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UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 SAN FRANCISCO DIVISION

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

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

**JOINT DISCOVERY CONFERENCE
 STATEMENT**

Date: June 25, 2009
 Time: 10:00 a.m.
 Courtroom: E, 15th Floor
 Judge: Hon. Elizabeth D. Laporte

1 Plaintiffs Oracle USA, Inc., Oracle International Corporation, and Oracle EMEA Limited
2 (collectively, “Oracle”) and Defendants SAP AG, SAP America, Inc., and TomorrowNow, Inc.
3 (collectively, “Defendants,” and with Oracle, the “Parties”) submit this Joint Discovery
4 Conference Statement.

5 The Parties jointly request that the Court schedule 60 minutes on June 25, 2009 to further
6 discuss the following discovery issues, as well as schedule further discovery conferences roughly
7 every five weeks through December 2009.

8 **1. Joint Administrative Motion to Modify Case Scheduling Order**

9 Following several weeks of extensive negotiation, on May 12, 2009, the Parties jointly
10 filed an administrative motion to modify the case scheduling order, seeking, among other things,
11 an extension of the fact discovery cut-off and trial date. On May 28, Judge Hamilton held a Case
12 Management Conference, at which the Parties discussed their discovery needs, the case schedule
13 and other issues. Judge Hamilton provided guidance on the case schedule and other issues
14 presented by the Parties’ joint proposal and entered a Minute Order on May 29 (Docket Entry
15 321). On June 11 (Docket Entry 325), the Court signed a revised joint proposed order, which,
16 among other things:

- 17 • Extends the fact discovery cut-off to December 2009 and the trial date to
18 November 1, 2010;
- 19 • Grants each side an additional 100 hours for fact depositions;
- 20 • Grants each side an additional 20 document custodians;
- 21 • Permits Oracle to move to amend the complaint by July 15, 2009 to add Siebel
22 related claims and any other claims or allegations agreed to by the Parties prior to
23 July 15, 2009;
- 24 • Requires Oracle to make the appropriate motion(s) no later than August 26, 2009
25 should Oracle intend to seek any other amendment to the complaint; and
- 26 • Permits Defendants leave to file an additional summary judgment motion on
27 August 26, 2009 regarding Plaintiffs’ royalty damages theory, and requires the
28 Parties to meet and confer as soon as possible to schedule on a priority basis what,

1 if any, discovery may be needed by Plaintiffs before filing of that motion.

2 The Stipulation presented to Judge Hamilton represented the extent of the agreement
3 between the Parties on the topics it covered. Both sides reserved rights to pursue additional or
4 different discovery from that set forth in the stipulation, and agreed that this Court would rule on
5 any disputes that arose from that discovery, in addition to the scope and manner of conducting the
6 discovery expressly referenced in the stipulation.

7 **2. Damages-Related Discovery From Oracle**

8 **a. Defendants' Position:** Oracle has alleged damages including loss of
9 profits resulting from TomorrowNow's alleged activities. From the first day discovery was
10 permitted, Defendants have sought discovery of Oracle's profit margins. For example,
11 Defendants requested production of "Documents relating to any alleged loss of revenues or
12 profits by Oracle as a result of the conduct alleged in the Complaint." In response, Plaintiffs
13 agreed to produce "[d]ocuments sufficient to show Oracle's revenues, costs, and profit margins
14 for support or maintenance services relating to legacy PeopleSoft and J.D. Edwards enterprise
15 software applications for which Oracle has alleged that defendants Downloaded Software and
16 Support Materials from Oracle's systems"

17 Defendants still have not received sufficient information regarding Oracle's profit margins
18 on the relevant product lines. In the early stages of the case, Oracle took the position that
19 Oracle's contracts with the former TomorrowNow customers were sufficient to show the profits
20 Oracle contends it would have made from those customers but for the activities of TomorrowNow.
21 That assertion proved to be incorrect for a variety of reasons, including the fact that many
22 customer contract files are incomplete. Oracle also pointed to its publicly filed Annual Report
23 and various internal quarterly reports as evidence of its profit margins. While the Annual Report
24 shows a profit margin for Oracle's support services, it is accompanied by a disclaimer that states
25 that the reported margins "do not represent the actual margins." Defendants subsequently served
26 a Rule 30(b)(6) deposition notice on the subject of "the types of records...that Oracle maintains
27 concerning revenues, costs, profit margins...for the PS and JDE product lines" In response,
28 Oracle presented a witness who testified that Oracle does not measure the profitability of its

1 PeopleSoft and JDE product lines. Defendants have further sought production of Oracle's
2 general ledger and have identified portions of its charts of accounts that may lead to the
3 appropriate general ledger information. While Oracle has produced some chart of accounts
4 information, it has refused to produce the general ledger information Defendants have requested
5 on grounds of burden and citing the targeted search request procedure.

