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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

OAKLAND DIVISION

ORACLE USA, INC., et al.,

Plaintiffs,

v.

SAP AG, et al.,

Defendants.

Case No. 07-CV-1658 PJH (EDL)

[PROPOSED] ORDER DENYING ORACLE'S MOTION FOR 1292(b) CERTIFICATION FOR INTERLOCUTORY REVIEW

Having considered the papers filed by the parties in connection with Oracle International Corp.'s ("Oracle") Motion for 1292(b) Certification for Interlocutory Review ("Motion"):

IT IS HEREBY ORDERED THAT: Oracle's Motion is DENIED.

28 U.S.C. § 1292(b) provides a limited exception to the rule that an appellate court should not review a district court ruling until entry of final judgment. 28 U.S.C. §§ 1291 & 1292(b). A district court may exercise discretion to certify a non-final order for immediate appeal if there is: (1) a "controlling question of law," (2) on which there are "substantial grounds for difference of opinion," and (3) resolution of which would "materially advance the ultimate termination of the litigation." *In re Cement Antitrust Litig.*, 673 F.2d 1020, 1026 (9th Cir. 1982). A district court must "strictly" construe the statute's requirements and allow certification only "when exceptional circumstances warrant it." *Safeway Inc. v. Abbott Labs.*, No. C 07-05470 CW, 2010 U.S. Dist. LEXIS 61721, at *6 (N.D. Cal. June 1, 2010). No such exceptional circumstances exist here.

Oracle's proposed questions for certification are not "controlling questions of law." A "question of law" is "controlling" only if resolving the question on interlocutory appeal "could materially affect the outcome of litigation in the district court." *In re Cement*, 673 F.2d at 1026. The questions Oracle presents for certification are not "controlling," for several reasons. *First*, resolving Oracle's proposed questions would not affect the Court's grant of judgment as a matter of law. As set forth in its September 1, 2011 and September 16, 2011 Orders, the Court granted judgment as a matter of law on two separate grounds—Oracle is not entitled to "hypothetical" license fees as actual damages because: (1) Oracle failed to prove that it actually lost any licensing opportunities, and (2) even if "hypothetical" license fees were recoverable absent proof of lost licensing opportunities, Oracle failed to offer any objective evidence upon which to calculate a non-speculative license price. Here, Oracle's questions focus on whether certain categories of evidence suffice to support an award of actual damages in the form of a hypothetical license; they do not affect the Court's ruling that Oracle may not recover hypothetical license fees because Oracle failed to prove that it actually lost any licensing opportunities.

Second, Oracle's questions are not controlling because they are not presented by this case. *See Hulmes v. Honda Motor Co.*, 936 F. Supp. 195, 209 (D.N.J. 1996) (denying certification

where "Plaintiff has asked this court to certify for interlocutory appeal a question that it did not decide"); *In re Bridgestone/Firestone, Inc., Tires Prods. Liab. Litig.*, 212 F. Supp. 2d 903, 907 (S.D. Ind. 2002) (denying certification where party "mischaracterize[d]" court's ruling "[i]n an effort to make this issue a question of law"). The Court did not, as Oracle's proposed questions suggest, rule that whole categories of evidence are per se insufficient to value license damages or that "objective value could be proved only by particular kinds of evidence." Mot. at 1, 5. Nor did the Court rule that an award based on certain categories of evidence or falling "within the reasonable range of hypothetical-license damages established" by these categories of evidence must be set aside as speculative and/or excessive. *Id*. at 2. Rather, the Court held that the particular evidence that Oracle presented at trial failed to establish an objective, non-speculative license price and did not allow the jury to assess fair market value without undue speculation. Thus, a ruling by the Ninth Circuit that certain categories of evidence can suffice to price a hypothetical license would not alter the Court's holding that the subjective evidence Oracle presented at trial failed to support a non-speculative license amount. Such an opinion also would not affect the Court's discretionary new trial ruling that the award grossly exceeded actual harm to Oracle in the form of lost customers.

Finally, to the extent that Oracle seeks appellate review of this Court's determination that the trial evidence offered to value a hypothetical license was purely subjective, Oracle's proposed questions fail to even qualify as "questions of law." Under Section 1292(b), a "question of law" means a "pure question of law," "not a mixed question of law and fact or an application of law to a particular set of facts." *Brizzee v. Fred Meyer Stores, Inc.*, CV-04-1566-ST, 2007 U.S. Dist. LEXIS 99155, at *10-11 (D. Or. Dec. 10, 2007); *Keystone Tobacco Co. v. U.S. Tobacco Co*., 217 F.R.D. 235, 238-39 (D.D.C. 2003) (denying certification, as "crux of an issue decided by Court [was] fact-depend[e]nt" and appellate review "could only result in the court of appeals improperly wading into the factual pond of an ongoing matter"). Certification is appropriate only where a party seeks review of "an abstract legal issue," *Brizzee*, 2007 U.S. Dist. LEXIS 99155, at *11, not simply a court's "application of the governing law to the relevant facts of this case." *Hulmes*, 936 F. Supp. at 210; *Ahrenholz v. Bd. of Trs. of Univ. of Ill.*, 219 F.3d 674, 676-77 (7th Cir. 2000).

