

Rimini St. v. Oracle Int'l Corp.
473 F. Supp. 3d 1158 (D. Nev. 2020)

Year	2020
Court	United States District Court for the District of Nevada
Key Facts	Plaintiff and counter-defendant Rimini Street, Inc. is a third-party service provider for enterprise software. Defendants and counter-claimants Oracle International Corp. and Oracle America, Inc. (collectively, "Oracle") develop and license enterprise software. In a separate litigation, Rimini was found liable for copyright infringement due to its unauthorized copying of Oracle's software, specifically by creating patches and updates developed for "one customer's software to support other customers." Rimini made changes to its internal company policies for servicing enterprise software in response to a court order, but the parties continued to dispute whether Rimini's servicing activities complied with the terms of its customers' licenses with Oracle. Rimini brought a declaratory judgment action against Oracle, seeking a declaration that its conduct under its new policies was not infringing. Oracle asserted counterclaims, including that Rimini infringed its copyrights through unauthorized copying. One of Rimini's defenses was that its copying was fair use.
Issue	Whether it is fair use to make random-access memory (RAM) copies of a client's licensed enterprise software for the purpose of servicing and developing software updates for the enterprise software.
Holding	Analyzing whether Rimini's servicing activities were authorized, the court found that although copying Oracle software into RAM and developing updates was permissible under the terms of the license, Rimini exceeded the scope of the license by creating prototypes that Rimini used for multiple customers and did not restrict its services to the "internal data processing operations" of each customer. Considering fair use, the court found the first factor, the purpose and character of the use, weighed against fair use. The court first determined that Rimini's use is commercial in nature. Furthermore, Rimini's use is not transformative because, although Rimini creates new code for its software updates, the updates are implemented into the original software, which still functions in the same way and for the same purpose as the original. The court distinguished this case from reverse-engineering cases that involved copying to research interoperability because Rimini creates updates that only "work within and can only be used with the existing . . . software." The second factor, the nature of the copyrighted work, also weighed against fair use because the "unique business enterprise software" was "clearly protected." Unlike cases where disassembly was necessary to determine the functional aspects of a program, Rimini had no similar need as it was "permitted to make copies . . . to make updates and fixes to the software" so long as the activity was "within the scope of the license." The third factor, the amount and substantiality of the work taken, also cut against fair use because the RAM copies contain a substantial portion of Oracle's software, and the portion copied is essential for creating and testing updates. Lastly, the fourth factor, the effect of the use on the market for or value of the copyrighted work, weighed against fair use because Oracle intended to occupy the market for aftermarket support for its software and Rimini's "creation, testing, and distribution of . . . derivative works will undoubtedly impact Oracle's ability to function in that market." Weighing the factors together, the court concluded Rimini's uses were not fair.
Tags	Computer Program
Outcome	Fair use not found