clients hosting
16 their PeopleSoft software on cloud servers violates the “facilities” limitation contained within
17 legacy PeopleSoft license agreements. ECF Nos. 917, 927-s at 35.²⁶ The “facilities” limitation is
18 restricted to just these legacy PeopleSoft licenses, as both newer PeopleSoft licenses and licenses
19 for other software do not contain the restrictive “facilities” language. Following the Court’s ruling
20 that Rimini infringed Oracle’s copyrights by hosting its clients’ Oracle software on its own
21 computer systems, Rimini gave its clients two options—they could either host the software on
22 their own computer systems or on cloud servers. ECF Nos. 917, 927-s at 36. A number of clients
23 chose the cloud option and began to host their software on either Windstream (now known as
24 Tierpoint) or Amazon Web Services (“AWS”). *Id.* at 36–37. Rimini provided support to these
25 clients by using the client’s credentials to remotely access the software. *Id.*

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28 ²⁶ Oracle’s fifth motion for summary judgment requested the opposite relief. *See* ECF No. 930, 941-s. While
the Court denies Oracle’s motion because Rimini’s fair use affirmative defense remains, additional
arguments made in Oracle’s motion are discussed here.

1 Rimini argues that this new process of clients hosting their software on cloud servers does
2 not run afoul of the facilities restriction contained within the legacy PeopleSoft licenses. In
3 *Oracle I*, the Court analyzed two PeopleSoft license agreements and found that under both
4 licenses, it was a violation of the “facilities” provision for Rimini to host the client’s software on
5 Rimini servers. *Oracle USA*, 6 F.Supp.3d at 1096-1102. On appeal, the Ninth Circuit upheld this
6 court’s ruling that a plain reading of the phrase “licensee’s facilities” did not encompass Rimini’s
7 own servers. *Rimini I*, 879 F.3d at 959–60. In doing so, it was “necessary” for the district court to
8 read a requirement of control into the definition of “facilities.” *Id.* at 960. As Rimini failed to make
9 a showing that any customer had actual or even constructive control over Rimini’s internal servers,
10 it was in violation of the PeopleSoft facilities restriction. *Id.* (“The record supports the district
11 court’s conclusion that the Rimini servers where the copying took place were outside the control”
12 of Rimini’s customers.).

13 Based on this concept of “control,” Rimini argues that with the new cloud-based system,
14 its clients contract directly with either Windstream or AWS. ECF Nos. 917, 927-s at 36–37. Only
15 the client can authorize third parties to access the software, and the client must give a third-party
16 permission to make any changes to the software. *Id.* The client can also access the software
17 whenever it wants and make any changes it wants without input from Windstream or AWS. *Id.*
18 Oracle does not contest any of these facts but rather argues that unless a client has physical control
19 or ownership over the facilities, any cloud hosting of Oracle software violates the facilities
20 restriction. ECF Nos. 1053, 1085-s at 32–33.

21 The Court agrees with Rimini that the concept of control is vital to a determination of what
22 constitutes the licensee’ facilities. Additionally, the Court has reviewed a number of license
23 agreements that contain facilities restrictions, but not all are the same. As the Court determined
24 above, while all of the license provisions regarding the 47 gap customers would prohibit Rimini
25 from local hosting, the Court recognizes that some of those provisions are more restrictive than
26 others, some of which would likely prohibit cloud hosting. *See* ECF No. 896-11 at 6 (under the
27 PNMR Services Company’s license, a “Computer license allows you to use the licensed program
28 on a *single* specified computer.” (emphasis added)). Given how different these facilities

1 restrictions can be, the Court cannot make a blanket ruling that all cloud hosting is permitted under
2 any license. Rather, the Court would need to review each license and interpret the provision
3 accordingly. If the provision is in line with those facilities restrictions the Court has already
4 analyzed, the Court would then need to determine whether the client had *control* over its own
5 software. While Oracle is correct in arguing that Rimini clients may not have ownership of the
6 buildings in which the cloud hosted servers are housed or control over the physical servers
7 themselves, ownership does not necessarily equate to control. *See Rimini I*, 879 F.3d at 959–60.
8 The Ninth Circuit is well-aware that there is a difference between ownership and control, and if it
9 believed that the facilities restriction required ownership of the building housing the servers or the
10 servers themselves, it would have so stated.