Although Oracle frames its questions in terms of abstract categories of evidence, Oracle devotes much of its brief to rearguing its specific trial evidence, including whether the evidence showed the parties' "expectations" and whether Oracle's damages expert, Paul Meyer, offered reliable trial testimony valuing a lost license fee. If Oracle intends that the Ninth Circuit undertake the same fact-intensive review that this Court carried out to determine whether Oracle's specific trial evidence was objective or subjective, then Oracle's proposed questions are not "questions of law" appropriate for interlocutory appeal. *See Hulmes*, 936 F. Supp. at 210 ("Section 1292(b) was not designed to secure appellate review of 'factual matters' or of the application of the acknowledged law to the facts of a particular case, matters which are within the sound discretion of the trial court."); *Ahrenholz*, 219 F.3d at 676-77.

Oracle also fails to show that a substantial ground for difference of opinion exists as to the law governing its proposed questions. To determine if a "substantial ground for difference of opinion" exists under Section 1292(b), "courts must examine to what extent the controlling law is unclear." *Couch v. Telescope Inc.*, 611 F.3d 629, 633-34 (9th Cir. 2010). Such grounds typically exist only where "the circuits are in dispute on the question and the court of appeals of the circuit has not spoken on the point, if complicated questions arise under foreign law, or if novel and difficult questions of first impression are presented." *Id.* "That settled law might be applied differently does not establish a substantial ground for difference of opinion." *Id.; see also N. Carolina ex. rel. Long v. Alexander & Alexander Servs., Inc.*, 685 F. Supp. 114, 116 (E.D.N.C. 1988) (denying request where party raised only "dispute with the application of facts to existing and well-settled law"). "A party's strong disagreement with the Court's ruling is not sufficient for there to be a 'substantial ground for difference.'" *Couch*, 611 F.3d at 633-34.

Here, clear Ninth Circuit precedent establishes that recovering lost license fees requires offering objective evidence sufficient to calculate a non-speculative license price. *See Jarvis v. K2 Inc.*, 486 F.3d 526, 534 (9th Cir. 2007); *Polar Bear Prods., Inc. v. Timex Corp.*, 384 F.3d 700, 709 (9th Cir. 2004); *Mackie v. Rieser*, 296 F.3d 909, 917 (9th Cir. 2002). The Ninth Circuit rejects license awards based only on subjective evidence. *See Mackie*, 296 F.3d at 917; *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505, 513-14 (9th Cir. 1985) (upholding

refusal to award license damages where plaintiffs offered "no disinterested testimony" in support of alleged damages). The Court applied this controlling law and held that the subjective evidence Oracle offered at trial could not support an objective non-speculative license price. Having decided, on multiple grounds, that Oracle was not entitled to recover actual damages in the form of a lost license fee, the Court held that the award grossly exceeded the only evidence of actual harm, in the form of lost customers. Oracle's claim that the Court should have come to a different conclusion in applying this "settled law . . . does not establish a substantial ground for difference of opinion." *Couch*, 611 F.3d at 633. Oracle's attempt to manufacture substantial grounds for difference of opinion by misconstruing this Court's order as holding that objective value can be proved only by certain categories of evidence must fail. *See Hulmes*, 936 F. Supp. at 209 (denying certification where plaintiff mischaracterized order as not applying controlling law). And Oracle's reliance on inapposite patent law does not create substantial grounds for difference of opinion as to the correct legal standard in this copyright case; as this Court has explained on previous occasions, a reasonable royalty under patent law and a "hypothetical license" under copyright law are different remedies, the calculation of which are governed by different standards. *See Couch*, 611 F.3d at 633-45 (noting that "just because counsel contends that one precedent rather than other is controlling does not mean there is such a substantial difference of opinion as will support an interlocutory appeal").

Lastly, Oracle fails to show that an immediate appeal will materially advance the ultimate termination of this litigation. Whether an appeal "materially advances" a litigation's termination "is linked to whether an issue of law is 'controlling' in that the Court should consider the effect of a reversal by the Ninth Circuit on the management of the case." *Mateo v. M/S Kiso*, 805 F. Supp. 792, 800-01 (N.D. Cal. 1992), *abrogated on other grounds by Brockmeyer v. May*, 361 F.3d 1222 (9th Cir. 2004). A court should certify interlocutory appeal only when doing so "would avoid protracted and expensive litigation." *In re Cement*, 673 F.2d at 1026. By contrast, if that appeal "delay(s) resolution of the litigation, it should not be certified." *Matsunoki Group, Inc. v. Timberwork Or., Inc.*, No. C 08-04078 CW, 2011 U.S. Dist. LEXIS 33178, at *6 (N.D. Cal. Feb. 18, 2011) (denying certification because trial would be concluded in approximately five months);

Sonoda v. Amerisave Mortg. Corp., No. C-11-1803 EMC, 2011 U.S. Dist. LEXIS 100275, at *6 (N.D. Cal. Sept. 7, 2011); *FTC v. Swish Mktg.*, No. C 09-03814 RS, 2010 U.S. Dist. LEXIS 47948, at *10 (N.D. Cal. Apr. 14, 2010) (holding that denying certification is appropriate if "interlocutory review would . . . carry with it a greater risk for delay than its promise for ultimate savings of both time and resources"). Here, since Oracle's proposed questions are not "controlling" and thus would not avoid a new trial limited to lost profits/infringers' profits, an appeal would result only in the unnecessary delay, rather than material advancement, of the district court proceedings.

* * *

For the reasons set forth above, the Court DENIES Oracle's Motion for 1292(b) Certification for Interlocutory Review of the Court's September 1, 2011 Order ("9/1/11 Order") (ECF No. 1081). Accordingly, Oracle shall submit a statement accepting or rejecting the remittitur set forth in the Court's 9/1/11 Order no later than _____.

IT IS SO ORDERED.

DATED: _____ By: _____
Hon. Phyllis J. Hamilton