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12		ENTRIE GOSTICE CENTER	
13	SOFTWARE FREEDOM CONSERVANCY,	CASE NO. 30-2021-01226723-CU-BC-CJC	
14	INC., a New York Non-Profit Corporation,	CASE NO. 30-2021-01220723-CO-BC-CJC	
15	Plaintiff,	DEFENDANT VIZIO INC.'S NOTICE OF MOTION FOR SUMMARY JUDGMENT	
16	v.	OR IN THE ALTERNATIVE FOR SUMMARY ADJUDICATION;	
17	VIZIO, INC., a California Corporation; and DOES 1 through 50, Inclusive,	MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF	
18	Defendant.	[DECLARATION OF MICHAEL E.	
19	Berendant.	WILLIAMS AND COMPENDIUM OF EXHIBITS FILED CONCURRENTLY	
20		HEREWITH]	
21 22		Assigned for All Purposes to Judicial Officer: The Honorable James Crandall	
23		Dept. C33	
24		Action Filed: October 19, 2021	
		Hearing Date: July 13, 2023, 10:00 a.m.	
25		Hearing Reservation ID: 73955114	
26		Trial Date: September 25, 2023	
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NOTICE OF MOTION

PLEASE TAKE NOTICE that on July 13, 2023 at 10:00 a.m., in Department C33 of the
Central Justice Center at 700 Civic Center Drive, Santa Ana, CA 92701, Defendant VIZIO, Inc.
("VIZIO") will move this Court for summary judgment or, alternatively, summary adjudication, as
to Software Freedom Conservancy, Inc.'s ("SFC's") first and second causes of action for breach of
contract and declaratory relief. VIZIO makes this motion on the grounds that: (1) VIZIO is entitled
to summary judgment or adjudication on SFC's first claim for breach of contract because it is
preempted by the Copyright Act; (2) VIZIO is entitled to summary judgment or adjudication on
SFC's first claim for breach of contract because SFC is not an intended third-party beneficiary to
the open-source software licenses at issue (the GPLv2 and LGPLv2.1); and (3) VIZIO is entitled to
summary judgment or adjudication on SFC's second claim for declaratory relief because that claim
is duplicative of SFC's failed breach of contract claim. VIZIO bases this motion on the attached
memorandum of points and authorities, declaration of Michael E. Williams, compendium of
exhibits, all other briefing submitted in connection with this motion, and all matters for which this
Court can take judicial notice.

DATED: April 28, 2023

QUINN EMANUEL URQUHART & SULLIVAN, LLP

/s/ Michael E. Williams

Michael E. Williams Daniel C. Posner John Z. Yin Arian J. Koochesfahani Attorneys for Defendant.

VIZIO, Inc.

Case No. 30-2021-01226723-CU-BC-CJC

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Plaintiff Software Freedom Conservancy, Inc. ("SFC") seeks to bypass the broad preemptive scope of the Copyright Act and enforce two copyright licenses, claiming it is a third-party beneficiary of these licenses. Neither the Copyright Act nor California's law on third-party beneficiaries permits this result and SFC's claims must be dismissed on summary judgment. SFC's state-law claims for breach of contract and declaratory relief are preempted by the Copyright Act because they seek to enforce the exclusive rights granted to the copyright holder to control the manner in which a copyrighted work may be copied and distributed. Only the copyright holder—which SFC does not claim to be—has the right to enforce the license terms at issue in this case. Copyright law prohibits third-party enforcement of exclusive rights under the Copyright Act, thus precluding SFC's third-party beneficiary theory as a matter of law. SFC's claims are legally and factually unfounded and summary judgment should be entered for Defendant VIZIO, Inc. ("VIZIO").

This case involves two copyright licenses: the GNU General Public License version 2 ("GPLv2") and the GNU Lesser General Public License version 2.1 ("LGPLv2.1," collectively, "the GPLs"). The GPLs are copyright licenses by which the copyright holder grants licensees the right to copy, modify, and distribute "open source" software under certain conditions specified in the GPLs. One of these conditions, which is at issue in this litigation, grants licensees the right to copy and distribute the software so long as the licensee provides, or makes a written offer to provide, the underlying source code for the licensed software and any modifications thereto (hereinafter the "source code condition" of the GPLs). SFC alleges VIZIO violated the GPLs when it copied and distributed software, some of which is subject to the GPLs, in certain VIZIO Smart TVs without providing, or making a written offer to provide, the underlying source code. SFC alleges it has standing to enforce the source code condition solely as a third-party beneficiary to the GPLs. SFC's arguments are without merit.

First, SFC's contract claim is preempted by the Copyright Act. Under controlling law, a contract claim is preempted when it seeks to enforce an exclusive right under the Copyright Act, which includes the right to control the copying and distribution of a copyrighted work. SFC seeks

to do just that. It is attempting to substitute itself for the copyright holder to enforce a condition of the GPLs that permits licensed software to be *copied and distributed* only with the accompanying source code or a written offer to provide that source code upon request. SFC's allegations, if true, would give rise to a claim for copyright infringement by the copyright holder, not breach of contract by a third party. Because SFC's claim does not contain any "extra element" that transforms it into a claim that is qualitatively different from a claim for copyright infringement, it is preempted by the Copyright Act and must be dismissed.

Second, and independent of copyright preemption, SFC does not have standing to enforce the GPLs as a third-party beneficiary. Because the GPLs are copyright licenses that govern the exclusive rights to control the copying and distribution of the software, the copyright holder is the only party with the right to enforce the GPL license terms as a matter of copyright law. Moreover, under California law, third-party beneficiary standing is not permitted where it would contradict the objective goals or reasonable expectations of the parties to the license. Here, the author and ultimate authority on the GPLs, the Free Software Foundation ("FSF"), has publicly acknowledged that only the copyright holders have the right to enforce the GPLs' terms because the GPLs are copyright licenses. Prior to filing this lawsuit, SFC also publicly acknowledged this fact. Thus, SFC's third-party beneficiary theory is inconsistent with copyright law, the objective goals of the GPLs, the reasonable expectations of the parties and the GPLs' author, and SFC's own prior admissions.