11 Here, evidence from both Windstream and AWS demonstrates that only Rimini clients
12 have the authority to access the PeopleSoft software on the cloud servers. During his deposition,
13 Windstream’s corporate representative, Denny Heaberlin, testified that Windstream clients have
14 the ability to give authorization to third parties (like Rimini) to access their cloud-hosted content.
15 ECF No. 933-18-s at 6. However, of particular note, Heaberlin testified that if Rimini was listed
16 as the “primary point of contact, they would have the same level of access as the end client.” *Id.*
17 One of Rimini’s clients, Toll Brothers, noted that it “controlled” its account and could have it shut
18 down if it wished. ECF No. 942-1-s at 4–5. As for AWS, another Rimini client, Timex, testified
19 that it had access to the cloud based environments and could discontinue, shut down, and delete
20 the environments and that it would not be “appropriate” for Rimini to access its environments
21 without the client’s permission. ECF No. 942-4-s at 6. While these individual entities may have
22 testified as to their control over the cloud hosted software, that is not to say that every client that
23 uses the cloud hosting programs believes the same. And, regardless of whether the client believed
24 it to be in control, it is not to say that every client’s license approves cloud hosting. Accordingly,
25 the Court finds that there is a disputed question of material fact as to whether the license
26 agreements expressly allow for cloud hosting and if they do, whether the client exercised control
27 such that the cloud constituted its “facility.” Therefore, both Rimini’s and Oracle’s motions
28 regarding cloud hosting must be denied on this basis.

1 4. The Court denies Rimini's motion regarding its migration process.

2 Lastly, Rimini requests summary judgment on another one of Oracle's theories of
3 copyright infringement, namely that Rimini infringed Oracle's copyrights when it "migrated" its
4 clients' software from its own computer systems over to its clients' (or a third-party cloud
5 service).²⁷ Following the Court's February 2014 summary judgment order, Rimini states that it
6 began the process of transferring its clients' environments over to its clients by copying them to
7 flash drives or hard drives and then shipping them to the clients. ECF Nos. 917, 927-s at 40. Rimini
8 argues that this copying was "unavoidable" and "licensed." *Id.* at 40-41. Oracle counters by plainly
9 stating that this conduct constituted new copyright infringement. ECF Nos. 1053, 1085-s at 34.

10 The Court will deny Rimini summary judgment on this claim. The Court does not reach
11 the merits of this claim because Rimini has failed to identify which portion of the licensing
12 agreement allows for the copying of software between computer systems. As it is the entity
13 invoking the express license defense, it is Rimini's burden to direct the Court to the licensing
14 provision that permits its conduct. It has not done so here.

15 In its response to Oracle's fifth motion for partial summary judgment, Rimini argues that
16 its clients had complete control over the migration process, and therefore had "constructive
17 control," over the migration copying pursuant to the "facilities" restriction. *See* ECF No. 986-s at
18 32. It is clearly a stretch for Rimini to point to the facilities restriction provision to argue that it
19 was expressly licensed to make more copies of the software the Court had already held Rimini was
20 infringing. While the Court denied Oracle's fifth motion above outright because the fair use
21 defense remains, it must grant Oracle's motion as to the express license defense regarding
22 migration: Rimini can point to no express provision in the license that permitted it to make more
23 copies of the software after it was held to have infringed when it migrated the client's software
24 from its servers back to the client.

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28 ²⁷ Oracle also argues the contrary position in its fifth motion for summary judgment. *See* ECF No. 930,
941-s.

1 **V. CONCLUSIONS**

2 IT IS THEREFORE ORDERED that Oracle's first motion for partial summary judgment
3 on Rimini's second, fourth, and eighth causes of action regarding the cease and desist letter (ECF
4 Nos. 881, 886-s) is **GRANTED**.

