

SUPERIOR COURT OF CALIFORNIA, COUNTY OF ORANGE

Central Justice Center
700 W. Civic Center Drive
Santa Ana, CA 92702

SHORT TITLE: Software Freedom Conservancy, Inc. vs. Vizio, Inc.

CLERK'S CERTIFICATE OF MAILING/ELECTRONIC SERVICE

CASE NUMBER:
30-2021-01226723-CU-BC-CJC

I certify that I am not a party to this cause. I certify that that the following document(s), Minute Order dated 12/29/23, was transmitted electronically by an Orange County Superior Court email server on December 29, 2023, at 1:40:21 PM PST. The business mailing address is Orange County Superior Court, 700 Civic Center Dr. W, Santa Ana, California 92701. Pursuant to Code of Civil Procedure section 1013b, I electronically served the document(s) on the persons identified at the email addresses listed below:

QUINN EMANUEL URQUHART & SULLIVAN, LLP
DANPOSNER@QUINNEMANUEL.COM

QUINN EMANUEL URQUHART & SULLIVAN, LLP
JOHNYIN@QUINNEMANUEL.COM

QUINN EMANUEL URQUHART & SULLIVAN, LLP
MICHAELWILLIAMS@QUINNEMANUEL.COM

RICHARD G SANDERS, PLLC
RICK@RICKSANDERSLAW.COM

SHADES OF GRAY LAW GROUP, P.C
DON@TCO.LAW

SHADES OF GRAY LAW GROUP, P.C
DTHOMPSON@SHADESOFGRAY.LAW

SHADES OF GRAY LAW GROUP, P.C
NERMAKOVA@SHADESOFGRAY.LAW

SHADES OF GRAY LAW GROUP, P.C
NGRAY@SHADESOFGRAY.LAW

VAKILI & LEUS, LLP
VAKILI@VAKILI.COM

Clerk of the Court, by: Richard B S, Deputy

CLERK'S CERTIFICATE OF MAILING/ELECTRONIC SERVICE

**SUPERIOR COURT OF CALIFORNIA,
COUNTY OF ORANGE
CENTRAL JUSTICE CENTER**

MINUTE ORDER

DATE: 12/29/2023

TIME: 01:36:00 PM

DEPT: C33

JUDICIAL OFFICER PRESIDING: Sandy Leal

CLERK: R. Burns

REPORTER/ERM:

BAILIFF/COURT ATTENDANT: J. Kempf

CASE NO: **30-2021-01226723-CU-BC-CJC** CASE INIT.DATE: 10/19/2021

CASE TITLE: **Software Freedom Conservancy, Inc. vs. Vizio, Inc.**

CASE CATEGORY: Civil - Unlimited CASE TYPE: Breach of Contract/Warranty

EVENT ID/DOCUMENT ID: 74180392

EVENT TYPE: Under Submission Ruling

APPEARANCES

There are no appearances by any party.

The Court, having taken the Motion for Summary Judgment under submission on 10-5-23 and having fully considered the arguments of all parties, both written and oral, as well as the evidence presented, now rules as follows:

Defendant Vizio, Inc.'s Motion for Summary Judgment or in the Alternative Motion for Summary Adjudication is DENIED.

Plaintiff's Request for Judicial Notice Submitted in Opposition (ROA 90) is GRANTED as to Exhibits 5-8, and DENIED as to Exhibits 1, 2, 9, 10, 11. As to Exhibits 3 and 4, the Court need not take judicial notice of the filings in this case. The Court does not take judicial notice of the truth of factual matters asserted in the documents. "A court may take judicial notice of the [e]xistence of each document in a court file, but can only take judicial notice of the truth of facts asserted in documents such as orders, findings of fact and conclusions of law, and judgments." (*People v. Franklin*, 63 Cal. 4th 261, 280 (2016)). (2016)).

Vizio's Request for Judicial Notice Submitted on Reply (ROA 127) is GRANTED as to Exhibit 1. The Court does not take judicial notice of the truth of factual matters asserted in the documents.

Plaintiff's Evidentiary Objections to Vizio's Compendium of Evidence and Declaration of Michael Williams (ROA 96)

Objection Nos. 1-17: The Court OVERRULES the "Objections to Vizio's Motion for Summary Judgment" and the "Objections to Vizio's Separate Statement of Undisputed Material Facts." Plaintiff's objections are not in compliance with Rule 3.1345 as Plaintiff objects to argument versus evidence.