Finally, SFC's claim for declaratory relief—which is based on the same allegations supporting its claim for breach of contract—is duplicative and fails for the same reasons as its claim for breach of contract.

For the reasons explained herein, VIZIO is entitled to summary judgment, or in the alternative, summary adjudication, on each of SFC's claims.

STATEMENT OF FACTS

VIZIO designs, markets, and sells Smart TVs. (Register of Actions ("ROA") #2 (Complaint at ¶¶ 32-35).) SFC is a non-profit that recently launched a "New Strategy for GPL Enforcement," including "[l]itigation to enforce against [alleged] license violators that do not voluntarily comply in a timely manner." (Compendium of Exhibits ("Compendium") at 3 (Exh. 1 (New Strategy

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Announcement)).) SFC sued VIZIO on October 19, 2021 in this Court, seeking specific performance and declaratory relief on the basis of a breach of contract theory, claiming standing as a third-party beneficiary to the copyright licenses at issue. (ROA #2 (Complaint at ¶¶ 87-134).) The copyright licenses are the GNU General Public License version 2 ("GPLv2") and the GNU Lesser General Public License version 2.1 ("LGPLv2.1"). (Id. at ¶ 15; see also Compendium at 11 (Exh. 3 (GPLv2)); id. at 18 (Exh. 4 (LGPLv2.1)).) These are "open-source licenses," intended to foster collective progress in software design. (ROA #2 (Complaint at ¶¶ 18-21).) They govern the "copying, distribution and modification" of certain open-source software (in the case of GPLv2) and certain libraries of software functions (in the case of LGPLv2.1). (Id. (Complaint at ¶¶ 15, 28, 37); see also Compendium at 11 (Exh. 3 (GPLv2)); id. at 18 (Exh. 4 (LGPLv2.1)).) The GPLs travel with each software distribution, binding each licensee to the same terms and conditions. (Compendium at 12-13 (Exh. 3 (GPLv2 § 1-2, 6)); id. at 20, 22 (Exh. 4 (LGPLv2.1 § 1-2, 10)).)

The FSF created the GPLs as part of the GNU Project for open-source software with the purpose of "protect[ing] your rights with two steps: (1) copyright the software, and (2) offer you this license which gives you legal permission to copy, distribute and/or modify the software." (Id. at 11 (Exh. 3 (GPLv2 Preamble)) (emphasis added); see also id. at 26 (Exh. 5 (SFC August 7, 2018) Letter at 1)).) The GPLv2 applies to "any program or other work which contains a notice placed by the copyright holder saying it may be distributed under the terms of this General Public License." (Id. at 12 (Exh. 3 (GPLv2 § 0)) (emphasis added).) It provides "TERMS AND CONDITIONS FOR COPYING, DISTRIBUTION AND MODIFICATION." (Id. (Exh. 3 (GPLv2)).) It also states that "[a]ctivities other than copying, distribution and modification are not covered" by them; "they are outside [their] scope." (Id. (Exh. 3 (GPLv2 § 0)).)

Sections 1, 2(b) and 6 of the GPLv2 require that the license travel with the software and bind downstream recipients of the software. Section 1 requires "a copy of this License along with the Program" to accompany each software distribution. (Id. (Exh. 3 (GPLv2 § 1)).) Section 2(b) provides that software may be copied or modified, and then distributed, "provided that" it is "licensed as a whole at no charge to all third parties under the terms of this License." (*Id.* (Exh. 3) (GPLv2 § 2(b))).) Section 6 provides that "[e]ach time you redistribute the Program (or any work based on the Program), the recipient automatically receives a license from the original licensor to copy, distribute or modify the Program subject to these terms and conditions. You may not impose any further restrictions on the recipients' exercise of the rights granted herein. You are not responsible for enforcing compliance by third parties to this License." (*Id.* at 13 (Exh. 3 (GPLv2 § 6)).)

Section 3 of the GPLv2 is the source code condition. It provides that software covered by GPLv2 may be distributed, but only "provided that you" 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)).)

Section 4 conditions the license on Sections 1-3: "You may not copy, modify, sublicense, or distribute the Program except as expressly provided under this License. Any attempt otherwise to copy, modify, sublicense or distribute the Program is void, and will automatically terminate your rights under this License." (*Id.* (Exh. 3 (GPLv2 § 4)).)

The LGPLv2.1 imposes similar conditions on the copying and distribution of software "libraries," which are "collection[s] of software functions and/or data prepared so as to be conveniently linked with application programs (which use some of those functions and data) to form executables." (*Id.* at 19-22 (Exh. 4 (LGPLv2.1 §§ 0-6)).)

SFC admits that the FSF is the "GPL's author and primary interpreter since 1989." (*Id.* at 26 (Exh. 5 (SFC August 7, 2017 Letter at 1)); *see also id.* at 34 (Exh. 7 (SFC Announcement of GPL Guide) ("[The FSF is] the author, primary interpreter, and ultimate authority on the GPL")).) On the GNU Project website maintained by the FSF, the FSF provides a "Frequently Asked Questions" page, which states clearly that "the copyright holders of the software are the ones who have the power to enforce the GPL." (*Id.* at 68 (Exh. 8 (GNU FAQs)).) The FSF further explains that "we cannot act on our own where we do not hold copyright. Thus, be sure to find out who are the copyright holders of the software, and report the violation to them." (*Id.* at 82 (Exh. 9 (Violations of the GNU Licenses)).) Thus, according to the FSF—the author of, and ultimate authority on, the

copyright licenses at issue—its intent in creating the GPLs is to limit enforcement to only the copyright owners of covered software, which (as explained below) is consistent with copyright law.

