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20 UNITED STATES DISTRICT COURT

21 NORTHERN DISTRICT OF CALIFORNIA

22 OAKLAND DIVISION

23 ORACLE USA, INC., *et al.*,  
 24 Plaintiffs,  
 25 v.  
 26 SAP AG, *et al.*,  
 27 Defendants.

No. 07-CV-01658 PJH (EDL)

**ORACLE'S MOTION FOR  
 CLARIFICATION**

Date: May 23, 2012

Time: 9:00 a.m.

Place: 3rd Floor, Courtroom 3

Hon. Phyllis J. Hamilton

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11 **LOCAL RULES**

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11 Civil L.R. 7-9(b).....2

1 **NOTICE OF MOTION AND MOTION**

2 PLEASE TAKE NOTICE THAT on May 23, 2012, at 9:00 a.m., in the United  
3 States District Court, Northern District of California, Oakland Division, located at 1301 Clay  
4 Street, Oakland, California, Courtroom 3, 3rd Floor, before the Hon. Phyllis J. Hamilton,  
5 Plaintiff Oracle International Corp. (“Oracle”) will move for permission to present evidence  
6 relevant to hypothetical license damages at the second trial. This motion is based on this notice  
7 of motion and motion, the accompanying memorandum of points and authorities, the  
8 accompanying declaration of Nitin Jindal, and such other matters as may be presented to the  
9 Court at the time of the hearing.

10 **RELIEF SOUGHT**

11 Clarification that Oracle may present evidence and argument in support of a  
12 hypothetical license measure of damages, including evidence not previously offered, objectively  
13 showing the fair market value of the copyrighted material.

14 **MEMORANDUM OF POINTS AND AUTHORITIES**

15 **I. INTRODUCTION**

16 In the post-trial motions following the first trial, the Court reaffirmed that  
17 hypothetical license damages are available as a matter of law, and that proof of actual licensing  
18 is not required to support that damages measure, but held that Oracle’s evidence in the first trial  
19 was insufficient. Oracle now seeks the Court’s clarification that, at the second trial, it may  
20 submit evidence of hypothetical license damages to meet the standard the Court has now  
21 articulated, including evidence not presented previously. Any other result would be erroneous,  
22 unfair, and a potential waste of judicial resources. The standard articulated by the post-trial  
23 orders differs from the one Oracle had relied on in the first trial based on the Court’s pre-trial  
24 rulings and the jury instructions. Thus, Oracle should be allowed the opportunity to meet the  
25 post-trial standard for hypothetical license damages, along with the other measures of damages  
26 available on retrial. If Oracle is not, a third trial would be required if the Ninth Circuit were to  
27 hold the post-trial standard legally correct but Oracle had not been given a chance to satisfy it.

1           Since the Court has ordered a new trial and clarified the standard for hypothetical  
2 license damages, it should further clarify that Oracle may submit evidence relevant to all of its  
3 legally valid damages measures.<sup>1</sup>

## 4   **II.    BACKGROUND AND PROCEDURAL HISTORY**

### 5       **A.    Pre-Trial Rulings Describing the Evidentiary Standard for the Hypothetical** 6       **License Measure of Damages**

7           In its January 28, 2010 ruling denying SAP’s summary judgment motion, the  
8 Court held that “Oracle is *not* required to prove that it would have successfully negotiated a  
9 license with SAP, nor is it precluded from seeking license damages simply because it has never  
10 before licensed what SAP infringed.” Dkt. 628 at 4 (emphasis supplied). The Court also held  
11 that “Oracle should be permitted to present evidence regarding the fair market value of the  
12 copyrights that SAP allegedly infringed, including expert testimony based on *established*  
13 *valuation methodology.*” *Id.* at 5 (emphasis supplied). Later that year, the Court reaffirmed the  
14 January 28 Order: “The test of market value is ‘what a willing buyer would have been  
15 reasonably required to pay to a willing seller for plaintiffs’ work.’” Dkt. 762 (quoting *Frank*  
16 *Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505, 512 (9th Cir. 1985)).<sup>2</sup>