The Objections to the Declaration of Michael Williams, are ruled upon as follows:

Objection Nos. 18, 22, 23, 27, 29, 36, 39, 40, 40, 47, 59: OVERRULE

Objection Nos. 26, 42, 44, 45, 46, 49, 56, 25: SUSTAIN

Objection Nos. 19, 21, 25, 28, 30, 31, 32, 33, 34, 35, 36, 37, 38, 41, 43, 48, 50, 51, 52, 53, 54, 55, 57: DECLINE TO RULE

Defendant Vizio does not cite to these exhibits in either the MSJ/MSA or the supporting Separate Statement. A MSJ must be accompanied by a “separate statement setting forth plainly and concisely all material facts which the moving party contends are undisputed.” (Code Civ. Proc. § 437(b).) Facts stated elsewhere need not be considered by the court. (See *Fleet v. CBS*, 50 Cal.App.4th 645, 648 n. 3 (1996)). Accordingly, the Court does not consider these documents as evidence supportive of Defendant Vizio’s motion. Therefore, the Court declines to rule on these evidentiary objections as the evidence will not be considered in ruling on this motion. All objections not ruled upon are preserved for appeal. (Code Civ. Proc. § 437c(q).)

The Court notes that Plaintiff’s Objection No. 24 is duplicative of Objection No. 23.

Defendant Vizio’s Objections to Plaintiff’s Declaration in Support of Plaintiff’s Opposition - Declaration of Bradley Kuhn

- Objection No. 1 – Overrule
- Objection No. 2 – Overrule
- Objection No. 3 – Overrule
- Objection No. 4 – Sustain
- Objection No. 5 – Overrule
- Objection No. 6 – Overrule
- Objection No. 7 – Overrule
- Objection No. 8 – Overrule
- Objection No. 9 – Sustain
- Objection No. 10 – Overrule

Vizio’s Objections to Plaintiff’s Declaration in Support of Plaintiff’s Opposition - Declaration of Denver Gingerich

- Objection No. 11 – Overrule
- Objection No. 12 - Overrule

MOTION FOR SUMMARY JUDGMENT/ADJUDICATION

Standard of Review

“A party may move for summary judgment in an action or proceeding if it is contended that the action has no merit or that there is no defense to the action or proceeding.” (CCP § 437c(a)(1).) “A party may move for summary adjudication as to one or more causes of action within an action, one or more affirmative defenses, one or more claims for damages, or one or more issues of duty, if the party contends that the cause of action has no merit, that there is no affirmative defense to the cause of action, that there is no merit to an affirmative defense as to any cause of action, that there is no merit to a claim for damages . . . , or that one or more defendants either owed or did not owe a duty to the plaintiff or plaintiffs.” (CCP § 437c(f)(1).) “A motion for summary adjudication shall be granted only if it completely disposes of a cause of action, an affirmative defense, a claim for damages, or an issue of duty.” (*Id.*)

“[T]he party moving for summary judgment bears the burden of persuasion that there is no triable issue of material fact and that he is entitled to judgment as a matter of law.” (*Aguilar v. Atl. Richfield Co.*, 25 Cal. 4th 826, 850 (2001)). “That is because of the general principle that a party who seeks a court’s

action in his favor bears the burden of persuasion thereon.” (*Id.*) Further, “the party moving for summary judgment bears an initial burden of production to make a prima facie showing of the nonexistence of any triable issue of material fact; if he carries his burden of production, he causes a shift, and the opposing party is then subjected to a burden of production of his own to make a prima facie showing of the existence of a triable issue of material fact.” (*Id.*) “[T]he opposing party is then subjected to a burden of production of his own to make a prima facie showing of the existence of a triable issue of material fact.” (*Id.*) “There is a triable issue of material fact if, and only if, the evidence would allow a reasonable trier of fact to find the underlying fact in favor of the party opposing the motion in accordance with the applicable standard of proof.” (*Id.*)

“If the defendant fails to meet this initial burden, it is unnecessary to examine the plaintiff's opposing evidence; the motion must be denied.” (*Orange Cty. Water Dist. v. Sabic Innovative Plastics US, LLC*, 14 Cal. App. 5th 343, 367 (2017)). “If the defendant ‘carries his burden of production, he causes a shift, and the opposing party is then subjected to a burden of production of his own to make a prima facie showing of the existence of a triable issue of material fact.’” (*Id.*) “[T]o determine whether there is a triable issue, we review the evidence submitted in connection with summary judgment, with the exception of evidence to which objections have been appropriately sustained.” (*Id.* at 367-68.)