Indeed, SFC repeatedly acknowledged to VIZIO and the general public that the GPLs function as copyright licenses, the violation of which gives rise to copyright infringement. In correspondence from SFC to VIZIO prior to filing this lawsuit, SFC asserted that VIZIO's alleged violations of the source code condition "instantly terminated all [VIZIO's] rights," resulting in "copyright infringement." (Id. at 26 (Exh. 5 (SFC August 7, 2018 Letter at 1)) (emphasis added).) In subsequent correspondence, SFC continued to characterize VIZIO's alleged non-compliance as creating "copyright-infringing products." (Id. at 85 (Exh. 10 (SFC Email to VIZIO)).) In fact, prior to this lawsuit, SFC's president Bradley Kuhn publicly stated that "[t]he copyright rules themselves then are the only remedy to enforce the [GPLs]... the parties who may enforce are copyright holders (and their designated agents)." (Id. at 93 (Exh. 11 ("Some Thoughts on Conservancy's GPL Enforcement")).)

SFC's Complaint alleges that VIZIO distributed software, some of which is subject to the GPLs, as part of its Smart TVs, but failed to provide the underlying source code or a written offer to provide that source code as required by the GPLs. (ROA #2 (Complaint at ¶¶ 37-38, 48-77).) SFC does not allege it is the copyright holder of the software at issue. (*Id.* (Complaint at ¶¶ 44, 109-26); *see also* Compendium at 107 (Exh. 13 (Remand Order at 7)).) Instead, SFC contends that as a purchaser of a product incorporating GPL-licensed software, it is an intended third-party beneficiary of the GPLs, and can sue for breach of contract based on VIZIO's failure to provide source code. (ROA #2 (Complaint at ¶¶ 44, 109-26).)

PROCEDURAL HISTORY

On October 19, 2021, SFC sued VIZIO in this Court. (ROA #2 (Complaint).) On November 29, 2021, VIZIO filed a notice of removal to federal court. (Compendium at 111 (Exh. 14 (Notice at 1)).) VIZIO asserted federal question jurisdiction on the basis of the complete preemption doctrine. (*Id.* at 113 (Exh. 14 (Notice at 2)).) The complete preemption doctrine is an exception to the "well-pleaded complaint" rule and "states that while couched in state contract or tort terms, federal jurisdiction exists if the issues actually raise an essentially federal question." *Moreau v. San*

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Diego Transit Corp., 210 Cal. App. 3d 614, 620-621 (1989). VIZIO then filed a motion to dismiss on the ground that SFC's state-law claims were preempted by the Copyright Act and SFC lacked standing to assert copyright infringement claims because it was not the copyright holder. (Compendium at 123 (Exh. 15 (Federal District Court Docket at Entry ("Dk. Entry") #12)).) SFC filed a motion to remand, arguing that the complete preemption doctrine did not apply and that subject-matter jurisdiction was therefore lacking. (*Id.* (Ex. 15 (Dk. Entry #16)).)

On May 13, 2022, the federal District Court granted SFC's motion to remand finding that the complete preemption doctrine did not apply, without ruling on the merits of VIZIO's motion to dismiss. (*Id.* at 108-09 (Exh. 13 (Remand Order at 8-9)).) Because the District Court's remand order was based on a lack of subject-matter jurisdiction, it was not reviewable on appeal. *See, e.g., Things Remembered, Inc. v. Petrarca*, 516 U.S. 124, 127-28 (1995) ("As long as a District Court's remand is based on a timely raised defect in removal procedure or on lack of subject-matter jurisdiction . . . a court of appeals lacks jurisdiction to entertain an appeal of the remand order under § 1447(d)."). Therefore, on June 21, 2022, VIZIO answered SFC's complaint, asserting copyright preemption and lack of standing, among others, as affirmative defenses to SFC's claims. (ROA #30 (Answer at 2-3).)

ARGUMENT

I. THE FEDERAL COURT'S REMAND ORDER HAS NO BEARING ON VIZIO'S ABILITY TO RAISE COPYRIGHT PREEMPTION AS A DEFENSE IN STATE COURT

As an initial matter, a remand order declining to exercise federal subject-matter jurisdiction under the complete preemption doctrine has no effect on a defendant's ability to raise preemption as a defense in subsequent state-court proceedings. *See Moreau*, 210 Cal. App. 3d at 620-21. Complete preemption is a jurisdictional doctrine which looks to whether the complaint raises an essentially federal question, not whether there is "any preemption defense which might be raised in state court and which might ultimately defeat the cause of action." *Id.* at 620. As such, "[w]hen a federal court grants a motion to remand in the present context, it does nothing more than determine the complaint fails, either directly or by operation of 'the artful pleading' doctrine, to state a question

arising under federal law. It does not determine whether a preemption defense can be successfully offered in state court when the entire case is considered." *Id.* at 621; *see also United Airlines, Inc. v. Superior Court*, 234 Cal. App. 3d 1085, 1090 (1991) ("The exercise of a federal District Court's unreviewable power to remand claims to state court, of course, is not necessarily the same as a determination of whether those claims on their merits—even though not removable to federal court—would nonetheless be preempted by federal law if asserted by way of defense in state court.").

Thus, because a remand ruling does not address the merits of a preemption defense, it is not uncommon for California courts to find state-law claims preempted by federal law despite a prior federal court's remand order finding no complete preemption. *See, e.g., AT&T Commc'ns, Inc. v. Superior Ct.*, 21 Cal. App. 4th 1673, 1684 (1994) (finding state-law claims preempted under ERISA despite federal court's remand order finding no complete preemption); *Moreau*, 210 Cal. App. 3d at 625 (finding state-law claims preempted by § 301 of the NLRA despite federal court's remand order finding no complete preemption). The same situation arises here. Notwithstanding the District Court's remand order finding no complete preemption, SFC's state-law claims are preempted by the Copyright Act.