---

17       <sup>1</sup> If the Court rejects this requested clarification and holds that its post-trial orders were intended  
18 to preclude Oracle from presenting a hypothetical license theory of damages at the new trial,  
19 then, in the alternative, Oracle requests leave to file a motion for reconsideration of such post-  
20 trial rulings. *See* Dkt. 1081 at 20 (Oracle’s evidence insufficient under the post-trial standard;  
21 “Should Oracle reject the remittitur, the court will order a new trial as to actual damages in the  
22 form of lost profits/infringer’s profits only.”); Dkt. 1103 at 4 (“Should Oracle opt to reject the  
23 remittitur and to proceed with a new trial on lost profits/infringer’s profits, any subsequent  
24 appeal will present the Ninth Circuit with two verdicts to consider – one on hypothetical  
25 damages, and one on lost profits/infringer’s profits.”); *see also* Dkt. 1088 at 2 (“the court held  
26 that evidence provided by Oracle was not sufficient to support an award of hypothetical license  
27 damages” under the clarified post-trial standard). Reconsideration is proper where the moving  
28 party shows a “manifest failure by the Court to consider material facts or dispositive legal  
arguments which were presented to the Court before such interlocutory order.” Civil L.R. 7-  
9(b). The facts and arguments before the Court on the post-trial motions showed that Oracle’s  
trial evidence met the standard for sufficiency that had been established before and at trial, and  
Oracle’s evidence cannot be precluded on retrial for failing to meet a different standard that had  
not yet been stated.

<sup>2</sup> Soon after, the Court denied SAP’s motion to exclude Oracle’s expert Meyer’s testimony on  
hypothetical license damages that was based on the same evidence Oracle had cited in its  
Opposition to SAP’s first summary judgment motion – the contemporaneous expectations of the  
parties as to the value of the infringed intellectual property. Dkt. 930; Dkt. 914 at 3 (Final  
Pretrial Order).

1 Consistent with those prior rulings, the Court instructed the jury that the  
2 “reduction in the fair market value of the copyrighted work is the amount a willing buyer would  
3 have been reasonably required to pay a willing seller at the time of the infringement” and that  
4 “amount also could be represented by the lost license fees that Oracle would have received for  
5 Defendants’ unauthorized use of Oracle’s works.” Dkt. 1005 at 7. The instructions did not tell  
6 the jury to focus on or prioritize any particular sort of evidence (such as benchmark licenses),  
7 instead explaining that “you should consider *all the information known to and all the*  
8 *expectations of the parties* on the dates of the hypothetical negotiations.” *Id.* at 9 (emphasis  
9 supplied). The jury was further instructed that the “value of a hypothetical license is not  
10 necessarily the amount the Defendants in this case would have agreed to pay, or that Oracle  
11 would have actually agreed to accept.” *Id.* at 9.

12 **B. Oracle’s Evidence at the November 2010 Trial and the Court’s Rulings on**  
13 **that Evidence**

14 In accord with those rulings and instructions, Oracle shaped its evidence to focus  
15 on “established valuation methodology,” and to address the contemporaneous “information  
16 known to and all the expectations of the parties.”<sup>3</sup> Oracle submitted extensive “objective  
17 evidence” of the fair market value of the rights infringed, and its expert, Meyer, relied on this  
18 contemporaneous evidence as part of his determination of the license value using the *Georgia-*  
19 *Pacific* framework. Meyer also relied on this contemporaneous evidence as inputs to his  
20 “income method” financial valuation, an established valuation methodology for any asset,  
21 including intellectual property licenses.

22 At the close of Oracle’s case, SAP moved for judgment as a matter of law,  
23 arguing again that the hypothetical license remedy was unavailable because Oracle had not  
24 shown that the parties would have actually agreed to license the infringed copyrights.  
25 Declaration of Nitin Jindal In Support of Motion for Clarification (“Jindal Decl.”), ¶ 2, Ex. A

26 \_\_\_\_\_  
27 <sup>3</sup> Oracle also shaped its evidentiary presentation based on the limitation of the time allotted.  
28 Oracle did not use its full allotted time only because SAP withdrew most of its witnesses,  
mooting the cross-examination and rebuttal time Oracle had reserved after its case-in-chief.

1 (Trial Tr.) at 2008:21-2010:24. The Court denied the motion, “consistent with [its] prior ruling.”  
2 *Id.* at 2011:1-2.