6 Oracle has simply not provided sufficient discovery to allow Defendants to determine the
7 revenues or profits of the actual plaintiff entities in this case. For example, plaintiff Oracle
8 International Corporation ("OIC") does not license the alleged copyrighted works to customers,
9 but rather licenses them to Oracle affiliates who pay a royalty to OIC. Thus, any profits that OIC
10 makes (or allegedly lost) on such transactions depends on the royalty revenues it receives from its
11 affiliates based on the affiliates' sales to customers. In order to explore this issue, Defendants
12 noticed the deposition of OIC regarding, among other things, "[p]ayments, including but not
13 limited to royalty payments, received by or to OIC in connection with the Registered Works" and
14 "[h]ow costs are allocated among the participants" to the applicable Cost Sharing Agreements. In
15 response, Oracle presented a witness who was unable to testify as to what royalty payments OIC
16 has received for the list of Registered Works.

17 Defendants also served their Targeted Search Request No. 3, which seeks the following:

18 "For each Plaintiff entity, for the period January 1, 2002 through October 31,
19 2008, documents sufficient to show by month, quarter and year the revenue
20 (including but not limited to license royalty payments), expenses (including but
21 not limited to research and development costs) and net income to the Plaintiff
22 entity resulting from sales by any Oracle entity of PeopleSoft and/or JD Edwards
23 software and/or services to customers on Defendant TomorrowNow, Inc.'s
24 Supplemental Exhibit 1 to Its First Sets Of Requests For Production and
25 Interrogatories to Plaintiffs."

26 In response, in addition to many objections, Oracle stated that "Oracle will continue to
27 investigate whether and how it can produce some or all of the many requested financial reports
28 and the burdens of doing so ..." Plaintiffs' Supplemental Responses and Objections to
29 Defendants "Second" and "Third" Targeted Search Requests, p. 13. To date, Defendants have
30 received no further response. Defendants are continuing to meet and confer with Oracle
31 concerning the inadequate discovery in this area. Oracle has suggested in meet and confer

1 discussions that the parties may be able to resolve these issues through further discussions that
2 might also include direct participation by subject matter experts at the companies. Based upon
3 that suggestion, Defendants took off calendar the upcoming deposition of Alex San Juan, a
4 witness who may (or may not) be able to shed light on issues relating to Oracle's charts of
5 accounts. Defendants have requested further meet and confer on these issues and would welcome
6 participation by anyone Oracle may wish to include. Defendants will seek guidance from the
7 Court at the Discovery Conference concerning whether a motion to compel may be necessary at
8 this time.

9 **b. Oracle's Position:** Defendants' statement above is representative of their
10 practice of sending massive meet and confer letters, that raise new issues, mere days before
11 raising them with the Court. Indeed, Defendants' statement here is largely copied from a letter
12 sent on June 12, to which Oracle has not had a meaningful opportunity to respond. This is not
13 how meeting and conferring – which is meant to alleviate from the Court the burden of dealing
14 with developing issues – is supposed to work. Nor, as the Court has pointed out repeatedly, does
15 it make sense to waste the little time we have with at these conferences on issues that are not ripe
16 and for which the Court does not have the background, or a motion pending with joined and
17 jointly briefed issues ready to decide.

18 The fact is, contrary to Defendants' implication, Oracle has produced a substantial amount
19 of financial records. Defendants also choose to simply ignore the testimony of Oracle witnesses
20 about the unavailability of some of the material Defendants seek, and the burden and irrelevance
21 of producing some of the more detailed General Ledger material that, at least originally,
22 Defendants sought.

23 Defendants also include some factual inaccuracies in their statement above. For instance,
24 contrary to Defendants' statements, Oracle has *not* refused to produce general ledger information.
25 Rather, it objected to Defendants' initial request for general ledger information because the 73-
26 page request would require *months* of dedicated effort to collect, which Oracle explained to
27 Defendants on May 11, and because there was no foundation that such effort would produce
28 relevant information. On May 14, and again on May 22, Oracle asked Defendants to propose a

1 narrower and more reasonable search; moreover, on May 28, Oracle's counsel orally provided an
2 explanation to Defendants' counsel of the overbreadth and burden of the then-pending General
3 Ledger request, which Defendants admitted made sense and about which they proposed to
4 convene a follow-up call. Defendants have never disputed the burden associated with their initial
5 request. Defendants' complaints about Oracle not providing adequate financial discovery are
6 further undermined by their cancellation on June 16 of the long-scheduled June 19 deposition of
7 Oracle witness Alex San Juan, who was to testify about Oracle's production of charts of accounts
8 and Oracle's general ledgers.

9 Additionally, although Defendants complain about product profitability reports, they
10 themselves recognize that Oracle does not track profitability by product, as multiple Oracle
11 witnesses have repeatedly testified (not surprising as SAP and most multi-product companies also
12 do not assign expenses and costs by product). Part of the reason Oracle is still investigating its
13 ability to produce any reliable information in response to Defendants' "Third Targeted Search
14 Request" relating to this information, is because to date and after dozens of hours of searching,
15 Oracle has yet to find anyone at Oracle who ever has or can create the reports Defendants seek.
16 In its response to that request, Oracle informed Defendants that it "has begun investigating the
17 reporting functions available from Oracle Financial Analyzer and the GIFTs database, and has
18 thus far only confirmed the previous testimony that informed Defendants that the information
19 Defendants seek is not available with the requested detail." The other reason is that, as
20 Defendants know, Oracle's fiscal year ended on May 31, and those people most knowledgeable
21 about Oracle's financial systems have been heavily impacted by fiscal year-end activities.

