IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	**Chapter 11**
NANOSTRING TECHNOLOGIES, INC. et. al.,	**Case No. 24-10160 (CTG)**
Debtors.	**(Jointly Administered)**
	Sale Hearing: April 19, 2024 at 10:00 AM **Sale Objection Date: April 15, 2024**
	Docket Nos. 270 and 379

ORACLE AMERICA INC.'S LIMITED OBJECTION TO AND RESERVATION OF RIGHTS REGARDING SALE MOTION AND ASSUMPTION NOTICE

Oracle America, Inc. ("Oracle"), creditor and contract counterparty in the above-captioned Chapter 11 case, submits this limited objection to and reservation of rights ("Rights Reservation") regarding: (1) *Debtors' Motion for Entry of Orders (I)(A) Approving Bidding Procedures For the Sale of Substantially All of the Debtors' Assets, (B) Authorizing the Debtors to Enter Into the Stalking Horse Bid Protections Thereunder, (C) Scheduling an Auction and a Sale Hearing and Approving the Form and Manner of Notice Thereof, (D) Approving Assumption and Assignment Procedures, and (E) Granting Related Relief; and (II)(A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (C) Granting Related Relief* [Dkt. No. 270] ("Sale Motion"); and (2) *Notice of Possible Assumption and Assignment and Cure Costs With Respect to Executory Contracts and Unexpired Leases* [Dkt. No. 397] ("Assumption Notice"), filed by Nanostring Technologies, Inc. ("Debtors").

I. INTRODUCTION

1. By the Sale Motion and the Assumption Notice, the Debtors seek authority to, among other things, assume and assign an executory contract between the Debtors and Oracle.

2. At this time, Oracle objects to and reserves all rights regarding the proposed assumption and assignment, for several reasons.

a) First, the identified Oracle agreement is, or pertains to, one or more licenses of intellectual property which are not assignable absent Oracle's consent pursuant to both the underlying license and applicable law.

b) Second, Oracle's records reflect that the specific contract identified in the Assumption Notice may have expired, indicating that it is not executory, and therefore may not be assumed and assigned. As a result, Oracle has not been able either to determine which agreement the Debtors intend to assume and assign, or to confirm the proposed cure amount.

c) Third, Nuclear Buyer, LLC (the "Stalking Horse") may not be the ultimate purchaser. Therefore, at this time, Oracle is unable to determine whether the ultimate purchaser/assignee is capable of performing under the terms of the contract the Debtors seek to assume and assign.

d) Finally, the APA (defined below) could potentially include the unauthorized shared use of Oracle's licenses, in a manner which is not permitted by Oracle's agreements. Oracle objects to any unauthorized shared use of its licenses which may be contemplated by the Debtors.

3. Accordingly, Oracle requests that the Court deny the Debtors' request for authority to assume and assign, transfer, or share use of any Oracle agreement without Oracle's consent.

II. FACTUAL BACKGROUND

4. The Debtors filed the above-captioned case on February 4, 2024. An Order directing joint administration was entered shortly thereafter. The Debtors continue to operate as debtors in possession.

5. On March 10, 2024, the Debtors filed the Sale Motion, which seeks Court authority to sell substantially all of the Debtors' assets. A copy of the Asset Purchase Agreement between the Debtors and the Stalking Horse (the "APA") is attached as Exhibit "4" to the Sale Motion.

6. The APA contemplates certain information sharing between the Debtors and the Stalking Horse, as to which Oracle reserves all rights in the event that those provisions implicate the shared use of Oracle's licensed software.

7. Section 5.9 of the APA states in part, as follows:

> **Books and Records**. For a period of six (6) years after the Closing, Buyer shall: (a) retain all books and records related to the Purchased Assets, the Assumed Liabilities and the Business; and (b) upon reasonable notice and during normal business hours, cooperate with and provide Seller, any of Seller's Affiliates, and the officers, employees, agents and Representatives of Seller and Seller's Affiliates reasonable access (including the right to make copies at Seller's expense or the expense of any Affiliate of Seller) to such books and records and to Buyer's Representatives, to the extent necessary for a reasonable business purpose, including as may be necessary for the preparation of financial statements, Regulatory Filings related to the Products, Tax Returns, in connection with any Litigation, or in connection with the administration of the Chapter 11 Cases, and to any and all books and records relating to any Purchase Price payments or any related reports, including all documents, work papers, schedules, memoranda, and records used by or prepared by Buyer or its Representatives in preparing any such reports, together with any other information related thereto which Seller may reasonably request…..

APA § 5.9.

8. The scope of the information to be shared between the Debtors and the Stalking Horse is unclear, as is the platform by which such access may be allowed.