3 **C. September 1, 2011 Order Granting SAP’s Motion for Judgment as a Matter**  
4 **of Law/New Trial**

5 Post trial, SAP renewed its motions. In granting SAP’s motion in its  
6 September 1, 2011 order (“September 1 Order”), the Court held:

7 At trial, Oracle presented no evidence, and did not argue, that it  
8 was entitled to a hypothetical license fee because it lost an  
9 opportunity to license the works to third parties for the same use as  
10 was made by TN. Indeed, Oracle admitted that it had never given  
any entity a license to copy Oracle’s application software and  
support materials in order to create their own fixes, patches, or  
updates for customers. Thus, ***Oracle could not reasonably claim  
that SAP’s infringement diminished the licensing value of the  
infringed works.***

11 Dkt. 1081 at 10 (emphasis supplied). The Court further held:

12 Thus, to establish its entitlement to recover hypothetical license  
13 damages, ***Oracle was required to show that, but for infringement,  
the parties would have agreed to license the use of the  
copyrighted works at issue.*** However, Oracle offered no evidence  
14 of the type on which plaintiffs ordinarily rely to prove that they  
15 would have entered into such a license, such as past licensing  
history or a plaintiff’s previous licensing practices.

16 *Id.* at 10-11 (emphasis supplied). The September 1 Order thus seemed to hold that, despite the  
17 January 28 Order’s formulation, Oracle could not recover under the hypothetical license measure  
18 of damages absent evidence of a willingness to license or lost licensing opportunities.

19 Further, the September 1 Order appeared to add a new and additional requirement  
20 to recover a hypothetical license measure of damages:

21 An objective, non-speculative license price is established through  
22 objective evidence of benchmark transactions, such as licenses  
previously negotiated for comparable use of the infringed work,  
23 and benchmark licenses for comparable uses of comparable works  
***. . . . Absent evidence of benchmarks, Oracle cannot recover a  
lost license fee award, because any such award would be based  
24 on a subjective, not an objective, analysis of fair market value.***

25 Dkt. 1081 at 11 (emphasis supplied).

26 **D. September 16, 2011 Order Denying Certification**

27 In its September 16, 2011 order denying Oracle’s motion for certification for  
28 interlocutory appeal (the “September 16 Order”), the Court made clear that the September 1

1 Order had not held “as a matter of law . . . that copyright damages [under the hypothetical license  
2 theory] are available only if the copyright owner provides evidence of actual licenses it entered  
3 into or would have entered into for the infringed works, and/or actual ‘benchmark’ licenses.”  
4 Dkt. 1088 at 2. Specifying that, “under Ninth Circuit case law,” “providing evidence of licenses  
5 previously negotiated for comparable use of the infringed work, and benchmark licenses for  
6 comparable uses of comparable works” was merely “*one way* to establish an objective, non-  
7 speculative license price,” the Court clarified that the September 1 Order had held merely that  
8 the “evidence provided by Oracle was not sufficient to support an award of hypothetical license  
9 damages because it *failed to provide objective evidence of what a willing buyer would have paid*,  
10 and because it *failed to provide evidence sufficient to allow the jury to assess fair market value*  
11 *without undue speculation*.” *Id.* (emphasis supplied). Thus the September 16 Order appeared to  
12 invite the introduction of hypothetical license damages evidence in the new trial, so long as it  
13 was objective and non-speculative.

### 14 **III. THE COURT SHOULD CLARIFY THAT ORACLE MAY PRESENT EVIDENCE** 15 **ON HYPOTHETICAL LICENSE AT THE SECOND TRIAL**

16 For the reasons stated below, Oracle respectfully requests the Court clarify that  
17 Oracle may present evidence relating to the hypothetical license measure of damages at the new  
18 trial.

#### 19 **A. Legal Standards for Clarification Motions**

20 In the Ninth Circuit, a motion for clarification “invite[s] interpretation, which trial  
21 courts are often asked to supply, for the guidance of the parties.” *Bordallo v. Reyes*, 763 F.2d  
22 1098, 1102 (9th Cir. 1985). This Court has granted a motion for clarification where an “order  
23 could potentially create confusion as to the actual claims being dismissed” and where an order  
24 “did not directly address” an important issue. *California v. Infineon Techns. AG*, C 06-4333  
25 PJH, 2007 WL 3034372, \*1, \*2 (N.D. Cal. Oct. 16, 2007). Oracle seeks similar clarification  
26 with this motion: given the Court’s most recent post-trial order clarifying that hypothetical  
27 license damages are available if sufficient objective evidence supports them, may Oracle present  
28

1 such evidence on re-trial to meet the standard of sufficiency set forth in the Court’s post-trial  
2 orders?