II. SFC'S CLAIMS ARE PREEMPTED BECAUSE THEY SEEK TO ENFORCE EXCLUSIVE RIGHTS UNDER THE COPYRIGHT ACT

A. The California Court Of Appeal Has Provided The Analytical Framework For Determining When A Contract Claim Is Preempted By The Copyright Act.

In *Kabehie v. Zoland*, the California Court of Appeal established the framework for analyzing when a contract claim is preempted by the Copyright Act. 102 Cal. App. 4th 513, 520-28 (2002). The Copyright Act preempts "all legal and equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright[.]" *Id.* at 519 n.3 (quoting 17 U.S.C. § 301(a)). "[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). The exclusive

rights contained in section 106 include the right "to do and to authorize" the reproduction, modification, and distribution of the copyrighted work. 17 U.S.C. § 106.

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. In most cases, however, "the promise is equivalent to copyright . . . [because t]he promisor has merely agreed to do that which the promisor is already obligated to do under federal copyright law." *Id.* (cleaned up). Indeed, "Congress intended to preempt most breach of contract actions, but not all." *Id.* at 522; *see also id.* at 524 ("most, but not all, breach of contract actions are preempted by the Act"). Applying *Kabehie* to the facts here confirms that SFC's breach of contract claim is preempted.

B. The First Prong Of The Preemption Test Is Satisfied Because Source Code Falls Within The Subject Matter Of Copyright.

SFC's claims are based on computer programs and source code, some of which are subject to the GPLs. (ROA #2 (Complaint at ¶¶ 15-31).) It is well-established that these fall within the subject matter of copyright. *See, e.g., Oracle Am., Inc. v. Google Inc.*, 750 F.3d 1339, 1355 (Fed. Cir. 2014). SFC does not dispute this. (Compendium at 104 (Exh. 13 (Remand Order at 4)).)

C. The Second Prong Of The Preemption Test Is Met Because SFC Seeks To Enforce Exclusive Rights Under The Copyright Act To Control The Copying And Distribution Of Copyrighted Works.

SFC's breach of contract claim seeks to enforce rights equivalent to the copyright owner's exclusive rights under the Copyright Act, which include the right to control the copying and

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¹ SFC considered VIZIO's alleged conduct to constitute copyright infringement before filing this lawsuit. *See supra* at 5.

² The LGPLv2.1 equivalent language is: "You may *copy and distribute* the Library (or a portion or derivative of it, under Section 2) in object code or executable form under the terms of Sections 1 and 2 above *provided that* you accompany it with the complete corresponding machine-readable source code . . ." (Compendium at 21 (Exh. 4 (LGPLv2.1 § 4)) (emphasis added).)

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do and to authorize" the manner in which copying and distribution occurs. 17 U.S.C. § 106. As the Ninth Circuit has explained, the copyright owner of software has the exclusive right to "significantly restrict[] the user's ability to transfer the software[.]" *Vernor v. Autodesk, Inc.*, 621 F.3d 1102, 1111 (9th Cir. 2010). A transfer of software in violation of these restrictions "infringe[s the copyright holder's] exclusive right to distribute copies of its work." *Id.* at 1112; *see also Jacobsen v. Katzer*, 535 F.3d 1373, 1381 (Fed. Cir. 2008) ("Copyright holders who engage in open source licensing have the right to control the modification and distribution of copyrighted material."). Thus, by seeking to enforce the GPLs' source code condition on the copying and distribution of copyrighted software, SFC's breach of contract claim is an attempt to enforce the copyright holder's exclusive right to control how this software may be copied and distributed. *See* 17 U.S.C. § 106(1), (3).

In fact, the drafter and primary interpreter of the GPLs, the FSF, has 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.

(*Id.* (Exh. 8 (GNU FAQs)) (emphasis added).) The FSF even states: "If you think you see a violation of the GNU GPL [or] LGPL . . . you should send a precise report to the copyright holders of the packages that are being wrongly distributed . . . The FSF offers assistance and advice to any other copyright holder who wishes to enforce GNU licenses. *But we cannot act on our own where we do not hold copyright*. Thus, be sure to find out who are the copyright holders of the software, and report the violation to them." (Compendium at 82 (Exh. 9 (GNU Violations)) (emphasis added).)

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).) These statements by FSF and admissions by SFC are entirely consistent with copyright law, which only allows the copyright holder to enforce exclusive rights under the Copyright Act. 17 U.S.C. § 501(b); *see also infra* at 17-18.

D. There Is No Extra Element That Makes SFC's Breach of Contract Claim Qualitatively Different From Copyright Infringement.

SFC's claim here does not contain any extra element "that changes the nature of the action so that it is *qualitatively different* from a copyright infringement claim." *Kabehie*, 102 Cal. App. 4th at 521. This is because the distribution of copyrighted software in violation of the GPLs gives rise to a claim for copyright infringement, not breach of contract. *See Vernor*, 621 F.3d at 1111-12 (transferring software in violation of restrictions in the license constitutes copyright infringement); *Jacobsen*, 535 F.3d at 1381 (same).

In MDY Industries, LLC v. Blizzard Entertainment, Inc., 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. 629 F.3d 928, 939 (9th Cir. 2010). "[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, 535 F.3d at 1383 (applying state law to conclude that the terms of an open-source license were "enforceable copyright conditions" giving rise to copyright infringement); Sohm v. Scholastic Inc., 959 F.3d 39, 45-48 (2d Cir. 2020) (applying state law to conclude that "the print-run limitations

were conditions precedent, the violation of which gave rise to claims for copyright infringement"); *Rimini St., Inc. v. Oracle Int'l Corp.*, 473 F. Supp. 3d 1158, 1207, 1029 (D. Nev. 2020) (evaluating defendant's argument that its breach of the license "is not a copyright violation, but is instead a contract violation," and concluding that the violation was a "copyright-enforceable condition, not a contract violation").