9. Therefore, Oracle is unable to determine how or if its contracts will be impacted. In addition, since the proposed sale is subject to overbid, the Stalking Horse may not be the ultimate purchaser.

10. Therefore, Oracle reserves all rights regarding any subsequent APA which proposes to include transitional or shared use, and which involves an as-yet unknown buyer.

11. On April 1, 2024, the Debtors filed the Assumption Notice which identifies a "2020-11-22 Ordering Document" between Oracle and Nanostrings Technologies, Inc (the "Oracle Agreement"). The cure amount identified for the Oracle Agreement is $0.00.

12. According to Oracle's records, the Oracle Agreement may have expired, rendering it non-assumable.

III. ARGUMENT

A. The Debtors May Not Assume And Assign Oracle's Agreements Absent Oracle's Consent Because They Pertain To Licenses Of Intellectual Property.

13. Section 365(c) of the Bankruptcy Code provides, in relevant part:

> The trustee may not assume or assign any executory contract ... of the debtor ... if (1)(A) applicable law excuses a party, other than the debtor, to such contract or lease from accepting performance from or rendering performance to an entity other than the debtor ..., whether or not such contract or lease prohibits or restricts assignment of rights or delegation of duties; and (B) such party does not consent to such assumption or assignment.

14. Federal law makes non-exclusive patent licenses non-assignable absent consent of the licensor. *See In re Catapult Entertainment, Inc.*, 165 F.3d 747 (9th Cir. 1999), *cert. dismissed*, 528 U.S. 924 (1999) (patent law renders non-exclusive patent licenses personal and non-assignable under Bankruptcy Code § 365(c)(1)); *In re Sunterra Corp.*, 361 F.3d 257, 271 (4th Cir. 2004) (holding that a debtor was statutorily barred by § 365(c)(1) from assuming a computer software license where contract counterparty did not consent to the assumption); *In re: West Elec., Inc.) 852 F. 2d 79 (3d Cir. 1988)* (holding that the "provision limiting assumption of contracts is applicable to any contract subject to a legal prohibition against assignment."), *In re Trump Entm't Resorts, Inc.*, 526 B.R. 116, 126 (Bankr. D. Del. 2015) ("Non-exclusive patent and copyright licenses create only personal and not property rights in the licensed intellectual property and so are not assignable."); *In re Rupari Holding Corp.*, 573 B.R. 111, 119 (Bankr. D. Del. 2017) (holding that the debtor could not assume and assign a trademark license without the consent of the non-debtor licensor).

15. Oracle's agreements are, or pertain to, non-exclusive licenses of copyrighted software.

16. Therefore, pursuant to Bankruptcy Code section 365, the Debtors may not assume and assign any Oracle Agreement without Oracle's consent.

17. For the reasons discussed herein, Oracle does not consent to the Debtors' proposed assumption and assignment at this time.

B. The Debtors Have Not Adequately Identified The Oracle Agreement To Be Assumed and Assigned.

18. Based on Oracle's records, the Oracle Agreement identified in the Assumption Notice appears to have expired. Therefore, without more specific information, Oracle cannot ensure that it is evaluating the same agreement the Debtors seek to assume and assign.

19. In addition, the Assumption Notice omits inclusion of an underlying master agreement or support renewal. It is impermissible for the Debtors to segregate the underlying Oracle license agreement from the corresponding support and master agreements for purposes of assumption and assignment, if that is the Debtors' intention. *See, e.g., In re Interstate Bakeries Corporation*, 751 F.3d 955, 961-2 (8th Cir. 2014); *In re Buffets Holdings*, 387 B.R. 115 (Bankr. D. Del. 2008). An executory contract must be assumed in its entirety and, "[c]orrespondingly, all of the contracts that comprise an integrated agreement must either be assumed or rejected, since they all make up one contract." *In re Taylor-Wharton Int'l LLC*, No. 09-14089 (BLS), 2010 WL 4862723, at *3 (Bankr. D. Del. Nov. 23, 2010) (citing *In re Exide Techs.*, 340 B.R. 222, 228 (Bankr. D. Del. 2006)).

20. Under California law,[1] made applicable by the Oracle Agreement, "[s]everal contracts relating to the same matters, between the same parties, and made as parts of substantially one transaction, are to be taken together." Cal. Civ. Code § 1642.

[1] *In re Hawker Beechcraft, Inc.*, No. 12-11873 (SMB), 2013 WL 2663193, at *3 (Bankr. S.D.N.Y. June 13, 2013) ("State law governs the question whether an agreement is divisible or indivisible for the purposes of assumption and rejection under Bankruptcy Code § 365.").

21. Because the support agreements and master agreements relate to the underlying license agreement as part of substantially the same transaction, they constitute integrated contracts which may not be separately assumed and assigned.