3 **B. All Parties Agree that Calculating the Value of a Hypothetical License for the**  
4 **Infringed Copyrights Is Possible**

5 There is no dispute between the parties that it is possible to calculate *some*  
6 objective value for a hypothetical license for the Oracle copyrights that SAP has admitted  
7 infringing. At the first trial, SAP conceded both that such a license could be valued, and that it  
8 would be worth tens of millions of dollars. Jindal Decl., ¶ 2, Ex. A (Trial Tr.) at 1538:24-1539:4  
9 (“[A]nother way to [calculate damages in this case] is to look at this reasonable royalty  
10 calculation. And you heard at length from Mr. Meyer on this issue. I’m going to deal with it  
11 too. We come to completely different numbers, as you can see. But this is an alternative [to lost  
12 and infringer’s profits.]”); *see also id.* at 1633:5-8 (SAP’s expert conceded, “you could look at  
13 the reasonable royalty . . . it’s \$40.6 million.”).

14 **C. Oracle Should Be Allowed to Present Evidence in Support of the**  
15 **Hypothetical License Remedy**

16 Fairness dictates that Oracle have the opportunity at the new trial to present  
17 additional evidence to meet the Court’s post-trial articulation of the evidentiary standard for  
18 hypothetical license damages, and that Oracle should not be precluded from doing so merely  
19 because it adhered to the broader evidentiary standard for such damages set forth by the Court  
20 prior to and during the first trial. It would be wasteful to require a third trial if the Court’s post-  
21 trial standard were held correct but the evidence necessary to meet it excluded from trial. *See,*  
22 *e.g., Johns Hopkins Univ. v. Cellpro, Ink.*, 152 F.3d 1342, 1356-57 (Fed. Cir. 1998) (reversing  
23 district court’s post-trial legal ruling that barred defendant from offering evidence in retrial it had  
24 chosen not to enter in the first trial, because post-trial ruling had “changed the rules of the  
25 game;” defendant could not be held to decisions it made in the first trial when the legal backdrop  
26 was different); *cf. Total Containment, Inc. v. Dayco Prods., Inc.*, 177 F. Supp. 2d 332, 339-340,  
27 342 (E.D. Pa. 2001) (permitting party to introduce new evidence at retrial to “refine its prior  
28 presentation and attempt to prove” a damages theory that it had presented at the first trial, but for  
which the trial court had held that it did not meet its burden).

1           Permitting Oracle to pursue hypothetical license-based damages at retrial is also  
2 particularly important given the narrow time limits of the first trial, which necessarily forced  
3 Oracle to limit its evidentiary presentation. It would be fundamentally unfair to limit a party’s  
4 time to present evidence, criticize the eventual presentation as insufficient under an adjusted  
5 standard, and then not allow an opportunity to make a second attempt.

6           Oracle therefore respectfully asks the Court to permit evidence on hypothetical  
7 license damages and not prevent Oracle from attempting to meet the standard articulated by the  
8 September 1 and 16 Orders.

9           **D. Oracle Will Reintroduce Evidence at the New Trial Supporting an Objective**  
10           **Measure of Fair Value**

11           There is no dispute that measuring the hypothetical license measure of damages  
12 “is an objective, not subjective analysis.” *Jarvis v. K2 Inc.*, 486 F.3d 526, 533-34 (9th Cir.  
13 2007). “Objective” refers to the market value of the license, as opposed to the copyright holder’s  
14 subjective valuation or belief. *Id.*; *see also Mackie v. Rieser*, 296 F.3d 909, 917 (9th Cir. 2002);  
15 *On Davis*, 246 F.3d at 166. As described in Oracle’s Opposition to SAP’s Motion for a New  
16 Trial, Dkt. 1057, Oracle offered extensive “objective evidence” of the fair market value of the  
17 rights infringed under a hypothetical license theory, including: (a) the number of  
18 PeopleSoft/JDE and Siebel customers that SAP expected to switch to SAP software as a result of  
19 SAP’s infringement, as indicated by contemporaneous SAP business documents prepared with  
20 the input and guidance of SAP’s most senior executives and used by SAP to develop and guide  
21 its high-level business strategies; (b) the value to Oracle of each such customer, as indicated by  
22 Oracle’s contemporaneous arms-length acquisitions of PeopleSoft/JDE and Siebel, as well as  
23 Oracle’s contemporaneous financial projections used to value those acquisitions; (c) the value to  
24 SAP of each such customer, as expressed by SAP’s contemporaneous business projections; (d)  
25 the total revenues that SAP expected to earn from the customers it converted using  
26 TomorrowNow in the first three years alone; and (e) SAP’s contemporaneous descriptions of the  
27 significant business advantages it would obtain, and business obstacles it would create for  
28 Oracle, as a result of using TomorrowNow in the marketplace.