Issue No. 1 – Whether Defendant Vizio is entitled to summary adjudication on Plaintiff’s first cause of action for breach of contract because it is preempted by the Copyright Act.

When the issues regarding federal preemption involve undisputed facts, it is a question of law whether a federal statute or regulation preempts a state law claim. (See *Smith v. Wells Fargo Bank, N.A.* (2005) 135 Cal.App.4th 1463, 1476.)

In this case, the undisputed facts are whether Plaintiff’s claim for breach of contract arising out of Vizio’s failure to provide the source code under the GPLs to third parties, such as Plaintiff, is preempted by the Copyright Act.

“Most courts have held that the Copyright Act does not preempt the enforcement of contractual rights.” (*Altera Corp. v. Clear Logic, Inc.*, 424 F.3d 1079, 1089 (9th Cir. 2005)). Copyright preemption is governed by Section 301(a) of the Copyright Act, which states that the Act preempts “all legal and equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified in section 106 ...” (*Kabehie v. Zoland*, 102 Cal.App.4th 513, 519 n 3 (2002) (“*Kabehie*”), quoting 17 U.S.C. § 301(a).) The rights exclusively reserved to a copyright owner under Section 106 of the Copyright Act are reproduction, adaptation, distribution, public performance, public display, and public performance of sound recordings by digital audio (the “Exclusive Rights”). (17 U.S.C. § 106.) “[F]or preemption to occur under the Act, two conditions must be met: first, the subject of the claim must be a work fixed in a tangible medium of expression and come within the subject matter or scope of copyright protection ..., second, the right asserted under state law must be equivalent to the exclusive rights contained in section 106.” *Id.* at 520 (cleaned up).

Under *Kabehie*, determining whether a contract claim enforces a right equivalent to an exclusive right under the Copyright Act requires a “fact-specific analysis of the particular promise alleged to have been breached and the particular right alleged to have been violated.” (*Kabehie*, 102 Cal.App.4th at 521.) All “breach of contract actions seeking to enforce the plaintiffs’ exclusive right to reproduce, perform, distribute or display copyrightable material” are preempted. (*Id.* at 523.) To avoid preemption, the “particular promise” and “particular right” must involve an “extra element” that “makes the causes of action qualitatively different from a copyright infringement action.” *Id.* at 529. For example, “a right to payment, a right to royalties, or any other independent covenant” would constitute an extra element sufficient to avoid preemption, as these rights are not exclusive rights under the Copyright Act. (*Id.* at 528.)

. - Does the source code fall within the subject matter of copyright?

Plaintiff's claims fall within the subject matter of copyright as they are based on computer software programs and source code, some of which are subject to the GPLs. Plaintiff does not dispute this fact in opposition.

. - Does Plaintiff seek to enforce an Exclusive right?

California courts have held that the Copyright Act only preempts claims that assert state law rights "equivalent to the exclusive rights contained in section 106" of the Act. (*Kabehie*, 102 Cal.App.4th at 520; *Fleet v. CBS, Inc.*, 50 Cal.App.4th 1911, 1919 (1996) ("*Fleet*"). A state law right is equivalent to the Exclusive Rights protected by copyright "when it is infringed by the mere act of reproducing, performing, distributing, or displaying the work at issue. A claim asserted to prevent nothing more ... is subsumed by copyright law and preempted." (*Fleet*, supra, 50 Cal.4th at 1924.) By contrast, if a state law right requires assertion of an "extra element ... instead of or in addition to the acts of reproduction, performance, distribution or display," then it is not equivalent to copyright "and there is no preemption." (*McCormick v. Sony Pictures Entm't*, 2008 U.S. Dist. LEXIS 145812, at *25 (C.D. Cal. Nov. 17, 2008) (quoting *Computer Assoc. Int'l v. Altai, Inc.*, 982 F.2d 693, 716 (2d Cir. 1992).) Thus, under the "extra element test," breach of contract claims are not preempted when "they require elements that are qualitatively different from the elements of a federal copyright infringement claim," such as "a contractual promise creating a right not existing under federal copyright law." (*Kabehie*, 102 Cal.App.4th at 517-18; see also *Altera*, 424 F.3d at 1089.)

