

1 BINGHAM McCUTCHEM LLP  
 DONN P. PICKETT (SBN 72257)  
 2 GEOFFREY M. HOWARD (SBN 157468)  
 HOLLY A. HOUSE (SBN 136045)  
 3 ZACHARY J. ALINDER (SBN 209009)  
 BREE HANN (SBN 215695)  
 4 Three Embarcadero Center  
 San Francisco, CA 94111-4067  
 5 Telephone: (415) 393-2000  
 Facsimile: (415) 393-2286  
 6 donn.pickett@bingham.com  
 geoff.howard@bingham.com  
 7 holly.house@bingham.com  
 zachary.alinder@bingham.com  
 8 bree.hann@bingham.com

9 BOIES, SCHILLER & FLEXNER LLP  
 DAVID BOIES (Admitted *Pro Hac Vice*)  
 10 333 Main Street  
 Armonk, NY 10504  
 Telephone: (914) 749-8200  
 11 Facsimile: (914) 749-8300  
 dboies@bsfllp.com  
 12 STEVEN C. HOLTZMAN (SBN 144177)  
 FRED NORTON (SBN 224725)  
 13 1999 Harrison St., Suite 900  
 Oakland, CA 94612  
 14 Telephone: (510) 874-1000  
 Facsimile: (510) 874-1460  
 15 sholtzman@bsfllp.com  
 fnorton@bsfllp.com

16 DORIAN DALEY (SBN 129049)  
 17 JENNIFER GLOSS (SBN 154227)  
 500 Oracle Parkway, M/S 5op7  
 18 Redwood City, CA 94070  
 Telephone: (650) 506-4846  
 19 Facsimile: (650) 506-7114  
 dorian.daley@oracle.com  
 20 jennifer.gloss@oracle.com

21 Attorneys for Plaintiffs Oracle USA, Inc., *et al.*

22 UNITED STATES DISTRICT COURT  
 23 NORTHERN DISTRICT OF CALIFORNIA  
 OAKLAND DIVISION

24 ORACLE USA, INC., *et al.*,

25 Plaintiffs,

26 v.

27 SAP AG, *et al.*,

28 Defendants.

CASE NO. 07-CV-01658 PJH (EDL)

**ORACLE'S REQUEST FOR LEAVE  
 TO FILE REPLY**

1           On December 14, 2010, the Court ordered Plaintiffs Oracle USA, Inc., Oracle  
2 International Corporation, and Siebel Systems, Inc. (“Oracle”) to advise it of the relief that  
3 Oracle sought, and allowed Defendants SAP AG, SAP America, Inc., and TomorrowNow, Inc.  
4 (“SAP”) a week to respond. *See* December 14, 2010 Order, Dkt. No. 1012. On December 16,  
5 2010, Oracle filed a half page further statement. *See* December 16, 2010 Oracle Response, Dkt.  
6 No. 1013. On December 23, 2010, SAP filed a 15-page opposition with five declarations in  
7 support (“SAP’s opposition”). *See* December 23, 2010 SAP Response, Dkt. No. 1021.

8           If the Court considers SAP’s opposition, Oracle respectfully requests leave to file  
9 a full reply brief by December 30. The reply is necessary because SAP ignores the controlling  
10 Supreme Court and Ninth Circuit authority on prejudgment interest and misconstrues the trial  
11 record to construct four unsupportable arguments against Oracle’s request for prejudgment  
12 interest.<sup>1</sup> In summary, each of these arguments fails legally and factually.

13           First, the jury did not include prejudgment interest in its award. Pursuant to the  
14 Court’s instruction and the verdict form, the verdict was based on the fair market value of the  
15 intellectual property taken *at the time of the hypothetical negotiations* for the PeopleSoft, Siebel  
16 and Database software that SAP admittedly infringed. Contrary to SAP’s claims, consideration  
17 of lost research and development opportunities does not suggest that the jury considered  
18 prejudgment interest as part of its award. *See* SAP’s opposition at 3-6. “Simply put, prejudgment  
19 interest is a different remedy for a different harm,” and is something the jury was never asked to  
20 consider. *Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 718 (9th Cir. 2004).<sup>2</sup>

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22 <sup>1</sup> *See* Oracle’s December 10, 2010 Proposed Judgment (Dkt. No. 1009) at 3; *Kansas v. Colorado*,  
23 533 U.S. 1, 10 (2001) (“a monetary award does not fully compensate for an injury unless it  
24 includes an interest component”); *City of Milwaukee v. Cement Div. Nat’l Gypsum Co.*, 515 U.S.  
25 189, 195 (1995) (courts routinely award prejudgment interest to “ensure that an injured party is  
26 fully compensated for its loss”); *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 886 F.2d  
27 1545, 1552 (9th Cir. 1989) (holding that in a copyright action “prejudgment interest ordinarily  
28 should be awarded”).