1           Should the Court permit Oracle to present evidence in support of the hypothetical  
2 license measure of damages at the new trial, Oracle would submit all of this objective evidence  
3 to measure the value of SAP’s infringing use, consistent with Ninth Circuit authority and the  
4 *Georgia-Pacific* test.<sup>4</sup> As a measure of actual damages, the hypothetical license values the use of  
5 the infringed material: the value of what was taken. *See Frank Music*, 772 F.2d at 513 n.6. As  
6 the Court acknowledged in its September 16 Order, a copyright holder may suffer “actual  
7 damage” by being deprived of this value, even if it has exercised its right *not* to license the  
8 copyrighted work to the defendant (or to anyone). *See, e.g., Stewart v. Abend*, 495 U.S. 207,  
9 228-29 (1990) (“this Court has held that a copyright owner has the capacity arbitrarily to refuse  
10 to license one who seeks to exploit the work.”).

11           The parties’ contemporaneous projections of defendants’ anticipated gains or  
12 plaintiffs’ anticipated losses ***are the ideal kind of objective evidence*** from which to value a  
13 license for defendants’ infringing use of plaintiffs’ intellectual property, as several courts have  
14 found. *See, e.g., Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 F. Supp. 1116,  
15 1130-31 (S.D.N.Y. 1970) (relying on defendant’s profit expectations); *Interactive Pictures Corp.*  
16 *v. Infinite Pictures, Inc.*, 274 F.3d 1371, 1384-85 (Fed. Cir. 2001) (by relying on defendant’s  
17 contemporaneous business plan to establish a range of anticipated sales for the infringing  
18 products, plaintiff appropriately analyzed defendant’s position at the time of the hypothetical  
19 negotiation); *Finjan, Inc. v. Secure Computing Corp.*, 626 F.3d 1197, 1270-72 (Fed. Cir. 2010)  
20 (affirming jury’s award of damages based on evidence “reflect[ing] [] the profits [defendants]  
21 might have anticipated” in disregard of evidence of a prior license between plaintiff and a third  
22 party, due to differences between the plaintiff’s prior licensing scenario and a “hypothetical  
23 negotiation with [d]efendants”); *Snellman v. Ricoh Co.*, 862 F.2d 283, 289 (Fed. Cir. 1988)  
24 (affirming jury’s consideration of internal “document projecting [defendant’s] anticipated sale”  
25 of infringing products in support of hypothetical-license damages); *TWM Mfg. Co., Inc. v. Dura*

26 \_\_\_\_\_  
27 <sup>4</sup> While Oracle believes that the original trial was carried out in accordance with the law and with  
28 sufficient evidence, it understands that the Court has held otherwise. The evidence Oracle  
proposes to present at the new trial will be tailored to the Court’s holding.

1 *Corp.*, 789 F.2d 895, 900 (Fed. Cir. 1986) (affirming hypothetical-license damages based on  
2 “pre-infringement internal memorandum” on defendant’s anticipated profits); *see also Hanson v.*  
3 *Alpine Valley Ski Area, Inc.*, 718 F.2d 1075, 1081 (Fed. Cir. 1983) (reasonableness of  
4 negotiations “is to be determined not on the basis of a hindsight evaluation of what actually  
5 happened, but on the basis of what the parties to the hypothetical license negotiations would have  
6 considered at the time of the negotiations”).

