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16 UNITED STATES DISTRICT COURT

17 NORTHERN DISTRICT OF CALIFORNIA

18 SAN FRANCISCO DIVISION

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

20 Plaintiffs,

21 v.

22 SAP AG, *et al.*,

23 Defendants.

No. 07-CV-01658 PJH (EDL)

**PLAINTIFFS' MOTION TO  
 COMPEL PRODUCTION OF  
 DOCUMENTS RELATED TO  
 DAMAGES MODEL AND  
 INTERROGATORY RESPONSES  
 RELATED TO USE OF  
 PLAINTIFFS' INTELLECTUAL  
 PROPERTY**

Date: August 4, 2009  
 Time: 9:00 a.m.  
 Place: E, 15th Floor  
 Judge: Hon. Elizabeth D. Laporte

**TABLE OF CONTENTS**

Page

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

MOTION AND NOTICE OF MOTION ..... 1

RELIEF SOUGHT ..... 1

MEMORANDUM OF POINTS AND AUTHORITIES ..... 2

I. INTRODUCTION ..... 2

II. DISCOVERY ORACLE SEEKS TO COMPEL ..... 3

III. LEGAL STANDARD FOR AVAILABILITY OF EVIDENCE ORACLE SEEKS ..... 6

IV. THE COURT SHOULD ORDER DEFENDANTS TO PRODUCE THE  
REQUESTED DAMAGES-RELATED DISCOVERY ..... 7

    A. The Intellectual Property and Intangible Asset Valuation Information  
    Oracle Seeks Is Highly Relevant ..... 7

    B. There Is a Minimal Burden Associated With Producing Responsive  
    Documents ..... 9

    C. SAP’s Applications Sales and Contract Renewal Rates Documents Are  
    Also Relevant to Oracle’s Damages Analysis ..... 10

V. THE COURT SHOULD ORDER DEFENDANTS TO SPECIFY HOW THEY  
MISUSED ORACLE’S IP ..... 12

    A. Relevance and Significance of Information Sought by Interrogatories 13  
    and 14..... 12

    B. Defendants Should Provide Detailed Information About Their Use of  
    Oracle’s Intellectual Property ..... 14

**TABLE OF AUTHORITIES**

|    |  |             |
|----|--|-------------|
| 1  |  |             |
| 2  | <b><u>CASES</u></b>  | <u>Page</u> |
| 3  | <i>Bruce v. Weekly World News, Inc.</i> , 310 F.3d 25 (1st Cir. 2002) .....                          | 7           |
| 4  | <i>Equal Employment Opportunity Comm’n v. Lexus of Serramonte</i> , 2006 U.S. Dist.                  |             |
| 5  | LEXIS 66438 (N.D. Cal. 2006) .....   | 6, 7        |
| 6  | <i>Getaped.com, Inc. v. Cangemi</i> , 188 F. Supp. 2d 398 (S.D.N.Y. 2002) .....                      | 7           |
| 7  | <i>Jarvis v. K2 Inc.</i> , 486 F.3d 526 (9th Cir. 2007) .....  | 6           |
| 8  | <i>Polar Bear Prods., Inc. v. Timex Corp.</i> , 384 F.3d 700 (9th Cir. 2004) .....                   | 6, 7        |
| 9  | <i>Thorton v. J Jargon Co.</i> , 580 F. Supp. 2d 1261 (M.D. Fla. 2008).....                          | 7           |
| 10 | <b><u>STATUTES</u></b>   |             |
| 11 | Federal Rule of Civil Procedure 33.....  | 14, 15      |
| 12 | Federal Rule of Civil Procedure 26.....  | 6, 16       |
| 13 |  |             |
| 14 | <b><u>OTHER AUTHORITIES</u></b>  |             |
| 15 | Ninth Circuit Model Civil Jury Instruction 17.23 (Copyright Damages - Actual<br>Damages) (2007)..... | 6           |
| 16 |  |             |
| 17 |  |             |
| 18 |  |             |
| 19 |  |             |
| 20 |  |             |
| 21 |  |             |
| 22 |  |             |
| 23 |  |             |
| 24 |  |             |
| 25 |  |             |
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| 27 |  |             |
| 28 |  |             |