Defendant Vizio argues that Plaintiff's breach of contract claim seeks to enforce rights equivalent to a copyright owner's Exclusive Right to control the copying and distribution of their copyrighted software. Specifically, Plaintiff seeks to enforce the GPLs' "Terms and Conditions for Copying, Distribution and Modification" of the copyrighted software. (Compendium at 12, Ex. 3.) The licenses state that "[a]ctivities other than copying, distribution and modification are not covered by th[e] GPLs; they are outside its scope." (*Id.* at 12, Ex. 3.) Thus, the GPLs grant a license to copy, modify, and distribute copyrighted software provided that the recipient complies with specified conditions, including the source code condition at issue, which states:

You may copy and distribute the Program (or a work based on it, under Section 2) in object code or executable form under the terms of Sections 1 and 2 above provided that you also do one of the following:

- a) Accompany it with the complete corresponding machine-readable source code...
- b) Accompany it with a written offer . . . to give any third party . . . a complete machine-readable copy of the corresponding source code[.]

Plaintiff alleges that Defendant Vizio breached this source code provision when it distributed Smart TVs incorporation GPL licensed software without providing the underlying source code. The ability to place restrictions or conditions on the copying and distribution of software, Defendant argues, is an Exclusive Right.

Moreover, Defendant asserts, the drafters of the GPLs, the FSF, publicly confirmed its intent that the GPLs are copyright licenses and that the right to enforce the GPLs, including the source code condition, belongs exclusively to the copyright holder. The website maintained by the FSF includes a link to Frequently Asked Questions about the GPLs. (Compendium at 68 (Exh. 8 (GNU FAQs).) The "Frequently Asked Questions about the GNU Licenses" includes the following statements:

Q: Who has the power to enforce the GPL?

A: Since the GPL is a copyright license, the copyright holders of the software are the ones who have the

power to enforce the GPL. If you see a violation of the GPL, you should inform the developers of the GPL-covered software involved. They either are the copyright holders, or are connected with the copyright holders.

Similarly, SFC's president, Bradley Kuhn, has admitted that "[a] GPL violation occurs when someone fails to meet the license requirements and thereby infringes copyright. The copyright rules themselves then are the only remedy to enforce the license . . . the parties who may enforce are copyright holders (and their designated agents)." (Compendium at 93 (Exh. 11 ("Some Thoughts on Conservancy's GPL Enforcement"))) (emphasis added).) But as noted in Plaintiff's opposition, Vizio fails to explain how statements by business personnel (made outside these proceedings) at some unknown point in time should be somehow binding on this Court.

Vizio cannot rely on Exhibit 8 as the Court has sustained the objection to this exhibit on the grounds that it is inadmissible hearsay. The FSF is not a party to this action and the documents cited by Vizio do not represent the FSF's testimony. There is no evidence regarding what entity maintains gnu.org and/or who created and maintains the content on the website. More importantly, any statements by FSF regarding its understanding of who can enforce the GPLs are not legal authority and not binding on the Court's consideration of this case.

Yet even assuming Exhibit 8 was admissible, nothing in the quoted language is contrary to a copyright holder's rights under the Copyright Act to bring claims for copyright violations. But that is not the situation here. Plaintiff asserts that failure to provide the source code is not a copyright infringement claim and nothing in Exhibit 8 contradicts or disproves that assertion.

Defendant Vizio further argues that failure to provide the source code is a "condition" to the license, and therefore, its breach constitutes a copyright infringement. In *MDY Industries, LLC v. Blizzard Entertainment, Inc.*, 629 F.3d 928, 939 (9th Cir. 2010), the Ninth Circuit explained how to determine whether the violation of a term in a copyright license gives rise to a claim for copyright infringement or instead for breach of contract. "[C]ontractual terms that limit a licensee's scope [are referred to] as 'conditions,' the breach of which constitute copyright infringement. We refer to all other license terms as 'covenants,' the breach of which is actionable only under contract law. We distinguish between conditions and covenants according to state contract law, to the extent consistent with federal copyright law and policy." (*Id.*) Courts thus look to state law to determine whether the license provision at issue constitutes a condition (resulting in copyright infringement) or a covenant (resulting in breach of contract). (See, e.g., *Jacobsen v. Katzer*, 535 F.3d 1373, 1383 (Fed. Cir. 2008) (applying state law to conclude that the terms of an open-source license were "enforceable copyright conditions" giving rise to copyright infringement)).