The Federal Circuit's opinion in *Jacobsen v. Katzer* is particularly instructive, where facts similar to those here gave rise to copyright infringement claims rather than a breach of contract claim. 535 F.3d 1373 (Fed. Cir. 2008). 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 defendant argued that the plaintiff failed to state a claim for copyright infringement. *Id.* at 1376-77. 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." *Id.* at 1380. If the terms are conditions, "they may serve to limit the scope of the license and are governed by copyright law." *Id.* If the terms are "merely covenants," they would be governed by contract law and support only a claim for breach of contract. *Id.*

Jacobsen then applied California law to explain why the license provisions were "enforceable copyright conditions" giving rise only to a claim for copyright infringement. *Id.* at 1381-83. First, the license "states on its face that the document creates conditions: 'The intent of this document is to state the *conditions* under which a Package may be copied." *Id.* at 1381. Second, the license "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.* (citing *Diepenbrock v. Luiz*, 159 Cal. 716, 115 (1911)). *Jacobsen* thus reversed the district court for failing to "credit the explicit restrictions in the license that govern a downloader's right to modify and distribute the copyrighted work." *Id.*

The facts here similarly give rise to a claim for copyright infringement, not breach of contract. Like the license in *Jacobsen*, the GPLs state on their face that they create the "conditions"

at 19 (Exh. 4 (LGPLv2.1 (Preamble))).) Similar to the license in *Jacobsen*, which conditioned copying and distribution on providing a description of changes to the software's source code, the GPLs condition the recipient's right to copy and distribute software on providing the source code itself. (*Id.* at 13 (Exh. 3 (GPLv2 § 3)); *id.* at 21 (Exh. 4 (LGPLv2.1 § 4)).) Further, like the license in *Jacobsen*, the GPLs grant the recipient a right to copy and distribute the software "*provided that*" the recipient comply with the source code condition. (*Id.*) 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. *See MDY Industries*, 629 F.3d at 939. Even SFC's president, Bradley Kuhn, has publicly admitted that "[a] GPL violation occurs when someone fails to meet the license requirements and thereby infringes copyright." (Compendium at 93 (Exh. 11 ("Some Thoughts on Conservancy's GPL Enforcement")).)

for copying, distribution and modification." (Compendium at 12 (Exh. 3 (GPLv2 (Preamble))); id.

Thus, because the allegations here, if true, give rise to copyright infringement rather than breach of contract, it follows that SFC's contract claim is preempted. As *Kabehie* explained, the "extra element" needed to avoid preemption must transform the claim into one that is qualitatively different from a copyright infringement claim. *See Kabehie*, 102 Cal. App. 4th. at 521. Here, the particular condition underlying SFC's breach of contract claim is "merely agree[ing] to do that which the promisor is already obligated to do under federal copyright law"—namely, to comply with the source code condition of the GPLs when copying and distributing the software—and, as such, SFC's claim is preempted. *Kabehie*, 102 Cal. App. 4th at 528.

E. The District Court's Remand Order Is Inconsistent With Controlling Law.

As noted above, the District Court's remand order based on the lack of subject-matter jurisdiction has no effect on the merits of VIZIO's preemption defense. *See supra* at 6-7. Nevertheless, the District Court's remand ruling does not survive scrutiny for a number of reasons.³

First, the District Court assumed that most breach of contract claims are not preempted. (Compendium at 105 (Exh. 13 (Remand Order at 5)).) But the California Court of Appeal rejected

³ The District Court's remand order was not reviewable on appeal precisely because it was based on a lack of subject-matter jurisdiction. *See Things Remembered*, 516 U.S. at 127.

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this notion in Kabehie, noting to the contrary that "Congress intended to preempt most breach of contract actions, but not all." *Kabehie*, 102 Cal. App. 4th at 522.

Second, the District Court relied on an unpublished remand ruling from the Western District of Texas, which found that the source code condition of the GPLs was the "extra element" avoiding preemption because "copyright law imposes no open source obligations." (Compendium at 105 (Exh. 13 (Remand Order at 5 (discussing Versata Software, Inc. v. Ameriprise Fin., Inc., 2014 WL 950065, at *4-5 (W.D. Tex. Mar. 11, 2014)))).) Relying on Versata, the District Court concluded that the source code condition constituted "an additional contractual promise separate and distinct from any rights provided by the copyright laws." (Id. at 106 (Exh. 13 (Remand Order at 6)).) But that conclusion ignores that the copyright holder is free to place conditions or restrictions on the copying, distribution or transfer of the software, the violation of which constitutes copyright infringement. See Vernor, 621 F.3d at 1111-12; Jacobsen, 535 F.3d at 1383. Contrary to the District Court's reasoning, the copyright holders have permitted the copying and distribution of their software on the condition that the source code is provided, which they are entitled to do pursuant to their exclusive rights to control the manner in which their copyrighted works are copied and distributed under the Copyright Act. See 17 U.S.C. § 106(1),(3). Even SFC's president, Bradley Kuhn, has admitted that "[t]he copyright rules themselves then are the only remedy to enforce the license[s.]" (Compendium at 93 (Exh. 11 ("Some Thoughts on Conservancy's GPL Enforcement")).)⁴

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." (Compendium at 107 (Exh. 13 (Remand Order at 7)).) That reasoning, too, ignores California law. "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