22 Oracle fully intends to continue the Parties' meet and confer on these issues. However, at
23 this point, Court intervention is premature.

24 **3. Partner Discovery from Oracle**

25 **a. Defendants' Position:** Defendants continue to believe that Oracle's
26 production of partner-related documents is deficient. Oracle produced certain information
27 concerning CedarCrestone in response to the Court's order on Defendants' motion to compel.
28 Defendants are still evaluating that production for completeness. Defendants continue to believe

1 that information regarding other partners, such as netCustomer, is relevant and should be
 2 produced. Defendants do not agree, as Oracle has argued, that this Court's ruling on the
 3 CedarCrestone issue forecloses Defendants from additional discovery on the partner issue.
 4 Defendants will continue to meet and confer with Oracle on this issue and may seek the Court's
 5 guidance at the discovery conference if sufficient progress is not made on this issue by then.

6 **b. Oracle's Position:** Again, this issue is not ripe for Court assistance.

7 Despite having sought extensive discovery related to Oracle partners and having been denied such
 8 discovery, first by Judge Legge and then by this Court, because of the dissimilarity between
 9 partners and independent competitors,¹ Defendants continue to ask Oracle to produce partner
 10 discovery beyond that ordered on February 11, 2009 in response to Defendants' Motion to
 11 Compel. After extensive briefing and argument, the Court rejected Defendants' request for Rule
 12 30(b)(6) testimony related to partners, and ordered:

13 With respect to Defendants' Motion to Compel, the Court
 14 concludes that Defendants are entitled to some non-burdensome
 15 information regarding Plaintiffs' partnership program as potentially
 16 relevant to damages. Specifically, Plaintiffs shall provide a list of
 17 the "small percentage of its partners" with which Oracle contracts
 18 to provide support services for PeopleSoft, J.D. Edwards or Siebel
 applications. See Declaration of Colleen Kelly ¶ 3. Plaintiffs shall
 produce its partnership agreement(s) with CedarCrestone for the
 relevant time frame from 2002 through 2008. Plaintiffs shall also
 produce to Defendants the two master agreements regarding
 support, including fee schedules, referenced at the hearing.

19 Oracle has completed all of these productions, and following meet and confer with Defendants,
 20 also agreed to and did produce any additional Oracle policies, price lists, and fee schedules
 21 specifically incorporated into the form partner agreements, to the extent not previously produced.²

22 ¹ A year ago, Judge Legge denied this same discovery, ruling that partner discovery was
 23 "tangential at best." This Court weighed in on the relevance of partner discovery several times.
 24 See, e.g., August 28, 2008 Discovery Conference at 61:19-62:2 ("I am dubious about whether it's
 25 relevant.... it does seem like a completely different thing. And that the relevance would be – if
 26 there is any – would be outweighed by the burden[,]"); January 8, 2009 Discovery Conference at
 27 54:24-55:2 ("Oracle can choose to have partners that it authorizes to use its IP; and that's
 28 completely different from somebody ripping it off"); February 10, 2009 Motion to Compel
 hearing at 31:5-8 ("So I view the totally independent third parties as the most relevant to damages.
 But I view the in-between authorized partners as maybe having some relevance, but not as
 much"); *id.* at 46:14-47:1 (describing requests for the detail behind Oracle's support partner
 agreements as "pretty attenuated").

² Oracle also informed Defendants during meet and confer that Oracle has non-partner
 agreements with CedarCrestone related to contractor services and software licenses, but

1 As for netCustomer, Oracle was never ordered to produce documents related to
2 netCustomer and Defendants have never moved to compel such a production, presumably
3 because none of Defendants' current document requests seek the documents they now claim to
4 want, as Oracle explained to Defendants on May 4. Moreover, given the answers in Oracle
5 testimony and documents about the irrelevance of netCustomer (some of which Oracle will likely
6 attach in opposition to any proper motion Defendants bring based on any actual pending
7 discovery requests), Oracle will argue further inquiry into this additional dead-end likewise
8 should not be allowed.

9 For now, Oracle requests that the Court order that Defendants will abide by this Court's
10 prior limitations on partner discovery. Alternatively, Oracle could file a motion for a Protective
11 Order on those grounds, though it hopes the Court agrees that such additional motion practice
12 would be wasteful and unnecessary.

13 **4. Discovery of SAP IP Valuation/Licensing Practices**

14 **a. Defendants' Position:** Plaintiffs have recently served extensive discovery
15 against SAP relating to SAP's valuation of its own IP and its practices with respect to licensing IP.
16 Defendants have objected to this discovery on several grounds. To start with, Plaintiffs have
17 refused to provide similar discovery to Defendants, even refusing to provide all licenses Plaintiffs
18 have granted to the very IP at issue in this case. Moreover, SAP's IP has nothing to do with this
19 case. Plaintiffs have informed Defendants that they intend to use this purported dispute as a basis
20 to oppose Defendants' upcoming motion for summary judgment on damages, which motion
21 Judge Hamilton gave Defendants special permission to file. Plaintiffs allege that SAP's licensing
22 practices and the value that it assigns to its IP are relevant as benchmarks for valuing Oracle's IP,
23 and thus relevant to the price SAP would have paid to license Oracle's IP. However, even if that
24

25 _____
(continued...)