In *Jacobsen*, the plaintiff alleged copyright infringement of an open-source license, contending that the defendant distributed software without including, as required, "a description of how the files or computer code had been changed from the original source code." (*Id.* at 1376.) The Federal Circuit stated if the terms are conditions, "they may serve to limit the scope of the license and are governed by copyright law." (*Id.*) The Federal Circuit began by explaining the either-or analysis it needed to apply: "The heart of the argument on appeal concerns whether the terms of the Artistic License are conditions of, or merely covenants to, the copyright license. "If the terms are "merely covenants," they would be governed by contract law and support only a claim for breach of contract. (*Id.*)

Applying California law, the *Jacobsen* court found that the Artistic License provided for conditions that govern the rights to modify and distribute software. First, the Artistic License states on its face that the document creates conditions. (*Id.* at 1381.) Second, the Artistic License also uses the traditional language of conditions by noting that the rights to copy, modify, and distribute are granted "*provided that*" the conditions are met. Under California contract law, "provided that" typically denotes a condition. (*Id.*) The Federal Circuit found that "[t]he District Court's interpretation of the conditions of the Artistic License does not credit the explicit restrictions in the license that govern a downloader's right to modify and

distribute the copyrighted work. The copyright holder here expressly stated the terms upon which the right to modify and distribute the material depended and invited direct contact if a downloader wished to negotiate other terms. These restrictions were both clear and necessary to accomplish the objectives of the open source licensing collaboration, including economic benefit.” (*Id.* at 1381-1382.) Therefore, the District Court erred in finding that the terms of the Artistic License were not enforceable copyright conditions. (*Id.*)

Defendant Vizio concludes that like the Artistic License in *Jacobsen*, the GPLs condition the recipient’s right to copy and distribute software on providing the source code itself. Section 3 of the GPLv2 is the source code condition. It provides that software covered by GPLv2 may be distributed, but only “provided that [Vizio]” also “[a]ccompany it with the complete corresponding machine-readable source code” or “with a written offer . . . to give any third party . . . a complete machine-readable copy of the corresponding source code . . .” (*Id.*; Exh. 3 (GPLv2 § 3)). Thus, the use of the term “provided that” establishes a “condition” under California law (see *Jacobsen*, 535 F.3d at 1381), the violation of which gives rise to a claim for copyright infringement.

Plaintiff points out that Defendant Vizio has already unsuccessfully argued that the breach of contract claim is preempted by the Act. The District Court in ruling on the motion to remand this case back to state court found that “the right to receive the source code would appear to be ‘the very opposite’ of” the Exclusive Rights under the Copyright Act. (Remand Order at 6, Plaintiff Exh. 7.) Because such remedy was not available under the Act, no federal question was presented, and the District Court found it lacked jurisdiction.

In rendering its opinion, the District Court found the reasoning in *Versata Software, Inc. v. Ameriprise Fin., Inc.*, 2014 WL 950065, at *4-*5 (W.D. Tex. Mar. 11, 2014) (“*Versata*”), to be persuasive. In *Versata*, plaintiff *Versata*’s software incorporated a program governed by the GPLs into its own larger software program. (*Id.* at *3- *4.) When *Versata* sued its licensee, Ameriprise, for breach of a broader master license agreement, Ameriprise counterclaimed for breach of the GPL’s Source Code Provision. (*Id.* at *4.) *Versata* moved for summary judgment, arguing that Ameriprise’s counterclaim was preempted by copyright law because the Source Code Provision in the GPLs “amounts to nothing more than a promise to not commit copyright infringement.” (*Id.* at *13.) The *Versata* court rejected this argument, ruling that Ameriprise’s claim was based on “*Versata*’s breach of an additional obligation: an affirmative promise to make its derivative work open source because it incorporated an open source program into its software. The court stated:

Copyright law imposes no open source obligations, and Ameriprise has not sued *Versata* for infringing XimpleWare’s copyright by distributing VTD–XML without permission. Instead, Ameriprise has sued based on *Versata*’s breach of an additional obligation: an affirmative promise to make its derivative work open source because it incorporated an open source program into its software. Ameriprise’s claim therefore requires an “extra element” in addition to reproduction or distribution: a failure to disclose the source code of the derivative software. The presence of an additional contractual promise separate and distinct from any rights provided by the copyright laws means Ameriprise’s claim is not preempted.

(*Id.* at *5., internal citations omitted.)