⁴ The GNU Comprehensive Tutorial and Guide that SFC hosts and sponsors similarly states that the "copyright holders (or their agents) are the [sic] ultimately the sole authorities to enforce [the GPL] and protect the rights of users." (Compendium at 150 (Exh. 23 (Chapter 13)) (emphasis added).)

not the identity of the plaintiff that controls." Civic Partners Stockton, LLC v. Youssefi, 218 Cal. App. 4th 1005, 1017 (2013) (emphasis in original); see also AT&T Commc'ns, 21 Cal. App. 4th at 1679 ("Preemption depends upon the factual basis for the complaint, not whether the complaint on its face states a [federal] cause of action[.]"). In other words, neither SFC's standing to sue for copyright infringement nor its decision to sue under contract law has any bearing on the preemption analysis; the relevant inquiry is whether the plaintiff is seeking to enforce rights that are equivalent to exclusive rights under the Copyright Act.⁵

Fourth, the District Court attempted to distinguish Jacobsen, but the court's analysis only further supported VIZIO's position. The District Court noted that the violation of the open source condition in Jacobsen "amounted to little more than a promise not to infringe copyright" because the rights being asserted under the contract were equivalent to those under the Copyright Act, including "the exclusive right to reproduce, distribute and make derivative copies." (Compendium at 107 (Exh. 13 (Order at 7 (quoting Jacobsen v. Katzer, 609 F. Supp. 2d 925, 933 (N.D. Cal. 2009)))).) As discussed above (see supra at 11-13), exactly the same is true here, where the rights being asserted under the GPLs are equivalent to the exclusive right to control the copying and distribution of licensed software. The District Court also relied on the fact that in Jacobsen, the plaintiff was the copyright holder and thus able to assert a claim for infringement. (Compendium at 107-08 (Exh. 13 (Order at 7-8)).) As noted above, however, this fact is irrelevant for purposes of the copyright preemption analysis. See Civic Partners, 218 Cal. App. 4th at 1017.

Finally, the District Court failed to properly apply MDY Industries, 629 F.3d at 939. (Compendium at 108 (Exh. 13 (Order at 8)).) While the District Court correctly recognized that

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⁵ The District Court similarly erred in stating that even if VIZIO violated the source code condition of the GPLs, SFC is free to ignore a copyright claim and only assert a state law claim, citing an unpublished case with virtually no analysis of this point. (Compendium at 107 (Exh. 13 (Remand Order at 7 (citing Garcia v. Lopez, 2009 WL 292492, at *1-2 (C.D. Cal. Feb. 5, 2009)))).) A violation of the same license term cannot give rise to both a claim for copyright infringement and breach of contract without violating the express preemption clause of 17 U.S.C. § 301, which preempts all state law claims that seek to enforce legal or equitable rights covered by the Copyright Act. It is conceivable that a plaintiff could have a claim for copyright infringement based on the violation of a *condition* in a license while also having a separate claim for breach of contract based on the violation of an independent *covenant* in the same license. But that is not the case here.

there, the Ninth Circuit explained that the breach of a "condition" in a copyright license gives rise to copyright infringement (*id.*), the District Court failed to apply that analysis correctly by examining, as required, the language of the GPLs under California law. As explained above (*see supra* at 11-13), applying California law to the language of the source code provision makes clear that it is a condition of the license, the violation of which terminates all rights and results in copyright infringement. (*See* Compendium at 13 (Exh. 3 (GPLv2 § 4 ("You may not copy, modify, sublicense, link with, or distribute the Program except as expressly provided under this License. Any attempt otherwise to copy, modify, sublicense, link with, or distribute the Program is void, and will automatically terminate your rights under this License."))); *id.* at 22 (Exh. 4 (LGPLv2.1 § 8 (same)))); *see also S.O.S. Inc. v. Payday, Inc.*, 886 F.2d 1081, 1087 (9th Cir. 1989) ("A licensee infringes the owner's copyright if its use exceeds the scope of its license."). Thus, the District Court's remand ruling is both non-binding (*see supra* at 6-7), and contrary to controlling law.

Because SFC's breach of contract claim contains no "extra element" transforming it from one that is qualitatively different than a claim for copyright infringement, it follows, under both *Kabehie* and federal copyright law, that SFC's contract claim is preempted. *Kabehie*, 102 Cal. App. 4th at 529.

III. VIZIO IS SEPARATELY ENTITLED TO SUMMARY JUDGMENT BECAUSE SFC IS NOT AN INTENDED THIRD-PARTY BENEFICIARY

Separate and apart from the preemption analysis, VIZIO is entitled to summary judgment because SFC cannot establish it is an intended third-party beneficiary of the GPLs, which is essential to its claims. In *Goonewardene v. ADP, LLC*, the California Supreme Court clarified the standard for determining when an agreement contemplates an intended third-party beneficiary who may enforce a contract. 6 Cal. 5th 817, 830 (2019). Each of the following elements must be satisfied: "(1) whether the third party would in fact benefit from the contract . . . (2) whether a motivating purpose of the contracting parties was to provide a benefit to the third party, and (3) whether permitting a third party to bring its own breach of contract action against a contracting party is consistent with the objectives of the contract and the reasonable expectations of the contract and parties." *Id.* In applying this test, courts must "tak[e] into account the language of the contract and

all of the relevant circumstances under which the contract was entered into." *Id.* The aim is to give effect to the parties' intentions, as determined by "the words used in the agreement, as well as extrinsic evidence of such objective matters as the surrounding circumstances under which the parties negotiated or entered into the contract; the object, nature and subject matter of the contract; and the subsequent conduct of the parties." *Eloquence Corp. v. Home Consignment Ctr.*, 49 Cal. App. 5th 655, 661 (2020) (cleaned up).