1 **NOTICE OF MOTION AND MOTION**

2 PLEASE TAKE NOTICE THAT on August 4, 2009 at 9:00 a.m., or as soon  
 3 thereafter as the matter may be heard, in the United States District Court, Northern District of  
 4 California, San Francisco Division, located at 450 Golden Gate Ave., San Francisco, CA,  
 5 Courtroom E, 15th Floor, before the Hon. Elizabeth D. Laporte, Plaintiffs Oracle USA, Inc.,  
 6 Oracle International Corp., and Oracle EMEA Ltd. will move to compel Defendants to produce  
 7 documents necessary for proving damages and to supplement the response to interrogatories  
 8 related to Defendants' use of Plaintiffs' intellectual property. This motion is based upon this  
 9 Notice of Motion and Motion, the accompanying Memorandum of Points and Authorities, the  
 10 accompanying Declarations of Holly A. House and Geoffrey M. Howard, and upon such other  
 11 matters presented to the Court at the time of the hearing.

12  
 13 **RELIEF SOUGHT**

14 Pursuant to Fed. R. Civ. P. 37,<sup>1</sup> Plaintiffs Oracle USA, Inc., Oracle International  
 15 Corp., and Oracle EMEA Ltd. (collectively, "Oracle" or "Plaintiffs") seek to compel Defendants  
 16 SAP AG, SAP America, Inc. (together, "SAP"), and TomorrowNow, Inc. ("SAP TN," and  
 17 together with SAP, "Defendants") to produce certain documents responsive to Requests for  
 18 Production 21-23 and 27 from Plaintiffs' Second Set of Requests for Production of Documents  
 19 and subpart (l) of Plaintiffs' First Targeted Search Request, and to provide supplemental  
 20 responses to Interrogatory 13 from Oracle Corporation's First Set of Interrogatories and  
 21 Interrogatory 14 from Oracle USA, Inc.'s Second Set of Interrogatories to Defendant SAP TN.

22  
 23  
 24  
 25 <sup>1</sup> Pursuant to Fed. R. Civ. P. 37(a)(1), Oracle's counsel affirms that they have conferred with  
 26 opposing counsel in a good faith effort to reach agreement about this matter. *See* Declaration of  
 27 Holly A. House in Support of Motion to Compel ("House Decl.") ¶¶ 7-8; Declaration of  
 Geoffrey M. Howard in Support of Motion to Compel ("Howard Decl.") ¶¶ 6-7.

**MEMORANDUM OF POINTS AND AUTHORITIES****I. INTRODUCTION**

Oracle brings this motion to obtain (1) documents related to its hypothetical license damages claims, and (2) interrogatory responses related to what materials Defendants took or copied, with which credentials, and what they did with those materials. Two and half years into the case, Defendants should have provided these answers long ago.

This motion has particular urgency as to the first category of information. Judge Hamilton has allowed Defendants to file an early summary judgment motion on Oracle's right to seek damages through a hypothetical license on August 26, which Oracle must oppose on September 23 and which will be heard on October 28. Judge Hamilton made this exception based on Defendants' assurances that they would prioritize any relevant discovery so that Oracle would have no basis for a Rule 56(f) motion seeking additional, relevant discovery – which Oracle clearly will, should Defendants not produce the requested information. *See* House Decl., ¶6 (citing CMC Order).

The information Oracle seeks relates to Defendants' valuation of intellectual property and intangible assets they have acquired legally – rather than simply taken. This information provides potential benchmarks against which Oracle's hypothetical license can be measured and also undermines any claims from Defendants protesting they never would have paid what Oracle seeks in damages. Defendants oppose production of this information because, they say, their scheduled motion is purely legal in nature and, if granted, the discovery will not be relevant. But irrelevance is a high hurdle, and Defendants do not meet it. Although Defendants have not yet filed their motion, they have indicated that one of Defendants' arguments against Oracle's hypothetical license model is that it requires the jury to speculate based on what the parties would have agreed to – which makes this discovery highly relevant. Moreover, Oracle is confident it is legally entitled to seek damages through a hypothetical license damages model; there is ample Ninth Circuit authority in support. However, the parties will not have Judge Hamilton's ruling for some time after the October 28 hearing, and Oracle's expert reports are due November 16. So, Oracle must promptly get this discovery to effectively

1 oppose Defendants' motion, to assist its damages experts and, should Oracle prevail against  
2 Defendants' early summary judgment motion, to prepare for trial.