Versata was followed by the Northern District of California in *Artifex*, which held that the Copyright Act did not preempt a contract claim alleging a breach of the GPL’s requirement to share source code. (*Artifex Software v. Hancom, Inc.*, 2017 U.S. Dist. LEXIS 62815 (N.D. Cal. Apr. 25, 2017) (“*Artifex*”).) In *Artifex*, defendant Hancom, incorporated GPL-licensed software in its own larger program. Like plaintiff in *Versata* and Vizio here, Hancom failed “to distribute its software with the accompanying source code.” (*Id.* at *4.) Hancom argued that *Artifex*’s contract claim was preempted by the Copyright Act because it alleged violations of the exact same exclusive federal rights to reproduce, distribute and make derivative copies protected by Section 106 of the Copyright Act. (*Id.* at *9-*10.) The *Artifex* court rejected Hancom’s

argument, followed *Versata*, and concluded that “a failure to disclose the source code of the derivative software” constitutes the required “‘extra element’ in addition to reproduction or distribution.” (*Id.* at *9, quoting *Versata*, 2014 U.S. Dist. LEXIS 30934, at *5.)

This Court also finds *Versata* and *Artifex* to be persuasive, especially since both cases involved source code violations similar to those alleged here.

But Defendant Vizio argues that the District Court’s remand order was inconsistent with controlling law and should not be followed. First, the District Court assumed that most breach of contract claims are not preempted. *Kabehie*, however, states the contrary, noting that “Congress intended to preempt most breach of contract actions, but not all.” (*Kabehie*, supra, 102 Cal.App.4th at 522.)

Second, the District Court relied on *Versata*, an unpublished remand ruling from the Western District of Texas. Vizio asserts that the *Versata* court’s holding ignores that the copyright holder is free to place conditions or restrictions on the copying, distribution or transfer of the software on the condition that the source code is provided, the violation of which constitutes copyright infringement.

Third, the District Court made much of the fact that SFC, as the master of its complaint, was not suing for copyright infringement and, in fact, could not assert such a claim because it “is not the copyright holder,” as was the case of the plaintiff in *Jacobsen*. (Compendium at 107 (Exh. 13 (Remand Order at 7)).) “The fact that one may not successfully sue for copyright infringement because he or she is not the copyright holder does not mean he or she is not preempted from attempting to sue on a claim that amounts to copyright infringement . . . it is the nature of the action not the identity of the plaintiff that controls.” (*Civic Partners Stockton, LLC v. Youssefi*, 218 Cal. App. 4th 1005, 1017 (2013)).

The Court does not find Defendant Vizio’s arguments persuasive. *Kabehie* does not foreclose the finding of a breach of contract claim. In fact, it states that a breach of contract claim can arise in certain situations where “the breach of contract action includes an extra element that makes it qualitatively different from a copyright infringement action, and therefore, avoids preemption.” (*Kabehie*, supra, 102 Cal.App.4th at 521.) Moreover, the District Court’s reliance on the rationale in *Versata* is not impermissible, especially where a California District Court in *Artifex* also found *Versata* persuasive on this issue.

Regarding *Jacobsen*, the plaintiff in that case was the holder of the license and asserted a copyright claim. The provision in the contract the defendant allegedly breached amounted to little more than “a promise not to infringe copyright.” (*Jacobsen*, supra, 609 F.Supp.2d at 933 (“The breach of contract claim alleges violations of the exact same exclusive rights protected by Section 106 of the Copyright Act, the exclusive right to reproduce, distribute, and make derivative copies.”).)

In this case, Plaintiff is not the holder of the license and is not alleging violations of any license that it holds. The Copyright Act’s primary purpose is to limit who may reproduce, prepare derivative works, distribute, and display protected works. Plaintiff’s claims do not invoke any of these remedies. Rather, Plaintiff seeks only to compel Defendant Vizio to provide it with the source code – a remedy that is not available under the Copyright Act.

Additionally, *MDY Industries* is not supportive of Vizio’s argument. As the District Court noted in its Remand Order, Defendant Vizio “misreads” *MDY*, which did not involve a contract claim and merely “limit [ed] which types of breaches are sufficient to state a copyright infringement claim. (Remand Order at 8, found at App., Exh. “7”). “[I]f anything, [MDY] created a presumption that most breaches of licensing agreements will not create a copyright claim, but instead, merely a breach of contract claim.” (*Id.*)

Lastly, Defendant Vizio’s argument that Plaintiff has asserted inconsistent positions by alleging in the BusyBox Complaint that “[i]f a distributor fails to [comply with the source-code provision], they are not

fulfilling the terms of the license” and “lose[] all rights granted under the License,” resulting in “Copyright Infringement.” (BusyBox Complaint, ¶¶ 14, 18.) However, as noted by the District Court in its Remand ruling: “It is well-established that the party who brings a suit is master to decide what law he will rely upon, and if he can maintain his claim on both state and federal grounds, he may ignore the federal question and assert only a state law claim and defeat removal. *Garcia v. Lopez*, 2009 WL 292492, at *2 (C.D. Cal. Feb. 5, 2009) (quotations omitted).” (Remand at p. 7.)