The third element of the *Goonewardene* test has two parts. First, "the requirement in the third element that third party enforcement be consistent with 'the objectives of the contract' is comparable to the inquiry... regarding whether third party enforcement will effectuate the contracting parties' performance objectives[.]" *Goonewardene*, 6 Cal. 5th at 831 (cleaned up). Second, "the additional requirement in this element that third party enforcement be consistent as well with the reasonable expectations of the contracting parties reflects the teaching of prior California decisions that have denied application of the third party beneficiary doctrine when permitting the third party to maintain a breach of contract action would not be consistent with the reasonable expectations[.]" *Id.* (cleaned up). Applying this two-pronged standard here, it is clear that SFC cannot satisfy the third element for third-party beneficiary standing to enforce the GPLs.⁶

A. Third-Party Standing Is Inconsistent With The Objective Of The GPLs, Because The GPLs Are Readily Enforceable By The Copyright Holders.

In *Goonewardene*, the 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. 6 Cal. 5th at 836; *see also Wexler v. California Fair Plan Ass'n*, 63 Cal. App. 5th 55, 66 (2021) (same). As the Court explained, "even if a motivating purpose of the contracting parties is to provide a benefit to the [third parties], it still may be inconsistent with the objectives of the contract and the reasonable expectations of the contracting parties to permit the [third parties] to sue for an alleged breach of contract." *Goonewardene*, 6 Cal. 5th at 836. Such is the case here. The

⁶ VIZIO does not concede that SFC can satisfy the other elements of the *Goonewardene* test, but contends that SFC's inability to satisfy the third element can be properly decided on summary judgment and is fatal to SFC's claim.

objective of the GPLs is to advance open-source software development through "two steps: (1) copyright the software, and (2) offer you this license which gives you legal permission to copy, distribute and/or modify the software." (Compendium at 11 (Exh. 3 (GPLv2 Preamble)); *id.* at 19 (Exh. 4 (LGPLv2.1 Preamble (equivalent))).) As was the case in *Goonewardene* and *Wexler*, there is no reason that the copyright holder, the intended enforcer of the GPLs (*see supra* at 10-11), is not "fully capable of pursuing a[n]... action" itself. *Goonewardene*, 6 Cal. 5th at 836.⁷

Indeed, because the GPLs are copyright licenses governing exclusive rights under the Copyright Act, there can be no third-party enforcement as a matter of law. Only the "legal or beneficial owner of an exclusive right under a copyright" has standing to sue. 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); Righthaven LLC v. Hoehn, 716 F.3d 1166, 1169 (9th Cir. 2013) (holding that the assignment of the right to sue for infringement is insufficient to establish standing as an exclusive owner under copyright law). Thus, third-party standing to enforce the GPLs is not only unnecessary to effectuate the GPLs' objectives under Goonewardene, it is prohibited by the Copyright Act.

B. Third-Party Standing Is Inconsistent With The Reasonable Expectations Of The Contracting Parties As Well As Those Of The GPLs' Creator, The FSF.

Even if third-party standing were the *only* way to effectively enforce the GPLs—and it is not—there would still be no third-party standing, because it would be inconsistent with the reasonable expectations of the parties. *See, e.g., City of Oakland v. Oakland Raiders*, 83 Cal. App. 5th 458, 475-76 (2022) ("Even if the Relocation Policy's benefits to host cities such as Oakland could only be realized by giving host cities the right to enforce the Policy, such a result would not

⁷ SFC's claim to the contrary rests on sheer speculation that the copyright holder "might not be aware of the breach of, or have the motivation or means to enforce, this provision of the license agreements." (ROA #2 (Complaint at ¶ 111).) In fact, the FSF is the copyright holder for many of the software programs and libraries listed in SFC's Complaint. The FSF holds the copyright for at least the following: GNU bash (*id.* at ¶ 37(c)), GNU awk (*id.* at ¶ 37(d)), coreutils (*id.* at ¶ 37(g)), GNU tar (*id.* at ¶ 37(l)), and the GNU C Library (*id.* at ¶ 38(a)). (Compendium at 133-47 (Exh. 18-22 (copyright registrations)).)

be consistent with the reasonable expectations of the parties under the language of the Policy and the relevant circumstances surrounding its adoption.").

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." (Compendium at 11 (Exh. 3 (GPLv2 (copyright notice))); *id.* at 18 (Exh. 4 (LGPLv2.1 (copyright notices))).) The GPLs further state: "[y]ou are not required to accept this License, since you have not signed it. However, nothing else grants you permission to modify or distribute the Program [or Library] or its derivative works" and "[y]ou may not impose any further restrictions on the recipients' exercise of the rights granted herein." (*Id.* at 13 (Exh. 3 (GPLv2 §§ 5-6)); *id.* at 22 (Exh. 4 (LGPLv2.1 §§ 9-10 (same))).) As FSF's Executive Director, Peter Brown, put it, "[t]he GPL is a software license, it is not a contract. It gives permissions from the copyright holder. You don't want to accept those permissions? End of discussion." (*Id.* 128 (Exh. 16 (FSF News Bulletin)).). Thus, the reasonable expectations of the parties are necessarily governed by the plain language of the GPLs and the pronouncements of its drafter, the FSF.

As explained above (*see supra* at 8-10), nothing in the text of the GPLs suggests that third parties have the right to enforce alleged violations of the GPLs. Further, the FSF has made clear that it never intended third-party enforcement, stating publicly that "the copyright holders of the software are the ones who have the power to enforce the GPL" (Compendium at 68 (Exh. 8 (GNU FAQs))), and that "[i]f you think you see a violation of the GNU GPL [or] LGPL . . . you should send a precise report to the copyright holders of the packages that are being wrongly distributed . . . [because] we cannot act on our own where we do not hold copyright." (*Id.* at 82 (Exh. 9 (GNU Violations)).) SFC cannot dispute this expectation because, as SFC admits, the FSF is the "ultimate authority" on the GPLs. (*Id.* at 34 (Exh. 7 (SFC Announcement of GPL Guide)).) Thus, SFC's "made-for-litigation" position in this case is fundamentally at odds with the intent of the GPLs' drafter, the reasonable expectations of the parties, SFC's own prior admissions, and fundamental

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principles of copyright law. It is no wonder that SFC describes this lawsuit against VIZIO as "historic" and "unique." (*Id.* at 164 (Exh. 26 (Lawsuit FAQ)).)