3 As to the second category of information – data about what Oracle intellectual  
4 property SAP TN took, and what it did with it – this is foundational discovery that goes to the  
5 heart of Oracle's liability and damages case. Defendants have no legitimate reason for refusing  
6 to answer, and should not be permitted to escape discovery because the scope of their theft and  
7 misuse is so broad.

8 After extensive meet and confer sessions and correspondence, and consistent with  
9 Oracle's description in the most recent joint discovery conference statement and discussion with  
10 the Court at the June 30, 2009 discovery conference, Oracle moves for an Order compelling  
11 Defendants to respond to two interrogatories, four requests for production, and one Targeted  
12 Search sub-part, subject to the limitations discussed below. This discovery is narrowly tailored,  
13 not overly burdensome, and will significantly advance the issues in the case.

## 14 **II. DISCOVERY ORACLE SEEKS TO COMPEL**

15 **Intangible Asset and Intellectual Property Valuation and Licensing:** Because  
16 of the relevance to Defendant's hypothetical negotiations with Oracle valuing the Oracle  
17 intellectual property ("IP") Defendants infringed, Oracle first served discovery requests relating  
18 to SAP's valuation and licensing practices in July 2008.<sup>2</sup> *See* House Decl., ¶7. Since then, it has

19 \_\_\_\_\_  
20 <sup>2</sup> Specifically, Oracle seeks:

21 (1) Documents relating to licenses between SAP and any  
22 "independent (non-affiliated, non-partner) software support service  
23 provider for SAP-branded software applications or to any license  
24 Defendants deem comparable to the type of license that would  
25 have been required between Oracle and SAP TN for the type of  
26 activities engaged in by Defendants." (RFP 23);

27 (2) Documents "related to the allocation of the purchase price for  
28 Business Objects, including the determination of the fair value in  
accordance with FAS 141 and 142 of the identified intangible  
assets acquired." (RFP 27); and

(3) Documents showing SAP's valuation of the intellectual  
property of any company it has acquired." (Targeted Search No. 1,

(Footnote Continued on Next Page.)

1 questioned SAP witnesses, including board members, on this topic. *Id.* Defendants have  
 2 consistently refused to produce any responsive documents. *Id.* Over the eleven months since its  
 3 original requests, Oracle has met and conferred with Defendants multiple times regarding their  
 4 refusal to produce any responsive documents. *Id.* Because of the urgency created by  
 5 Defendants' early summary judgment filing, on June 5, 2009 Oracle sent another letter providing  
 6 additional information for Defendants and seeking their final position. *Id.* On June 16,  
 7 Defendants again refused to provide responsive materials. *Id.* As meet and confer is complete  
 8 and there is little time left for Oracle's "prioritized" discovery as ordered by Judge Hamilton,  
 9 Oracle moves to compel.

10 **Sales Pipeline and Contract Renewal:** Because of their relevance to SAP's  
 11 expectations going into any hypothetical license negotiations with Oracle, Oracle also seeks  
 12 information related to SAP's historic applications sales pipeline close rates and support contract  
 13 renewal rates.<sup>3</sup> For nearly a year, Defendants have objected to these requests. *See* House Decl.,  
 14 ¶8. Most recently, Defendants offered a truncated meet and confer limited to information  
 15 regarding SAP TN customers and the "list of 81." *Id.* This is insufficient, and beside the point  
 16 of the requests, which relate to the overall picture SAP had both going into any hypothetical  
 17 license and to the expected and actual impact of SAP TN's acquisition on SAP's business goals.  
 18 In light of the rapidly approaching summary judgment motion, as well as the rapidly approaching  
 19 deadline for damages reports, Oracle moves to compel this discovery.