<sup>2</sup> SAP’s cases in support of this argument are distinguishable and often non-citable. *See e.g.*,  
26 *Landes Const. Co., Inc. v. Royal Bank of Canada*, 833 F.2d 1365 (9th Cir. 1987) (breach of  
27 contract claim where interest was sought under Cal. Civ. Code § 3287(b) and where expert  
28 testified to present value of lost profits taking “time value of money” into account); *Fleming v.*  
*Parametric Tech. Corp.*, Nos. 97-56262, 97-56350, 1999 WL 451764 (9th Cir. June 29, 1999)

(Footnote Continued on Next Page.)

1                   Second, there is no “trend” rejecting prejudgment interest in Ninth Circuit  
2 copyright cases. As the basis for this purported “trend,” SAP relies on and quotes an out-of-  
3 circuit case published thirteen years before *Polar Bear*. See SAP’s opposition at 6-8 (quoting *In*  
4 *Design v. Lauren Knitwear Corp.*, 782 F. Supp. 824, 837 (S.D.N.Y. 1991)). The Ninth Circuit  
5 made it clear in *Frank Music* and *Polar Bear* that prejudgment interest should “ordinarily” be  
6 awarded on facts like those here. *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 886 F.2d  
7 1545, 1552 (9th Cir. 1989); *Polar Bear*, 384 F.3d at 718. SAP does not distinguish these cases,  
8 but instead relies on a grab-bag of counter-factual cases.<sup>3</sup>

9                   Third, Ninth Circuit authority does not support a flat calculation of prejudgment  
10 interest based on 28 U.S.C. § 1961. While both SAP and Oracle propose to use the conservative  
11 rates set by 28 U.S.C. § 1961, the Ninth Circuit law on the method of calculation of prejudgment  
12 interest cited by Oracle controls here. See Oracle’s Proposed Judgment, Dkt. No. 1009, at 5-6;  
13 see also *Nelson v. EG&G Energy Measurements Group, Inc.*, 37 F.3d 1384, 1391-92 (9th Cir.  
14 1994) (calculating prejudgment interest using historical rates over time, like Oracle, rather than a  
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(Footnote Continued from Previous Page.)

17 (unpublished non-citable case, distinguishable on its facts, and not a copyright case); *Pietz v.*  
18 *Amato*, Nos. 89-35413, 89-35442, 1990 WL 160970 (9th Cir. Oct. 22, 1990) (same).  
19 <sup>3</sup> *In Design v. Lauren Knitwear Corp.*, 782 F. Supp. 824 (S.D.N.Y. 1991) (denying prejudgment  
20 interest where award was based on infringers’ profits not actual damages, unlike here); *Brighton*  
21 *Collectibles, Inc. v. Coldwater Creek, Inc.*, No. 06-CV-01848-H, 2009 WL 160235 (S.D. Cal.  
22 Jan. 20, 2009) (denying prejudgment interest because there was no needless delay and legitimate  
23 disputes over infringement of the copyrights); *Brayton Purcell LLP v. Recordon & Recordon*,  
24 No. C-04-4995, 2007 WL 420122 (N.D. Cal. Feb. 6, 2007) (denying prejudgment interest  
25 because there was no needless delay, unlike here, and award was based on statutory damages, not  
26 actual damages, unlike here); *U.S. Payphone, Inc. v. Executives Unlimited of Durham, Inc.*, Nos.  
27 89-1081, 89-1085, 1991 WL 64957 (4th Cir. Apr. 29, 1991) (no prejudgment interest where  
28 “infringement was not intentional” so “any additional sanction would serve no purpose”); *Tracy*  
*v. Skate Key, Inc.*, No. 86 CIV. 3439 (MBM), 1990 WL 9855 (S.D.N.Y. Feb. 2, 1990) (no  
prejudgment interest where after court pointed out a calculation error pointed out in jury’s  
verdict, jury fixed the error so it was clear it intended the damage award to be full amount);  
*Robert R. Jones Assocs., Inc. v. Nino Homes*, 858 F.2d 274 (6th Cir. 1988) (no prejudgment  
interest where lower court awarded interest as a “sanction”); *Segrets, Inc. v. Gillman Knitwear*  
*Co., Inc.*, 42 F. Supp. 2d 58 (D. Mass. 1998), *vacated in part on other grounds*, 207 F.3d 56 (1st  
Cir. 2000) (denying prejudgment interest where award was based on statutory damages, not  
actual damages, unlike here); *Roger Miller Music, Inc. v. Sony/ATV Pub., LLC*, No. 3:04-1132,  
2010 WL 1026980 (M.D. Tenn. Mar. 18, 2010) (declining prejudgment interest because Plaintiff  
did not articulate entitlement under the 6th Circuit standard).