Because SFC lacks third-party beneficiary standing, summary judgment and/or summary adjudication should be entered against SFC on this ground as well.

IV. SFC'S CLAIM FOR DECLARATORY RELIEF FAILS BECAUSE IT IS BASED ON THE SAME ALLEGATIONS AS ITS FAILED BREACH OF CONTRACT CLAIM.

A claim for declaratory relief must be dismissed where there is no justiciable controversy between the parties. *See*, *e.g.*, *Haddad v. Elec. Prod. & Dev., Inc.*, 219 Cal. App. 2d 137, 139, 141 (1963). There is no justiciable controversy where, as here, declaratory relief is sought "on the basis of the facts alleged which entitle a plaintiff to no relief[.]" *Id.* (cleaned up) (affirming the dismissal of a claim for declaratory relief because the underlying contract claim failed to state a claim); *see also Dollinger DeAnza Assocs. v. Chicago Title Ins. Co.*, 199 Cal. App. 4th 1132, 1156 (2011) ("Dollinger's cause[] of action for breach of contract . . . lack[s] merit as a matter of law. Summary adjudication of the remaining cause of action for declaratory relief, which seeks a declaration of the parties' rights, liabilities, and obligations under [the contract], is therefore appropriate."). Here, SFC's claim for declaratory relief is a mirror-image of its claim for breach of contract, as it seeks a determination that the GPLs require VIZIO to provide access to the underlying source code when distributing GPL-licensed software. (ROA #2 (Complaint at ¶ 130).) Because SFC's breach of contract claim fails, as explained above, SFC's declaratory relief claim based on the same facts and seeking the same legal determinations fails as well.

CONCLUSION

VIZIO respectfully requests this Court grant its Motion for Summary Judgment, or in the alternative for Summary Adjudication, on SFC's claims for breach of contract and declaratory relief.

DATED: April 28, 2023 QUINN EMANUEL URQUHART & SULLIVAN, LLP

Michael E. Williams

Michael E. Williams

Attorneys for Defendant.

VIZIO, Inc.

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Case No. 30-2021-01226723-CU-BC-CJC

1 PROOF OF SERVICE 2 I am employed at the law firm of Quinn Emanuel Urquhart & Sullivan, LLP in the County 3 of Los Angeles, State of California. I am over 18 years old and not a party to the within action. My 4 business address is 865 South Figueroa Street, 10th Floor, Los Angeles, California 90017. 5 On April 28, 2023, I served a true and correct copy of the document described as 6 DEFENDANT VIZIO INC.'S NOTICE OF MOTION FOR SUMMARY JUDGMENT OR IN THE 7 ALTERNATIVE FOR SUMMARY ADJUDICATION; MEMORANDUM OF POINTS AND 8 AUTHORITIES IN SUPPORT THEREOF on the parties in this action via electronic service to the 9 emails below, pursuant to the parties' joint stipulation: "Electronic service will count as personal 10 service on the day of that electronic service, if the electronic service occurs before midnight Pacific Time. If the electronic service occurs after midnight Pacific Time, that service will count as personal 11 12 service for the following business day that is not a legal holiday." 13 Richard G. Sanders, Esq. Sa'id Vakili, Esq. rick@ricksanderslaw.com vakili@vakili.com 14 RICHARD G. SANDERS, PLLC John A. Schlaff, Esq. 605 Berry Rd., Ste. A john.schlaff@gmail.com Nashville, TN 37204 David N. Schultz, Esq. 15 Schu1984@yahoo.com Tel: (615) 734-1188 Fax: (615) 250-9807 Stephen P. Hoffman, Esq. 16 hoffman@vakili.com 17 VAKILI & LEUS, LLP 3701 Wilshire Blvd., Ste. 1135 18 Los Angeles, CA 90010-2822 Tel: (213) 380-6010 19 Fax: (213) 380-6051 20 I declare under penalty of perjury under the laws of the State of California that the foregoing 21 is true and correct. 22 Executed on April 28, 2023. 23 24 25 /s/ Arian Koochesfahani

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Case No. 30-2021-01226723-CU-BC-CJC

Arian Koochesfahani

Arian Koochesfahani

From: donotreply@occourts.org

Sent: Friday, February 17, 2023 2:46 PM

To: Arian Koochesfahani

Subject: Superior Court of Orange County - Motion Reservation Request - CONFIRMATION

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Superior Court of California, County of Orange RESERVE A MOTION DATE

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NOTE: To EXPEDITE your MOTION filing place the appropriate Court Reservation number (e.g. 7XXXXXXX) on each Motion being submitted.

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Reservation Number: 73955114 **Hearing Date:** July 13, 2023 **Hearing Time:** 10:00 AM **Department:** C33 **Motion Type:** Motion for Summary Judgment and/or Adjudication **Case Number:** 30-2021-01226723-CU-BC-CJC Case Title: Software Freedom Conservancy, Inc. vs. Vizio, Inc. **Judicial Officer:** Hon. James Crandall **Email:** ariankoochesfahani@guinnemanuel.com **Requestor Name:** Arian Koochesfahani **Requestor Phone:** 5176430875 Filing Party: VIZIO, Inc. **Date of Request:** February 17, 2023 Time of Request: 2:44 PM **Transaction Number:** 1000383883

Superior Court of California County of Orange