7 Valuing a license based on the parties’ contemporaneous projections is also  
8 consistent with the “income method,” an established financial valuation methodology that is  
9 commonly used by experts to value intangible assets, and that Meyer used here. *Inline*  
10 *Connection Corp. v. AOL Time Warner, Inc.*, 470 F. Supp. 2d 424, 432 (D. Del. 2007)  
11 (describing the Income Approach, the Market Approach, and Cost Approach as “commonly used  
12 by experts to value intangible assets”); *Putnam v. Henkel Consumer Adhesives, Inc.*, No. 1:05-  
13 CV-2011-BBM, 2007 WL 4794115 at \*6-7 (N.D. Ga. Oct. 29, 2007) (“[T]he income approach  
14 . . . is also commonly used by experts to value intangible assets. . . . Under the income approach,  
15 the asset is valued by assessing the benefits derived from the use of the asset.”); Dkt. 847 (Jindal  
16 Decl.), Ex. O (SMITH AND PARR) at 148, 150, 155. Consistent with Ninth Circuit authority  
17 and *Georgia-Pacific*, the “income method” measures “the price a virtual buyer would be willing  
18 to pay for the anticipated returns from the” license based on the “economic benefit that can  
19 reasonably be expected from the exploitation of the” license. *Id.* at 150, 185. SAP’s expert even  
20 stated, “I accept that it is appropriate to value intellectual property using the market, income and  
21 cost approaches . . . .” Dkt. 925, Ex. G (Expert Report of Stephen K. Clarke) at 24.

22 The Court itself held at the first trial that the parties’ contemporaneous projections  
23 and expectations are relevant objective evidence that can support a hypothetical license measure  
24 of damages. In discussing the relevance of SAP’s contemporaneous projection that it would earn  
25 \$897 million in just three years from its infringing use of Oracle’s copyrighted software – the  
26 projection that was based on “extensive guidance” from SAP’s Executive Board – the Court  
27 stated that:

28

1 It certainly seems to me to be pertinent to the question of fair  
2 market value. I mean, that's an objective standard, and I -- this  
3 seems to me to be perfectly relevant to that.

4 \* \* \*

5 I do think the exhibit needs to be admitted into evidence.

6 Jindal Decl., ¶2, Ex. A (Trial Tr.) at 510:11-511:1.

7 The contemporaneous valuation of an asset, and the action on that valuation by  
8 executing a transaction, is objective evidence of the value of that asset and what a “willing  
9 seller” and “willing buyer” would exchange for it. The Court’s ruling regarding the relevance of  
10 SAP’s projection made sense, because SAP’s Executive Board – by virtue of their position, some  
11 of the most sophisticated and qualified people to place a value on the use of ERP software –  
12 projected the value SAP could gain from its infringing use and acted on that valuation by  
13 purchasing TomorrowNow. Likewise, Oracle valued its ability to use the copyrighted software,  
14 and then acted on that valuation, when it spent \$11.1 billion and \$6 billion to purchase  
15 PeopleSoft and Siebel. There could be no better objective evidence of value than what these  
16 highly sophisticated parties actually calculated at the time. Evidence of the parties’  
17 contemporaneous projections or expectations is therefore relevant objective evidence of the  
18 value of SAP’s infringing use of Oracle’s software, and so Oracle’s new trial evidence  
19 previously submitted in support of a hypothetical license measure of damages will comply with  
20 settled law and meet the September 16 Order’s requirements.

21 **IV. THE COURT HAS DISCRETION TO PERMIT ORACLE TO PRESENT  
22 ADDITIONAL EVIDENCE AT THE NEW TRIAL**

23 In addition, Oracle stands ready to provide additional objective evidence relating  
24 to the market value of the infringed software. The Court has discretion to allow additional  
25 evidence, and should.

26 **A. Fairness Dictates that the Court Exercise Its Discretion to Allow Oracle To  
27 Present New Evidence**

28 The Court has broad discretion in determining the relevance and admissibility of  
new evidence in a new trial/retrial. *See, e.g., F.B.T. Productions, LLC v. Aftermath Records*, No.  
CV 07-3314 PSG, 2011 WL 5174766 at \*6 (C.D. Cal. Oct. 31, 2011) (noting a new trial

1 proceeds de novo, under the broad discretion of a district court judge to supervise trials). The  
2 “Court must be guided by considerations of fairness to the parties . . . and avoid undue prejudice  
3 to either party.” *Total Containment, Inc. v. Dayco Prods., Inc.*, 117 F. Supp. 2d 332, 338 (E.D.  
4 Pa. 2001).