20 **Use of Oracle's Intellectual Property:** As the Court is aware from the regular  
 21 updates at the discovery conferences, through discovery, Oracle has investigated many of SAP

22 \_\_\_\_\_  
 (Footnote Continued from Previous Page.)

23 subpart (I)).

24 *See* House Decl., ¶¶2-3 & Exs. A-B.

25 <sup>3</sup> RFP 21 from Plaintiffs' Second Set of Requests for Production seeks "all Documents relating  
 26 to SAP AG or SAP America's historic applications sales pipeline close rates, including percent  
 27 closed, time to close, and factors driving closure," while RFP 22 seeks "all Documents related to  
 28 SAP AG or SAP America's historic service contract and application license renewal rates,  
 including percent renewed and factors driving renewal." *See* House Decl., ¶1 & Ex. A.

1 TN's computers and servers, on which reside myriad local software environments (copies of  
 2 Oracle's software applications) and downloads from Oracle's website. To determine which of  
 3 these of copies are illicit, Oracle needs more information from SAP TN, including from where  
 4 these copies came, under what circumstances, and to what use were they then put.

5 To obtain this necessary information, all of which should be or is in Defendants'  
 6 possession, Oracle served interrogatories early in the case, asking SAP TN to describe which  
 7 materials it improperly downloaded from Customer Connection ("Interrogatory 13")<sup>4</sup> and how  
 8 each local environment on SAP TN's systems was used to support which customers  
 9 ("Interrogatory 14").<sup>5</sup> Defendants' responses have been, at best, perfunctory, referring Oracle to  
 10 Defendants' document productions or to broad deposition testimony. *See* Howard Decl., ¶¶4-5  
 11 & Exs. C-D. Oracle first sought judicial assistance regarding Interrogatory 14 in early 2008  
 12 from then-discovery referee Judge Legge. Relying on Defendants' assurances that their  
 13 document production would provide the answers, Judge Legge required Defendants to continue  
 14 investigating and evaluating their response. Howard Decl., ¶6 & Ex. E. However, when Oracle  
 15 reminded Defendants of this obligation in April 2009, pointing out that their production does not  
 16 in fact indicate which environment was used to support which customer, Defendants still  
 17 declined to appropriately update their interrogatory response, choosing only to update the  
 18 response to include more conclusory and insufficient statements. Further meet and confer was  
 19 unavailing. *Id.* ¶¶6-7. For Interrogatory 13, relating to identification of improper downloads,

---

21 <sup>4</sup> Interrogatory No. 13 from Oracle Corporation's First Set of Interrogatories to TomorrowNow:  
 22 "Describe in as much detail as possible all Software and Support Materials that "have been  
 23 downloaded beyond those that, according to TN's records, related to applications licensed to the  
 24 particular customer on whose behalf the downloads were made," as alleged in ¶ 15 of Your  
 Answer, including but not limited to Identifying the "records" You referenced in making Your  
 determination." Howard Decl., ¶2 & Ex. A.

25 <sup>5</sup> Interrogatory No. 14 from Oracle USA, Inc.'s Second Set of Interrogatories to TomorrowNow:  
 26 "For each local environment Identified in Your responses to Interrogatories 12 and 13, Identify  
 27 all Customers who received support based on the Use of that environment, and a detailed  
 description of that support...including, where applicable, Identification of the name, number,  
 28 version or other Identifying information of the product provided as part of the support." House  
 Decl., ¶3 & Ex. B.



1 meet and confer was similarly unsuccessful. *See id.* Oracle accordingly moves to compel.