For the foregoing reasons, the Court finds that Plaintiff’s claim for breach of contract is not preempted by the Copyright Act, and Vizio’s motion for summary adjudication on this issue is DENIED.

Issue No. 2 – Whether Plaintiff is entitled to summary adjudication on the first cause of action for breach of contract because Plaintiff is not an intended third-party beneficiary to the open source software license at issue.

“Generally, it is a question of fact whether a particular third person is an intended beneficiary of a contract.” (*Spinks v. Equity Residential Briarwood Apartments*, 171 Cal.App.4th 1004, 1025 (2009), internal citation omitted.) If the issue can be answered by interpreting the contract as a whole and doing so in light of the uncontradicted evidence of the circumstances and negotiations of the parties in making the contract, the issue becomes one of law that the court can resolve independently. (*Id.*)

Defendant Vizio argues that, separate and apart from the preemption argument, Plaintiff cannot establish it is an intended third-party beneficiary of the GPLs.

To show the contracting parties intended to benefit it, a third party must show that, under the express terms of the contract at issue and any other relevant circumstances under which the contract was made, (1) “the third party would in fact benefit from the contract”; (2) “a motivating purpose of the contracting parties was to provide a benefit to the third party”; and (3) permitting the third party to enforce the contract “is consistent with the objectives of the contract and the reasonable expectations of the contracting parties.” (*Goonewardene v. ADP, LLC*, 6 Cal.5th 817, 830 (2019)).

In *Goonewardene*, the California Supreme Court rejected third-party standing under the “contractual objectives” prong because the real party to the contract was “fully capable of pursuing a breach of contract action” itself. (*Id.* at 836.) Vizio contends that there is no reason that they copyright holder, FSF, cannot pursue this action itself. Only the legal or beneficial owner of an exclusive right under a copyright has standing to sue. (See 17 U.S.C. § 501(b); see also, *Tresona Multimedia, LLC v. Burbank High Sch. Vocal Music Ass’n*, 953 F.3d 638, 645 (9th Cir. 2020) (holding that a licensee has no standing to sue unless granted exclusive rights by all owners of the copyright)).

But in this case, Plaintiff is not suing over an “exclusive right” under a copyright. In fact, the right it is suing is a right of third parties, such as Plaintiff, to receive the source code. Therefore, the Court does not find *Tresona Multimedia* applicable to this case.

Defendant Vizio does not dispute the first two elements of the *Goonewardene* test. What it disputes is that third party standing is inconsistent with the reasonable expectations of the contracting parties as well as those of the GPLs creator, the FSF. Unlike a traditional contract negotiation between two parties where there is give and take, the parties to the GPLs are prohibited from negotiating or changing the terms of the GPLs. The GPLs expressly state: “[e]veryone is permitted to copy and distribute verbatim copies of this license document, but changing it is not allowed.” Defendant Vizio argues that nothing in the text of the GPLs suggest that third parties have the right to allege violations of the GPLs.

But much of Defendant Vizio’s argument is based on inadmissible evidence, and there is no competent evidence that suggests that the intent of FSF was to preclude recipients of the source code as beneficiaries to the GPLs.

Plaintiff counters that the plain language of the GPLs makes clear that allowing recipients of GPL licensed software, such as SFC, to enforce their right to source code is consistent with the “objectives of the contract.” As the Preamble to the GPLs states:

General Public Licenses are designed to make sure that you have the freedom to distribute copies of free software (and charge for this service if you wish), that you receive source code or can get it if you want it, that you can change the software or use pieces of it in new free programs; and that you know you can do these things ...

“For example, if you distribute copies of such a program, whether gratis or for a fee, you must give the recipients all the rights that you have. You must make sure that they, too, receive or can get the source code. And you must show them these terms so they know their rights.”

Moreover, the source code provision specifically mentions third party rights, stating that distributors of GPL-licensed programs must provide the source code for such programs or “a written offer ... to give any third party ... a complete machine-readable copy of the corresponding source code.”

Allowing third parties such as SFC to enforce their rights to receive source code is not only consistent with the GPLs’ objectives; it is both essential and necessary to achieve these objectives. Recipients of GPL-licensed software will be assured of their right to receive source code only if they have standing to enforce that right.