5 Oracle would be severely prejudiced by not being able to submit new and  
6 additional evidence during the new trial. The Court has ruled that Oracle’s prior evidence was  
7 insufficient; although Oracle disagrees, if Oracle is allowed to present the hypothetical license  
8 theory to the jury at the new trial but cannot add to that evidence, then it will be hampered in  
9 meeting the newly articulated standard for sufficient objective evidence. It would be manifestly  
10 unfair to deny Oracle the opportunity to cure that alleged defect. *See* pp. 11-12, above; *see also*,  
11 *e.g.*, *S. Union Co. v. Irvin*, 563 F.3d 788, 793 n.4 (9th Cir. 2008) (granting a party the option of  
12 relitigating the case rather than accepting a remittitur because of the “possibility that additional  
13 evidence might be submitted at a new trial”); *Pincus v. Pabst Brewing Co.*, 752 F. Supp. 871,  
14 875-76 (E.D. Wis. 1990) (finding that it would be “illogical” and make “little sense” for a  
15 “court’s rulings on the sufficiency of the evidence [to] constrict[] the admission of evidence at a  
16 new trial”); *see also Total Containment*, 177 F. Supp. 2d at 339 (allowing additional limited  
17 discovery and holding that it would be “unfair” to prevent a party from “expanding [at a retrial]  
18 upon evidence which it previously introduced” but was held to be insufficient).

19 By contrast, SAP would suffer no undue prejudice from allowing Oracle to  
20 proceed with evidence from the existing discovery record not previously presented at trial. The  
21 parties are familiar with the available evidence. *F.B.T.*, 2011 WL 5174766 at \*6. Accordingly,  
22 Oracle should be given the chance to present additional evidence to meet the September 16  
23 Order’s adjusted standard of sufficient evidence.

24 **B. Oracle Has Additional Objective Hypothetical License Evidence Based on**  
25 **the Current Discovery Record**

26 Oracle is prepared to provide the following additional evidence at retrial in  
27 support of a hypothetical license measure of damages. Beyond providing an additional quantum  
28

1 of evidence, this evidence will help show that the evidence that Oracle will reintroduce, as  
2 described above, establishes an objective measure of hypothetical license damages.

3 ***Additional evidence of relevant Oracle licenses and willingness to license.***

4 Oracle will, if permitted, submit additional evidence relating to the Oracle/SAP database reseller  
5 agreement. This intellectual property license is probative of a hypothetical license between  
6 Oracle and SAP for the infringed materials. The reseller agreement is between the same parties  
7 and relates to Oracle’s crown-jewel software – here, Oracle’s Database software. This license  
8 was referred to in passing at the first trial, but its relevance and bearing on the hypothetical  
9 license at issue will be expanded, as it shows the parties would in fact be willing to license the  
10 software at issue, albeit only at the right price.

11 While this license is not fully comparable to one the jury would be instructed to  
12 value, it is directly relevant to the parties’ willingness to license. As such, it addresses the  
13 Court’s expressed concerns about the gaps in Oracle’s prior evidence.

14 Similarly, current and former Oracle executives, including Mr. Ellison, Ms. Catz,  
15 and Mr. Phillips, will testify, consistent with their prior testimony (and with their declarations  
16 submitted in support of Oracle’s opposition to SAP’s motion for summary judgment, Dkt. 539 &  
17 485) but more explicitly on this point, that while they may have been disinclined to license the  
18 software at issue to their main competitor, they would certainly have done so (as with any  
19 business transaction) for the right price.<sup>5</sup>

20 ***Additional evidence of the parties’ expectations at the time of infringement.***

21 Oracle will provide additional evidence of Oracle’s and SAP’s executives’ expectations of the  
22 value of the infringed copyrights as of the time of infringement.<sup>6</sup>

23  
24 \_\_\_\_\_  
25 <sup>5</sup> While the Court noted that Oracle’s executives testified that such a license would have been  
26 “unique” and “unprecedented,” Dkt. 1081 (September 1 Order granting SAP’s motion for  
27 judgment as a matter of law) at 11, the executives also testified that they would have taken this  
28 unprecedented step, for the right price. *See, e.g.*, Jindal Decl., ¶ 2, Ex. A (Trial Tr.) at 764:9-  
765:10; 765:24-766:14; 802:3-9; 865:16-867:4.

<sup>6</sup> Oracle did not provide this evidence at the prior trial because it believed its presentation was  
sufficient and because of the time constraints imposed by the Court and the need to reserve time  
for cross and rebuttal. *See*, pp. 5-6, above.