22. To clarify which Oracle contract the Debtors seek to assume and assign, Oracle requests that, with respect to any such agreement, the Debtors specify the contract (a) name; (b) date; (c) identification number; (d) any associated support or support renewals; and (e) the governing license agreement.

23. This information will enable Oracle to evaluate whether the Oracle agreement proposed for assumption and assignment is assignable, supported, expired or in default, and, if in payment default, the appropriate cure amount.

24. Additionally, it will allow Oracle to assess whether Oracle may accept performance from an entity other than the Debtors.

25. Oracle reserves its right to be heard on this issue until after the Oracle contract the Debtors seek to assume and assign is identified with greater specificity and completeness.

C. The Debtors May Not Have Provided the Correct Cure Amount.

26. Before assuming and assigning any executory contract, the Debtors must cure (or provide adequate assurance of a prompt cure of) any default under the subject contracts. 11 U.S.C. § 365(b)(1).

27. The Debtors have identified a $0.00 cure associated with the Oracle Agreement. Oracle's records reflect that the Oracle Agreement may have expired.

28. If the Debtors wish to assume and assign an expired Oracle agreement, Oracle would need to determine whether reinstatement fees would be due and whether reinstatement is an option.

29. Oracle needs more information about which Oracle agreement may be assumed and assigned in order to confirm the correct cure amount.

30. Therefore, Oracle reserves its right to be heard further regarding the cure until after the contract the Debtors seek to assume and assign is identified with enough specificity to allow Oracle to determine the correct cure amount.

D. The Debtors Have Not Provided Adequate Assurance of Future Performance By the Assignee.

31. Before assuming and assigning any executory contract, the Debtors must provide adequate assurance of future performance. 11 U.S.C. § 365(b)(1).

32. Oracle has not received adequate assurance information regarding the Stalking Horse.

33. In addition, the Sale Motion is subject to overbid, and the Stalking Horse may not be the successful purchaser. If necessary, an auction will be held on April 16, 2024, after the deadline for Oracle to object to the Sale Motion and Assumption Notice.[2]

34. To satisfy Bankruptcy Code section 365(b), Oracle requests that the Debtors provide the following information about the ultimate purchaser: (a) financial bona fides, including for the Stalking Horse; (b) confirmation that the purchaser is not an Oracle competitor; and (c) confirmation that the purchaser will (i) execute an Oracle Assignment Agreement and related documentation which identifies with specificity the Oracle executory contract(s) to be assigned; and, if appropriate (ii) enter into an Oracle Master License Agreement.

35. Absent these assurances, Oracle cannot determine the proposed assignee's creditworthiness, its suitability as an Oracle customer, or its ability to adequately perform under

[2] Oracle is aware that counterparties have until April 17, 2024 @ 12:00 pm (est) to object to adequate assurance, if the ultimate purchaser is someone other than the Stalking Horse. However, to avoid duplicate filings, Oracle incorporates its objection to adequate assurance in this Rights Reservation.

the terms of any Oracle agreements. Until the information described above is provided, the Debtors have not complied with the requirements of section 365(b)(1)(C).

E. Oracle's Agreements Do Not Authorize Simultaneous Use By The Debtors and the Stalking Horse.

36. The APA contemplates that undisclosed transitional or shared services may be provided between the Debtors and the Stalking Horse.

37. Adequate information about the nature of the proposed use is not yet available, precluding Oracle from determine either its scope or how Oracle's contracts will be affected.

38. Simultaneous use of, or access to, Oracle's licensed software would potentially result in "splitting" of the licenses between the Debtors and the ultimate purchaser, which exceeds the scope of the permitted uses under any Oracle agreement.

39. Oracle objects to the extent that any transitional or shared use arrangement purports to grant to both the Debtors and purchaser(s) the right to shared use of the Oracle licenses beyond the license terms.

40. Oracle reserves all rights regarding any transitional or shared use, including under any final purchase agreement or transition services agreement, pending Oracle's review of the same.

IV. CONCLUSION

41. For the reasons set forth above, Oracle respectfully requests that the Court deny the Debtors' request for approval of the Sale Motion and the Assumption Notice, solely to the extent the Debtors seek to assume and assign, transfer or share use of any Oracle agreement without Oracle's consent.

42. Oracle reserves its right to be heard on all issues set forth herein.

Dated: April 15, 2024
Wilmington, Delaware

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CERTIFICATE OF SERVICE

I, James E. Huggett, hereby certify that on April 15, 2024, I served a copy of *Oracle America Inc.'s Limited Objection To And Reservation Of Rights Regarding Sale Motion And Assumption Notice* on the parties listed on the attached Service List via electronic mail, where available.

/s/ James E. Huggett
James E. Huggett (#3956)

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