Defendant Vizio’s assertion that copyright holders are fully capable of enforce the source code provision is incorrect. A review of Professor Eisenberg’s discussion of “donee beneficiaries” relied upon by the *Goonewardene* Court demonstrates the need of donee beneficiaries right to enforce contracts under which they will benefit from. As Professor Eisenberg’s article states:

A third-party beneficiary is a donee beneficiary when a performance objective of the contracting parties . . . is to give effect to a donative intention of the promisee by obliging the promisor to render a performance that will benefit the third party. *Seaver v. Ransom* is the paradigmatic case. An analysis of the facts of that case shows why a donee beneficiary should be permitted to enforce a contract ...

Recall that a performance objective of the contracting parties in that case, Judge and Mrs. Beman, as manifested in the contract read in the light of surrounding circumstances, was that a gift be made to Mrs. Beman’s niece Marion through the instrumentality of a contract that obliged Judge Beman to leave Marion a certain amount in his will. After Mrs. Beman’s death, Judge Beman broke the contract.

On these facts, allowing Marion to enforce the contract was an important if not necessary means of effectuating that performance objective. If the contract could not be enforced by Marion, it could be enforced only by Mrs. Beman’s estate. Mrs. Beman’s estate, however, would have had no economic incentive to enforce the contract, because the estate would bear all the costs of enforcement while Marion would reap all the benefits....

(Melvin Aron Eisenberg, *Third-Party Beneficiaries*, 92 Colum. L. Rev. 1358, 1389-90 (“*Eisenberg*”); see also *Goonewardene*, supra, 6 Cal.5th at 829 n.3 (referring to *Seaver v. Ransom* as “the classic donee-beneficiary case”).) Recipients of GPL licensed software will be assured of their right to receive source code only if they have standing to enforce the right. Like Mrs. Berman’s estate in *Seaver v. Ransom*, the copyright holders would have no economic incentive to enforce the source code provision in the GPLs because they would bear all the enforcement costs with no real benefit themselves.

Plaintiff also disagrees with Defendant Vizio’s contention that third-party standing is not consistent with the objectives of the contract whenever “the real party to the contract [is] ‘fully capable of pursuing a

breach of contract action' itself." (Memo at 17:19-21, *quoting Goonewardene*, 6 Cal.5th at 836.) The rule invented by Defendant Vizio is illogical, however, and would essentially eliminate third party standing altogether; theoretically, a party to a contract is always fully capable of enforcing the contract.

Defendant Vizio counters on reply that permitting application of the "reasonable expectations" standard, which explained that permitting third-party enforcement would be inconsistent with the parties' reasonable expectations when it would involve an unexpected and unwanted increase in litigation costs. (*Goonewardene*, 6 Cal.5th at 836.) If third parties such as Plaintiff should be able to sue to enforce the GPLs, this would open the potential for literally tens of thousands of lawsuits. But, as stated above, forcing the licensor of the GPLs would expose them to potentially millions of dollars in enforcement costs, with no real benefit themselves. Defendant Vizio, as the licensee, is responsible for ensuring that it complies with the terms of the license. As such, it would be more equitable to allow third parties to assert claims against a licensee who fails to adhere to the terms and conditions of the license.

None of the evidence submitted by Defendant Vizio strongly suggests that the GPLs intended to preclude third parties from bringing a claim against Defendant Vizio for violating the terms of the GPL license. There is no exclusionary language in the GPLs, and there is no evidence from FSF that speaks to this issue. Moreover, the language of the GPLs is not so certain so as to preclude other interpretations.

On the other hand, Plaintiff has presented sufficient evidence, including language from the license itself that suggests third parties were intended to benefit from the license through the right to receive the source code.

In light of the foregoing, the Court finds that a triable issue of material fact exists as to whether Plaintiff is a third beneficiary under the GPL license. Therefore, the Court DENIES the motion for summary adjudication on this issue.

Issue No. 3: Whether Vizio is entitled to summary adjudication on Plaintiff's second cause of action for declaratory relief because that claim is duplicative of Plaintiff's failed breach of contract claim.

Plaintiff's Second Cause of Action for Declaratory Relief seeks, among other things, judicial declarations of its right to source code and that Defendant Vizio's failure to provide source code is a material breach of the GPLs. Because Defendant Vizio is not entitled to judgment as a matter of law on Plaintiff's breach of contract claim, for all the reasons discussed above, it likewise is not entitled to judgment as a matter of law on SFC's declaratory relief claim. Therefore, summary adjudication on this issue is DENIED.

Moving party to give notice.