5 IT IS FURTHER ORDERED that Oracle's second motion for partial summary judgment
6 on its first cause of action, copyright infringement, and Rimini's affirmative defenses (ECF
7 Nos. 888, 896-s) is **GRANTED in part** and **DENIED in part**. The Court denies Oracle summary
8 judgment on Rimini's statute of limitations defense.

9 IT IS FURTHER ORDERED that Oracle's third motion for partial summary judgment
10 (ECF No. 898, 904-s) is **GRANTED in part** and **DENIED in part**. The Court grants Oracle
11 summary judgment on Oracle's first counterclaim, copyright infringement, as it relates to Oracle's
12 copyrighted software found in the Campbell Soup and City of Eugene environments, at issue in
13 this motion. The Court grants Oracle summary judgment on Rimini's second affirmative defense
14 (express license) and seventh affirmative defense (fair use) as it relates to these copyrights.
15 Accordingly, the Court also grants Oracle summary judgment on Rimini's first cause of action for
16 declaratory judgment on non-infringement as to these copyrights. Because there is a material issue
17 of fact pertaining to whether Rimini is committing copyright infringement per se through its AFW
18 Tools software, the Court denies Oracle summary judgment on this claim.

19 IT IS FURTHER ORDERED that Oracle's fourth motion for partial summary judgment
20 regarding Rimini's fourth, sixth, and eighth causes of action and Rimini's improper damages
21 claims (ECF Nos. 916, 936-s) is **GRANTED in part and DENIED in part**. The Court denies
22 Oracle summary judgment as to Rimini's eighth cause of action for violations of the California
23 Business and Professions Code § 17200 *et seq.* as to Rimini's requested injunctive relief.

24 IT IS FURTHER ORDERED that Oracle's fifth motion for partial summary judgment
25 regarding Rimini's migration and Windstream hosting (ECF No. 930, 941-s) is **DENIED in part**
26 and **GRANTED in part**. The Court grants Oracle summary judgment on Rimini's express license
27 defense regarding its migration process.

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1 IT IS FURTHER ORDERED that Rimini's first motion for partial summary judgment
2 regarding preclusion of Oracle's gap customer claims (ECF Nos. 910, 913-s) is **DENIED**.

3 IT IS FURTHER ORDERED that Rimini's second motion for partial summary judgment
4 regarding its undisputed processes (ECF Nos. 917, 927-s) is **DENIED**.

5 IT IS FURTHER ORDERED that Oracle's motion on objections to evidence Rimini
6 submitted in opposition to Oracle's motion (ECF No. 1181) is **DENIED**.

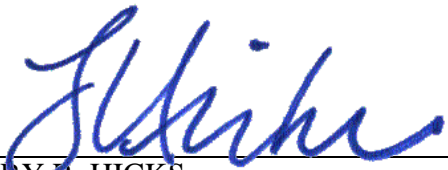
7 IT IS FURTHER ORDERED that the following motions to seal (ECF Nos. 895, 940,
8 1199), which were inadvertently left out of the Court's prior order (ECF No. 1240), are
9 **GRANTED *nunc pro tunc***.

10 IT IS FURTHER ORDERED that the parties shall submit a proposed joint pretrial order in
11 compliance with Local Rules 16-3 and 16-4 within **60 days** of the entry of this order.

12 The parties are reminded that **ANY and ALL** future pre-trial motions, **including but not**
13 **limited** to motions in limine, motions pertaining to witnesses or evidence, and motions to
14 reconsider, are limited to **one filing** per party per type of motion, of no more than **30 pages** in
15 length, not including tables of content, tables of authorities, signature pages, or other non-
16 substantive portions of the filing. Exhibits are limited to no more than **100 pages** per filing, not
17 including cover pages, and they must be evidentiary in nature. *See* ECF No. 1240; LR 7-3; LR IA
18 10-3.

19 IT IS SO ORDERED

20
21 DATED this 14th day of September, 2020.

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23 
24 LARRY R. HICKS
25 UNITED STATES DISTRICT JUDGE
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