2 **III. LEGAL STANDARD FOR AVAILABILITY OF EVIDENCE**  
3 **ORACLE SEEKS**

4 Each party has the right to discover non-privileged information “relevant to any  
5 party’s claim or defense.” Fed. R. Civ. P. 26(b)(1). “Relevancy is broadly construed, and a  
6 request for discovery should be considered relevant if there is any possibility that the information  
7 sought may be relevant to the claim or defense of any party.” *Equal Employment Opportunity*  
8 *Comm’n v. Lexus of Serramonte*, 2006 U.S. Dist. LEXIS 66438 at \*15-16 (N.D. Cal. 2006)  
9 (internal citation omitted). When the discovery sought appears relevant on its face, the party  
10 resisting the discovery has the burden to establish that it does not come within the scope of  
11 relevance as defined under Rule 26(b)(1). *Id.*

12 Defendants’ continued refusal to provide comprehensive data related to Oracle’s  
13 hypothetical license damages model (and, as explained at Section V below, regarding  
14 Defendants’ use of Oracle’s IP) hampers Oracle’s ability to prove its case. Oracle may pursue as  
15 damages the license it credibly demonstrates to a jury that Defendants would have paid, and  
16 Oracle would have accepted, for the privilege of using the Oracle IP that Defendants infringed in  
17 the manner that Defendants actually used it (“hypothetical license”). *See Polar Bear Prods., Inc.*  
18 *v. Timex Corp.*, 384 F.3d 700, 707-09 (9th Cir. 2004) (discussing hypothetical license as among  
19 the available damages models for copyright infringement); *accord Jarvis v. K2 Inc.*, 486 F.3d  
20 526, 533 (9th Cir. 2007) (damages for copyright infringement may be measured by  
21 hypothesizing “what a willing buyer would have been reasonably required to pay to a willing  
22 seller for plaintiff’s work”) (internal citation omitted). *See also* Ninth Circuit Model Civil Jury  
23 Instruction 17.23 (Copyright Damages - Actual Damages) (2007) (“The reduction of the fair  
24 market value of the copyrighted work is the amount a willing buyer would have been reasonably  
25 required to pay a willing seller at the time of the infringement for the actual use made by the  
26 defendant of the plaintiff’s work.”). The availability to Oracle of this measure of its copyright  
27 damages is what Defendants’ upcoming August 26, 2009 summary judgment motion will attack.

28 Moreover, the mindset of the parties in a hypothetical negotiation, and factual

1 context for the negotiation, are among the facts relevant to assessing the amount of a  
 2 hypothetical license: “Common sense dictates that an expert may confer with the copyright  
 3 holder and that the background data may be factored into calculations of actual damages.” *Polar*  
 4 *Bear*, 384 F.3d at 709. *See also, e.g., Getaped.com, Inc. v. Cangemi*, 188 F. Supp. 2d 398, 406  
 5 (S.D.N.Y. 2002) (indicating importance of contextual evidence about appropriate licensing fee  
 6 between competitors). Moreover, “[p]roof of industry practice inarguably is crucial to the  
 7 estimation of actual damages,” as is evidence of any benchmark license. *Bruce v. Weekly World*  
 8 *News, Inc.*, 310 F.3d 25, 29-30 (1st Cir. 2002); *Thorton v. J Jargon Co.*, 580 F. Supp. 2d 1261,  
 9 1276 (M.D. Fla. 2008) (“Courts have found adequate evidence supporting a finding of fair  
 10 market value when...the plaintiff produces evidence of benchmark licenses, that is, what  
 11 licensors have paid for the use of similar work”). This law clearly makes relevant (as part of the  
 12 factual context and mindset) SAP’s historical valuation and licensing practices, and its historic  
 13 applications and support sales pipelines, and renewal, cross-sell and upsell expectations going  
 14 into any hypothetical negotiation.

15 **IV. THE COURT SHOULD ORDER DEFENDANTS TO PRODUCE**  
 16 **THE REQUESTED DAMAGES-RELATED DISCOVERY**

17 **A. The Intellectual Property and Intangible Asset Valuation**  
 18 **Information Oracle Seeks Is Highly Relevant**

19 In the parties’ recent meet and confer efforts, Defendants have cited relevance as  
 20 the basis for not producing the valuation and licensing materials Oracle seeks. *See House Decl.*  
 21 ¶7. As set forth above, irrelevance is a difficult standard to prove and Defendants fail to meet it  
 22 here. *See Equal Employment Opportunity Comm’n*, 2006 U.S. Dist. LEXIS 66438 at \*15-16.