26 confirmed that these agreements, like the CedarCrestone partner agreements, do not license
27 CedarCrestone to provide technical support services for PeopleSoft, JDE, or Siebel software
28 applications. Other than asking for that confirmation, Defendants have not sought these
additional agreements, which are not relevant and are not partner agreements called for by the
February 11 Order.

1 were true, Defendants' early summary judgment motion will attack Plaintiffs' legal entitlement to
2 pursue their reasonable royalty theory of damages, not the potential amount of a hypothetical
3 license. Whatever claimed value that SAP's license practices and valuation of IP may have to
4 determining the price of a hypothetical license (which value Defendants dispute), these subjects
5 do not bear on the threshold matter of whether Plaintiffs may pursue a reasonable royalty theory
6 of damages at all. Because Plaintiffs will undoubtedly seek to avoid summary judgment by
7 relying on alleged discovery disputes, Defendants will seek the Court's guidance at the discovery
8 conference on how best to present this issue for resolution in an expedited fashion.

9 **b. Oracle's Position:** How much SAP has been willing to pay for IP it
10 acquired legitimately (by acquisition or license) is highly relevant to rebut its anticipated
11 testimony that it would not have paid the license fees Oracle will argue are appropriate for the
12 extensive IP SAP and TN took for years to compete against Oracle. Oracle first served discovery
13 requests relating to SAP's IP valuation and licensing practices in July 2008, so the topic is not
14 "recent." Moreover, Oracle questioned SAP witnesses, including board members, about this
15 highly relevant topic. Over the months since it made its original requests, Oracle has extensively
16 met and conferred with Defendants on their inadequate responses to this discovery, culminating
17 in a letter on June 5, 2009, providing additional information for Defendants and seeking their
18 final position. On June 16, Defendants sent a letter again refusing to provide responsive materials.
19 As the Parties have now completed a meaningful meet and confer on this topic, and because
20 Judge Hamilton has allowed "prioritized" discovery in advance of Defendants' early summary
21 judgment motion related to its hypothetical license, Oracle intends to move to compel, as
22 described below.

23 **5. Defendants' Insurance Carriers' Access to Confidential and Highly**
24 **Confidential Information**

25 **a. Defendants' Position:** On May 4, 2009 Defendants sent Oracle a copy of
26 SAP's insurers' proposed amendment to the Stipulated Protective Order ("SPO") that would
27 permit a limited number of non-lawyer and lawyer representatives of each insurer, the broker, and
28 SAP's insurance coverage counsel access to information that Oracle has designated either

1 “Confidential” (“C”) and “Highly Confidential” (“HC”) under the terms of the SPO. A copy of
2 SAP’s insurers’ proposal is attached as Exhibit “A” to this statement. Oracle responded on June 9,
3 2009. A copy of Oracle’s response is attached as Exhibit “B” to this statement.

4 SAP’s insurers have reviewed Oracle’s June 9th response and do not agree to the
5 limitations Oracle wishes to place on their review of the protected documents. While SAP’s
6 insurers’ recognize Oracle’s concerns, they believe that Oracle’s proposal to preclude them from
7 disclosing any aspect of any protected information beyond the two insurer representatives and
8 two attorneys expressly designated in the addendum does not permit them any meaningful use of
9 the disclosed information to evaluate coverage and any proposed settlement. Given Oracle’s
10 broad designation of large portions of its document production as either C or HC, access to
11 Oracle’s other non-designated documents does not provide much in the way of substantive
12 information in Oracle’s production that SAP’s insurers believe is necessary to evaluate Oracle’s
13 vast liability allegations and significant damage claims. Thus, SAP’s insurers contend that they
14 will not be able to effectively evaluate coverage and meaningfully respond to any requests for
15 settlement to the extent that coverage is afforded under the applicable policies.

16 Although Oracle’s June 9th response asserts that the disclosure of the protected discovery
17 material to 46 individuals (including representatives of SAP’s broker and coverage counsel)
18 would be sufficient to allow for a “full and robust discussion of anything relevant from Oracle’s
19 materials,” SAP’s insurers have different structures and procedures that must be followed in order
20 to make determinations on coverage and authorize any settlement to the extent that coverage is
21 provided under the applicable policies. And, from the insurers’ perspective, even the most modest
22 decision-making structure would in most, if not all, circumstances require that information be
23 provided to several different people within each insurer’s organization.

24 Further, as this Court has noted previously, neither the insurers, nor their reinsurers and
25 auditors, are competitors of Oracle. The insurers’ proposal that was presented to Oracle on May
26 4, 2009 sets forth reasonable limits that both guard against the disclosure of C and HC
27 information to competitors, while at the same time providing the insurers with the relevant
28 information necessary for them to evaluate SAP’s insurance claim with respect to this lawsuit.