1 flat rate, like SAP, because prejudgment interest is “intended to cover the lost investment  
2 potential of funds to which the plaintiff was entitled, from the time of entitlement to the date of  
3 judgment.”); *accord Smyrni v. U.S. Investigations Servs. LLP*, No. C 08-4360 PJH, 2010 WL  
4 807445, at \*4 (N.D. Cal. March 5, 2010). SAP does not address or attempt to distinguish these  
5 cases.<sup>4</sup>

6 Fourth, no interpretation of the evidence supports using the Siebel negotiation  
7 date to start all prejudgment interest. The jury instructions, proposed and stipulated by SAP,  
8 made clear the dates of the three hypothetical license negotiations. *See* November 22, 2010 Trial  
9 Transcript at 2217:2-8. It is also undisputed that the fair market value of the infringed  
10 PeopleSoft software constituted the majority of the value of infringed software, and that former  
11 PeopleSoft customers constituted the majority of TomorrowNow/SAP customers. *See, e.g.*,  
12 November 12, 2010 Trial Transcript at 1344:23-1345:13 (valuing PeopleSoft license at \$1.5  
13 billion as compared to \$100 million for the Siebel license); November 9, 2010 Trial Transcript at  
14 1068:25-1069:1 (describing “ten or so” Siebel customers switching to TomorrowNow for  
15 support out of the 358 customer total); *see generally* November 16 and November 18, 2010 Trial  
16 Transcripts (SAP’s expert testimony failing to mention “Siebel” once during his two days of  
17 testimony at trial). Oracle’s apportionment of the jury verdict based on the agreed hypothetical  
18 license dates is conservative, and is supported by the evidence and the testimony from both  
19 damages experts. *See id*; *see also* Oracle’s Proposed Judgment, Dkt. No. 1009, at 8 and Ex. A.<sup>5</sup>

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21 <sup>4</sup> Neither *Grosz-Salomon v. Paul Revere Life Ins. Co.*, 237 F.3d 1154 (9th Cir. 2001) nor *In re*  
22 *Nucorp Energy, Inc.*, 902 F.2d 729 (9th Cir. 1990) require use of a flat rate to calculate  
prejudgment interest, as opposed to historical rates approved of by the Ninth Circuit in *Nelson v.*  
23 *EG&G Energy Measurements Group, Inc.*, 37 F.3d 1384, 1391-92 (9th Cir. 1994).

24 <sup>5</sup> Neither *Procter & Gamble Co. v. Haugen*, No. 1:95-CV-94 TS, 2008 WL 2518719 (D. Utah  
25 June 20, 2008) nor *SEB S.A. v. Sunbeam Corp.*, No. 02-80257-CIV, 2004 WL 5564188 (S.D.  
26 Fla. Mar. 22, 2004), both cited by SAP, provide authority for the Siebel acquisition date as the  
27 date all prejudgment interest should begin to accrue. The court in *Procter* used a 1998 date  
instead of a 1995 date because damages were incurred over a two-and-one-half-year period and  
28 defendant argued that the majority of damages were not incurred until 1998. The court in *SEB*  
S.A. used the date of the verdict as the applicable date for prejudgment interest, because the  
plaintiff presented four alternative dates on which damages arose leading the court to conclude  
that a fixed date was not ascertainable. The parties here agree that January 19, 2005 is the date  
on which infringement began.

1 SAP raises two issues in addition to prejudgment interest.

2 As to the proposed injunctive relief, SAP requests that the Court order  
3 destruction, rather than return, of the infringing materials in Defendants' possession, custody or  
4 control. *See* SAP's opposition at 11-14. Oracle did not request, and does not seek, a disposition  
5 of the infringing materials other than destruction (although it notes that SAP's brief contradicts  
6 numerous discovery certifications and orders regarding the supposed productions of all  
7 potentially infringing materials). Accordingly, Oracle will agree to SAP's destruction request  
8 provided that the judgment makes clear that none of the infringing materials may be altered or  
9 destroyed during the pendency of *any related litigation*, including Oracle's related litigation  
10 against Rimini Street pending in the District of Nevada. If permitted, Oracle will submit a  
11 revised proposed judgment with its reply that will clarify this point.

12 Finally, as Oracle would make clear in a full reply, SAP's request for inclusion of  
13 claims that have already been dismissed is not appropriate or warranted. These claims have  
14 already been dismissed by stipulation of the Parties, and now entered as Orders of this Court.  
15 *See, e.g.*, Amended Trial Stipulation and Order No. 1 Regarding Liability, Dismissal of Claims,  
16 Preservation of Defenses, and Objections to Evidence at Trial, Dkt. No. 965; Trial Stipulation  
17 and Order Regarding Contributory Infringement Liability, Dkt. No. 966.

18 Accordingly, Oracle requests the Court either enter its proposed form of  
19 judgment, or if the Court is inclined to consider the supplemental briefing from SAP, Oracle  
20 requests one week to reply to SAP's opposition in full.

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22 DATED: December 27, 2010

BINGHAM McCUTCHEN LLP

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By:           /s/ Geoffrey M. Howard            
Geoffrey M. Howard  
Attorneys for Plaintiffs  
Oracle USA, Inc., Oracle International  
Corp., and Siebel Systems, Inc.

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