1 First, Oracle will provide live or deposition testimony from the involved SAP AG  
2 Board members, as well as from Mr. Hurst, Mr. Crean, Mr. Faye, Mr. Trainor, Mr. Shenkman,  
3 Mr. Mackey, and Mr. Word (not all of whom testified at the last trial). Previously, Oracle  
4 limited its questions to those SAP executives that SAP called. Given the September 16 Order's  
5 adjusted standard, with live witnesses Oracle will now more fully explore SAP's expectations for  
6 the Safe Passage program and TomorrowNow. For example, to explore SAP's expectations,  
7 Oracle will ask SAP executives what they, as a willing licensee, would have been willing to pay  
8 to license Oracle Database, and explore the evidence showing that SAP personnel generated  
9 price quotes for just such a Database license for TomorrowNow's use.

10 Second, Oracle will more fully explore the value SAP itself places on copyrighted  
11 enterprise software and the associated revenue streams, to further support Meyer's damages  
12 methodology.

13 Third, Oracle will present evidence of its projections related to its expected sales  
14 of additional software licenses to the PeopleSoft and Siebel customer bases, a key and objective  
15 set of evidence related to the value of the copyrighted works that other courts permit to evaluate  
16 fair market value. *See, e.g., Interactive Pictures*, 274 F.3d at 1385; *Snellman*, 862 F.2d at 289-  
17 90. Oracle believes this evidence was incorrectly excluded at the last trial. Accordingly, Oracle  
18 seeks reconsideration of that ruling in a concurrently filed motion.

19 Fourth, Oracle will submit expert and non-expert evidence of SAP's saved  
20 development costs. The cost that SAP would have incurred to develop the infringed materials is  
21 objective evidence that is logically and legally relevant to the parties' contemporaneous  
22 bargaining positions in a hypothetical negotiation. Accordingly, Oracle's damages expert will  
23 rely on that analysis through the cost approach, an established valuation methodology, as a  
24 reasonableness check on his calculations. To be clear, Oracle does *not* intend to seek to recover  
25 SAP's saved development costs themselves as an independent *measure* of damages, but to show  
26 that the cost to independently develop the software is relevant to the value of that software.  
27 Because Oracle believes this evidence of saved development costs was incorrectly excluded at  
28 the last trial, Oracle also seeks reconsideration of that ruling in a concurrently filed motion.

1 Fifth, Oracle will supplement its executive witness testimony with testimony from  
2 Mr. Kehring and Mr. Rozwat regarding Oracle’s contemporaneous expectations. These  
3 individuals will discuss the objectivity and underlying basis for Oracle’s contemporaneous  
4 projections, Oracle’s support line of business, and Oracle’s research and development efforts,  
5 respectively. Each of those subjects is a relevant and proper basis for Meyer’s damages  
6 calculations.

7 Oracle will also place added emphasis on the previously admitted evidence  
8 relevant to the September 16 Order’s standard of “objective” evidence. For example, Oracle will  
9 present to the jury more detail surrounding the extensive due diligence and investigations that  
10 both parties invested in creating their projections of the value of the software at issue. As several  
11 courts have held, this evidence is “objective” evidence, relevant to the hypothetical negotiation  
12 and the fair market value of the infringed works. *See, e.g., Interactive Pictures Corp*, 274 F.3d  
13 1371.; *Finjan*, 626 F.3d at 1270-72; *Snellman*, 862 F.2d at 289.; *TWM Mfg.*, 789 F.2d at 900.  
14 While much of this evidence was admitted into the record previously, at retrial, Oracle will  
15 specifically present and explain this objective evidence to the jury and the Court.

16 This list is not exhaustive. If the Court permits Oracle to proceed with the  
17 hypothetical license measure of damages, Oracle should be permitted to submit all new and  
18 expanded evidence in support of that remedy that meets the newly articulated requirements of  
19 this Court’s September 16 Order. If the Court denies Oracle’s request and bases that denial on  
20 its post-trial orders, then Oracle requests leave to move for reconsideration of those orders. *See*  
21 *fn. 1, above.*

22 **V. CONCLUSION**

23 For the reasons stated above, the Court should clarify that Oracle is permitted to  
24 present the hypothetical license theory of damages at the new trial.

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