1 Although Defendants will continue to meet and confer on this issue (including the
2 involvement of SAP's insurers in that process), if an acceptable solution is not reached before the
3 discovery conference, then Defendants intend to seek further guidance from the Court at the
4 conference on this issue. Representatives of SAP's insurers plan to attend the discovery
5 conference to further explain their need to review Oracle's C and HC information and to answer
6 any questions that the Court may have for them.

7 **b. Oracle's Position:** Defendants first raised this issue with the Court in
8 January. Based on the Parties' specific agreement, the Court ordered that, for each carrier,
9 Defendants should provide Oracle with the name of a **single** attorney and/or adjuster who would
10 be given access to Oracle's Confidential and Highly Confidential information. Though they
11 presumably consulted with their carriers before agreeing to the Court's stipulated order,
12 Defendants came back months later claiming that their insurers balked at this reasonable
13 restriction. On May 4, Defendants sent the insurance carriers' responding proposal to Oracle.
14 *See* Exhibit A. That proposal vastly expands the Court's direction about the number of persons
15 who would have access to Oracle Confidential and Highly Confidential material (to at least **46**
16 **named** designees, and untold numbers of unnamed managers, supervisors, re-insurers, auditors
17 and regulators), and proposes a virtual blank check on repackaging Oracle's sensitive information
18 for uses far beyond consideration of the same by the named designees to consider whether
19 Defendants are covered.

20 On June 9, Oracle provided a counterproposal, in which it agreed to the significant
21 expansion of named designees, but limited use of its sensitive material to them alone, absent
22 express consent by Oracle to additional disclosure after notice and explanation of need. *See*
23 Exhibit B. Oracle also proposed that, to the extent any un-named representative of an insurer
24 believed he or she needed access to Oracle's Confidential or Highly Confidential information, the
25 insurer may identify the specific information to Oracle, explain to whom it would be given and
26 why, and request access on a case-by-case basis. This would protect Oracle's information while
27 providing the insurers with a means of additional access.
28

1 On June 16, Defendants told Oracle that the insurance carriers objected to Oracle's
2 counterproposal, but rather than providing the details of that objection in correspondence, for the
3 first time they told Oracle that the carriers did not agree with Oracle's counterproposal in their
4 draft discovery conference statement, provided that afternoon. Oracle immediately asked for a
5 written explanation of what the carriers could not agree with as to its counterproposal and what, if
6 any, compromise the carriers would offer to Oracle's counterproposal. Instead of getting any
7 such information, Oracle learned through the editing of this statement that the carriers' counsel
8 will appear at the June 25 Discovery Conference.

9 Based on the apparent unwillingness of Defendants' insurers to accept any limitations on
10 their use of Oracle's Confidential and Highly Confidential information, it appears the Court will
11 need to entertain motion practice. Oracle cannot risk unfettered dissemination or repackaging to
12 unknown persons or entities for unexplained reasons of its sensitive information (potentially
13 including personal employee information, detailed financial information, company strategic and
14 product strategy information, and confidential customer contracts). Oracle's counterproposal
15 provided a reasonable framework for addressing this issue – *e.g.*, access and use by the 46 named
16 recipients (a potential increase of 35 persons beyond the original order) and case-by-case requests
17 to Oracle for additional use. This reasonable and practical proposal is far beyond what the Parties
18 originally agreed to and what the Court originally ordered – and Defendants should accept it.

19 Oracle will report any additional progress that transpires through meet and confer between
20 the date of this filing and the June 25 Discovery Conference. However, if necessary, Oracle will
21 respond to any motion by Defendants to seek the unlimited use of its Confidential and Highly
22 Confidential materials contained in Defendants' pending proposal. That motion, however, should
23 be properly noticed and supported – and Oracle should have the opportunity to digest and respond
24 as allowed under standard motion procedures – rather than having any decision based on as-yet
25 unknown statements or arguments that may be made by unknown insurance carrier
26 representatives at the upcoming discovery conference. Defendants have waited months to raise
27 this issue; they can and should be required to abide by the proper procedures to resolve it.
28

1 **6. Application of Protective Order to Third Parties**

2 The Parties disagree as to the application of the advance disclosure requirements
3 of the Stipulated Protective Order that require disclosure, 48 hours in advance, of an opposing
4 party's "Confidential" or "Highly Confidential" documents that the other party intends to use at
5 the Rule 30(b)(6) deposition of a third party corporation. Defendants contend that the express
6 terms of the Stipulated Protective Order should apply to Rule 30(b)(6) depositions of third party
7 corporations (*e.g.*, TomorrowNow's former customers) rather than the modified terms that this
8 Court has applied to the Parties' former employees. Oracle contends that Rule 30(b)(6)
9 depositions of third party corporations should be handled similarly to how this Court has ruled
10 that the Parties' former employees should be treated, so that a document that the customer whose
11 representative is testifying received or sent would not need to be disclosed. The Parties are
12 continuing to meet and confer on this issue and, if necessary, will seek further guidance from the
13 Court on this issue at the June 25 Discovery Conference.

14 **7. Anticipated Motions**

15 **a. Defendants' Anticipated Motions**

16 **i. Defendants' Discovery Sanctions and Protective Order Motion.**

17 **(a) Defendants' Position:** At the May 26, 2009 discovery
18 conference, the Court gave Defendants permission to file their motion for sanctions under Rules
19 37 and a protective order under Rule 26. The parties continue to meet and confer but if they are
20 unable to resolve the issues, Defendants will file the motion for hearing on August 4, 2009.
21 Plaintiffs have agreed to that hearing date. The motion will address two issues: (1) Plaintiffs'
22 position that their lost profits damages claims include customers beyond the 346 allegedly lost to
23 TomorrowNow and include products other than those supported by TomorrowNow at issue in the
24 litigation; and (2) Plaintiffs' position that its "infringers' profits"/unjust enrichment claims against
25 SAP extend beyond the 81 SAP customers that also had a contract with TomorrowNow.
26 Defendants will ask the Court, pursuant to Rules 26 and 37, to preclude discovery on these topics
27 and to preclude use of evidence relating to them on any motion, at any hearing, or at trial.
28

1 The basis for the motion is twofold. On the first issue, Plaintiffs have maintained
2 throughout discovery that customers and products beyond those serviced by TomorrowNow are
3 irrelevant and, on that ground, have refused to provide discovery on them. This limitation,
4 imposed by Plaintiffs at the outset, has determined the way discovery has been conducted for the
5 entirety of the case. It has impacted every aspect of discovery, including, for example, the search
6 terms both sides have used to locate responsive documents, the custodians Plaintiffs agreed (or
7 would not agree) to produce, the types of documents Plaintiffs agreed (or would not agree) to
8 produce, the scope of the Rule 30(b)(6) testimony Plaintiffs agreed (or would not agree) to
9 provide, and the scope of Extended Discovery Timeline Agreement.

10 On the second issue, Plaintiffs conceded to the Court almost a year ago that SAP
11 customers that did not also have an agreement with TomorrowNow are not relevant to the alleged
12 damages in this case. Defendants have relied on this limitation in the conduct of their discovery,
13 damages analysis, and case preparation. It was this limitation that led to the substantial effort that
14 went into compiling the list of 81, which has determined the scope of relevant discovery for both
15 sides.

16 Plaintiffs' belated effort to broaden their damages claims now would hugely expand the
17 scope of discovery and seriously prejudice Defendants. Even assuming Plaintiffs could produce
18 the enormous volume of information that would be required (which is highly doubtful given that
19 they have not even been able to complete production of the information relevant to their existing
20 damages claims), Defendants and their experts would not have sufficient time to analyze it or to
21 complete the follow up discovery that would be required. This is true even under the extended
22 case schedule.

23 **(b) Oracle's Position:** Because the May 26 Discovery
24 Conference was the first Oracle had heard of this proposed motion, at Oracle's request, the Court
25 ordered meaningful meet and confer to precede any filing. The Court also noted that Judge
26 Hamilton alone would determine what damages theories are in the case, and that this Court's
27 province is the scope of discovery. (Nor is it clear that the Court granted permission for
28 Defendants to bring a Rule 37 sanctions motion.) Thereafter Oracle asked in writing, twice (on

1 May 26 and on June 3), for Defendants' specific complaints, the bases for those complaints, and
2 the remedies sought, and again asked for such a description in the Parties' telephonic met and
3 confer on June 4. Defendants provided partial written responses on June 4 and June 6, to which
4 Oracle responded with an offer of a significant compromise on June 12. Defendants provided a
5 letter on June 16, mostly in response to Oracle's complaints about their discovery deficiencies,
6 but also with promises to get back to Oracle as to its June 12 proposal.

7 It is Oracle's position that due to the state of meet and confer and the uncertainty of the
8 complaints, bases, and remedies sought, the issue is not ripe for a motion; indeed Oracle has not
9 digested or responded to Defendants' June 16 letter, which, on its face, states that Defendants
10 have not fully responded to Oracle's inquiries. Nonetheless, Oracle has confirmed its counsel's
11 availability for an August 4 hearing date. Oracle also disagrees with many of the above purported
12 factual bases for this motion. It notes that Defendants' description ignores Oracle's recent meet
13 and confer compromise proposals, which confirmed Oracle does not seek detail into SAP or
14 TomorrowNow customers beyond that described list. Moreover, Defendants also fail to
15 acknowledge the breadth of damages Oracle has sought from the outset of this case, in its various
16 iterations of its complaint, its initial disclosures and written discovery responses (including as
17 supplemented), its testimony, and the documents produced (which include, for example,
18 documents supporting the many pricing exceptions required by competition with TN, and about
19 which Defendants have examined witnesses). Oracle further disputes any efforts to have this
20 Court preclude any of its damages theories, as Defendants apparently intend to ask, given the
21 discovery extension granted by Judge Hamilton and the lack of meet and confer, much less prior
22 Court order on these topics. Oracle will respond to Defendants' motion with these and any other
23 appropriate legal and factual bases.

24 **ii. Defendants' Motion to Compel Damages Discovery.**

25 **(a) Defendants' Position:** As discussed above in the section
26 concerning Damages Related Discovery from Oracle, absent adequate cooperation from Oracle,
27 Defendants may need to move to compel further damages discovery. Defendants would greatly
28 prefer to resolve this issue cooperatively with Oracle and will continue to attempt to do so.

1 **(b) Oracle's Position:** Oracle's position and initial responses
2 to Defendants' complaints are set forth above. It too remains committed to meaningful meet and
3 confer.

4 **b. Oracle's Anticipated Motions**

5 While Oracle expects it will need to move to compel in other areas (*e.g.*, on waiver issues
6 that are currently the subject of extensive meet and confer exchanges) , the most time-sensitive
7 motion it will bring is described below.

8 **i. Damages Evidence**

9 **(a) Oracle's Position:** Oracle intends to bring a motion to
10 compel various discovery related to damages, including discovery on IP valuation and licensing,
11 Defendants' customer information, and the scope of Defendants' use of Oracle's IP. This
12 discovery is all relevant to Oracle's damages theories, particularly its hypothetical license model.

13 When arguing to Judge Hamilton for the right to an early summary judgment motion
14 about Oracle's hypothetical license damages model (now allowed under the new case schedule),
15 Defendants' counsel asserted that Defendants would oppose the model on a variety of legal and
16 factual bases, including that it is speculative, based on the testimony of certain Oracle witnesses.
17 Judge Hamilton expressly allowed Defendants to bring an early summary judgment motion on
18 Oracle's hypothetical license damages model only if there would be no Rule 56(f) motion by
19 Oracle seeking discovery it needed to oppose that motion – and she permitted prioritized
20 discovery for Oracle to avoid this issue. The schedule on this motion is: opening papers due
21 August 26, opposition papers due September 23, reply papers due October 7, and hearing on
22 October 28. Judge Hamilton made it clear she needs and will take significant time to decide this
23 or any other summary judgment motion. Because of the tight schedule, Oracle has pressed
24 Defendants to provide Oracle all evidence, and the names of all witnesses, Defendants will rely
25 on to oppose, or that have information relevant to the issues in, the hypothetical damages model
26 that Oracle has previewed to Defendants in its discovery responses and testimony and in its May
27 22, 2009 revised Initial Disclosures. Oracle has also reiterated its long-standing requests to
28 Defendants for evidence that it would use to oppose that motion, including about amounts that

1 SAP has paid for intellectual property it bought instead of took, whether by acquisition or license
2 and, on the flip side, amounts SAP has demanded from others for intellectual property it has sold
3 or licensed. This evidence would undermine one of Defendants' asserted bases for their early
4 summary judgment motion – namely that Oracle's model is unduly speculative. Although
5 Defendants profess now that their motion will not address such evidence, that is expressly
6 contrary to what their counsel told Judge Hamilton. Moreover, Defendants do not get to
7 determine what evidence Oracle uses to rebut their motion. For example, if Defendants were to
8 argue that a hypothetical license is not available as a matter of law, Oracle could rebut that
9 argument by providing evidence that SAP does, in fact, license its intellectual property to
10 competitors and so the remedy is valid. It is improper for Defendants to attempt to cut Oracle off
11 from such discovery.

12 Nonetheless, Defendants have refused to provide this evidence, saying that they will do so
13 only if they do not prevail on their early summary judgment motion. For the same reason,
14 Defendants have refused to tell Oracle the knowledge and proposed relevance to their
15 hypothetical license defenses of the 16 newly named SAP financial-type witnesses, who were
16 added to their May 22, 2009 revised Initial Disclosures. Oracle needs all of this evidence to
17 prepare for its opposition to the early summary judgment motion; moreover, it needs this
18 evidence for other purposes, including for its damages expert's report, due on November 16.
19 Given that Judge Hamilton will not decide the summary judgment motion until November at the
20 earliest, there is not enough time in the schedule for Defendants to wait for the ruling before
21 providing this necessary discovery to Oracle. Oracle will therefore ask the Court to order its
22 immediate production in the motion to compel it intends to file for hearing on August 4 (when the
23 Parties and the Court already have scheduled a motion by Defendants related to Safe Passage
24 document production).

25 Oracle also intends to include in this damages-related motion a counter-motion to
26 Defendants' motion set for August 4, in which Oracle will move to compel some generalized Safe
27 Passage discovery that Defendants have thus far said they will not produce. The Parties have
28 extensively met and conferred on this issue, as described above, and so Defendants are well aware

1 of the material Oracle needs. Oracle will also include Defendants' refusal to identify all
2 customers who received support based on the use of each local environment that exists on
3 TomorrowNow's systems, along with a detailed description of that support. This information is
4 crucial for Oracle to understand how each environment was used, which has broad implications
5 for both liability and damages. It is uniquely within Defendants' possession, and their witnesses
6 are able to do the analysis; for example, Catherine Hyde, a former TomorrowNow employee and
7 current paid litigation consultant for Defendants, was able to provide answers for some
8 environments during her most recent deposition. Moreover, a complete response to this
9 Interrogatory addresses the concise proof problems identified by the Court – and Defendants have
10 thus far rejected the extrapolation stipulation that would make this kind of discovery unnecessary.

11 The Parties have met and conferred extensively on these issues, and Oracle will continue
12 that meet and confer in hopes that motion practice will be unnecessary. However, based on the
13 advanced status of these discussions, including Defendants' refusal to produce this information in
14 their most recent June 16 letter, Oracle expects to bring this motion to compel for hearing on
15 August 4.

16 **(b) Defendants' Position:**

17 Defendants have explained to Plaintiffs on multiple occasions why information regarding
18 SAP's licensing practices or valuations of its own IP is irrelevant, not only to Plaintiffs' damages
19 case in general (as addressed above), but also to Defendants' forthcoming summary judgment
20 motion. Plaintiffs allege that SAP's licensing practices and the value that it assigns to its IP are
21 relevant as benchmarks for valuing Oracle's IP, and thus relevant to the price SAP would have
22 paid to license Oracle's IP. However, Defendants' early summary judgment motion will attack
23 Plaintiffs' legal entitlement to pursue their reasonable royalty theory of damages, not the potential
24 amount of a hypothetical license. Whatever claimed value that SAP's license practices and
25 valuation of IP may have to determining the price of a hypothetical license (which value
26 Defendants dispute), these subjects do not bear on the preliminary matter of whether Plaintiffs
27 may pursue a reasonable royalty theory of damages at all; thus, they have no relevance to
28 Defendants' motion. Additionally, Defendants have already informed Plaintiffs that Defendants

1 do not at present intend to affirmatively offer any testimony on the value of SAP IP because (as
2 explained below) it is not relevant to this case. It is inexplicable that Plaintiffs should suggest
3 that Defendants have refused to provide information about 16 “newly named SAP financial-type”
4 witnesses that supposedly have knowledge relevant to Defendants’ summary judgment motion;
5 these witnesses were identified by Defendants in targeted search responses months ago, and
6 moreover, do not bear on Defendants’ forthcoming motion. Plaintiffs’ statements ignore what
7 Defendants have explained will be the basis of their early summary judgment motion and appear
8 to illustrate that Plaintiffs seem determined to create a “straw motion” to support an artificial
9 “Rule 56 problem” in response to Defendants’ early summary judgment motion.

10 With respect to Plaintiffs’ proposed motion to compel exhaustive information about the
11 local environments that existed on TomorrowNow’s systems, it remains Defendants’ position that,
12 having provided Plaintiffs with the data and tools necessary to perform this analysis as well as
13 detailed testimony that represents Defendants’ already extensive efforts to provide Plaintiffs with
14 information about the use of TomorrowNow’s local environments, Defendants have more than
15 satisfied their burden of responding to this request. The initial discussions regarding possible
16 extrapolation or a stipulation on these issues presumed that Plaintiffs would not have time to
17 digest all of the data that Defendants have produced. Plaintiffs asked for and have received
18 substantial additional time for fact and expert discovery, which should moot their continued
19 insistence that Defendants agree to a specific extrapolation methodology. Moreover, in agreeing
20 to extend the case schedule, the Parties expressly acknowledged that while discussions relating to
21 a possible agreement on extrapolation or stipulation would continue, such an agreement was not a
22 prerequisite to the discovery and case schedule relief the Parties sought from, and that was
23 eventually ordered by, Judge Hamilton.

24 Defendants further maintain that it is completely implausible that this task (at least at the
25 level of detail Plaintiffs seek to force Defendants to respond) could be completed within the time
26 remaining for discovery (much less plausible that it could be completed by a single person, as
27 Plaintiffs suggest). Plaintiffs’ request asks Defendants to chronicle daily events that took place
28 over the course of six years and to summarize massive quantities of business records to which

1 Plaintiffs now have equal access, which is the exact type of task to which Plaintiffs have objected
2 in many of their responses to Defendants' discovery requests. Defendants will respond to
3 Plaintiffs' motion with these and other appropriate legal and factual grounds to demonstrate why
4 Plaintiffs' contemplated motion is unfounded. Defendants do not know the basis on which
5 Plaintiffs "will move to compel some generalized Safe Passage discovery," and thus cannot
6 respond to that allegation.

7
8 DATED: June 18, 2009

JONES DAY

9
10 By: /s/ Jason McDonell
 Jason McDonell
 Attorneys for Defendants
 SAP AG, SAP AMERICA, INC., and
 TOMORROWNOW, INC.

11
12
13 In accordance with General Order No. 45, Rule X, the above signatory attests that
14 concurrence in the filing of this document has been obtained from the signatory below.

15
16 DATED: June 18, 2009

BINGHAM McCUTCHEN LLP

17
18 By: /s/ Bree Hann
 Bree Hann
 Attorneys for Plaintiffs
 Oracle USA, Inc., Oracle International
 Corporation, and Oracle EMEA Limited