23 Under the hypothetical license model, the valuation of the intellectual property  
 24 Defendants infringed is a central issue. It is also the topic of Defendants’ scheduled early  
 25 summary judgment motion which Oracle must shortly oppose. Oracle has long sought from SAP  
 26 the production of two categories of documents related to this model (and other available damages  
 27 theories): SAP’s own licensing under similar conditions and valuations of its and others’  
 28 intellectual property and other acquired assets. *See House Decl.*, ¶¶2-3 & Exs. A-B (RFP 23,  
 RFP 27 and subpart (l) of Plaintiffs’ First Targeted Search).

1 Both categories of valuation documents are relevant in a variety of ways. First, to  
2 the extent SAP negotiates licenses for its own IP with competitors and other third parties, that  
3 fact undermines Defendants’ contention that Oracle may not pursue a hypothetical license  
4 damages model at all on grounds that such a scenario is “unduly speculative.” Second, the  
5 methodologies employed and results of Defendants’ intellectual property and intangible assets  
6 valuations themselves (including valuations of acquired intellectual property, goodwill and other  
7 intangible assets) are directly relevant to the analysis of the price the parties reasonably would  
8 negotiate in the hypothetical license scenario. For instance, Defendants’ prior licenses of  
9 enterprise software to any independent software support provider could potentially be a useful  
10 benchmark for Oracle to use to support its own damages calculations.

11 SAP’s own IP and acquired asset valuation data also is directly relevant to  
12 Oracle’s hypothetical license analysis and unjust enrichment analysis, both of which consider in  
13 part a valuation of IP and associated customer relationships. Specifically, Defendants’ allocation  
14 of the purchase price for an acquired company, as required by accounting standards FAS 141 and  
15 142, provides a demonstration of how – when not in litigation – Defendants independently value  
16 acquired intellectual property and other intangible assets; this is relevant to what Defendants  
17 “would have been reasonably required to pay” for Oracle’s IP in this case. Moreover, Oracle  
18 expects SAP to argue it would never have paid the license fees that Oracle will argue are  
19 appropriate for what Defendants stole. How much SAP has in fact been willing to pay for IP and  
20 other intangible assets it acquired legitimately (by acquisition or license) is highly relevant to  
21 rebut this anticipated SAP argument. In addition, Defendants’ valuation methodologies  
22 including, but not limited to, Defendants’ assumptions related to the duration of customer  
23 relationships, customer attrition rates and the forecast of future revenue and income from the sale  
24 of additional products and services to those customers, offer evidence of appropriate measures  
25 for Oracle to use in measuring its damages. They also provide evidence to rebut any attacks  
26 Defendants make on Oracle’s valuation techniques.

1           **B.       There Is a Minimal Burden Associated With Producing**  
2           **Responsive Documents**

3           Responding to these requests will impose little burden on Defendants. SAP  
4 knows to whom it licenses its software (if anybody), and the terms it receives. Oracle seeks to  
5 compel only documents sufficient to show the existence, scope, and terms of any such licenses  
6 with independent (non-affiliated, non-partner) software support service provider for SAP-  
7 branded software applications or any license Defendants deem comparable to the type of license  
8 that would have been required between Oracle and SAP TN for the type of activities engaged in  
9 by Defendants. As for IP and intangible asset valuations done in connection with allocations of  
10 the purchase price of acquisitions, these tend to be discrete analyses – often in a single document.  
11 *See, e.g.,* House Decl., ¶9. Plaintiffs’ original request for this information was limited to  
12 documents regarding SAP’s acquisition of Business Objects, and Plaintiffs later added a request  
13 for valuations of other acquired companies. *See, e.g.,* House Decl., ¶¶1-2, 7. Plaintiffs are now  
14 willing to accept a limited subset of valuation documents. Namely, as described below,  
15 documents sufficient to show (i) the allocation of the purchase price from three specific SAP  
16 acquisitions and (ii) the license or valuation documents for any acquisitions that Defendants  
17 contend are a more appropriate benchmark:

18           ***Purchase Price Allocations for Three SAP Acquisitions.*** Plaintiffs seek to  
19 compel documents sufficient to show allocation of purchase price, including the determination of  
20 the fair value in accordance with FAS 141 and 142 of the identified intangible assets acquired,  
21 associated with SAP’s acquisitions of Business Objects, MaXware, and OutlookSoft  
22 Corporation. Each of these SAP acquisitions involved companies -- like TomorrowNow --  
23 where it appears the predominant asset acquired was IP and/or a customer base into which SAP  
24 hoped to sell its other applications. House Decl. ¶10-13 & Exs. F-H. They range in size from  
25 larger to smaller so as to avoid any attack by SAP that Oracle has cherry-picked a mismatched  
26 acquisition. *Id.* The valuation numbers and associated spreadsheets will provide Oracle insight  
27 into SAP’s general valuation policies and approaches and, perhaps, will provide useful  
28 benchmarks for the IP valuation in this case. There would be a minimal burden on Defendants

1 associated with providing Plaintiffs this information, due to the limited nature of the request and  
2 the straightforward nature of purchase price allocation documents.

3 ***Alternative Benchmarks.*** Plaintiffs also seek to compel any IP and intangible  
4 asset valuation documents which Defendants intend to use in support of an alternative  
5 benchmark for a hypothetical license and/or contend are a more appropriate benchmark.  
6 Defendants cannot refuse to produce this information on the basis of relevance and then  
7 introduce such evidence in support of its own position at a later date. Defendants must provide  
8 any alternative IP valuation benchmarks it intends to rely on later in this litigation, or confirm to  
9 Oracle that it is their position that no such alternative benchmarks from their licensing or  
10 acquisition portfolio exist.

11 Under the authorities cited above and in accordance with the limited scope of  
12 discovery Oracle now seeks, the Court should compel Defendants to respond to these relevant  
13 and non-burdensome requests.

14 **C. SAP's Applications Sales and Contract Renewal Rates**  
15 **Documents Are Also Relevant to Oracle's Damages Analysis**

16 SAP's pipeline close rate data related to applications sales, which Oracle seeks  
17 through RFP 21, also is important damages-related data. This information indicates the rate at  
18 which SAP converts sales opportunities into (1) new license revenue on SAP software  
19 applications; and (2) support revenue on new and existing software applications (either SAP's or,  
20 with SAP TN's assistance, Oracle's). SAP planned to, and did, achieve a greater number of new  
21 license sales by using SAP TN to entice customers, and to undermine customer perceptions of  
22 Oracle's support pricing (SAP TN offered support at half off, because it stole rather than  
23 developed the necessary IP). SAP's exploitation of SAP TN customers and prospects gained  
24 through advertising SAP TN services (also known as "cross-sell and up-sell") represents  
25 available damages.

26 Oracle needs the pipeline close rate data to demonstrate SAP's anticipated and  
27 actual success in leveraging existing customers into these new and expanded revenue sources.  
28 SAP's cross-sell and up-sell history informs the value of TomorrowNow to SAP because an

1 Oracle customer recruited to TomorrowNow for support services is a marketing opportunity for  
2 SAP. Application sales data from SAP would show that, once SAP TN created a relationship  
3 with the Oracle customer, SAP leveraged cross-sell and up-sell abilities to secure larger future  
4 revenue streams from the client, with the goal of transitioning the customer from Oracle entirely.  
5 Moreover, insofar as SAP's Safe Passage program affected pipeline close rates, that evidence is a  
6 central issue in this litigation, because it shows the impact that the TomorrowNow acquisition  
7 and Safe Passage had on SAP's ability to close applications sales – a direct measure of the  
8 benefits SAP realized from acquiring and promoting SAP TN's corrupt business model. These  
9 benefits are therefore relevant to and includable as part of Oracle's calculation of damages  
10 resulting from Defendants' illegal activities. All this data, therefore, directly informs Oracle's  
11 hypothetical license analysis, because it goes to the value of SAP TN (and its stolen IP) to SAP.

12 Oracle has explained to Defendants repeatedly how SAP's support renewal rates  
13 are relevant. *See* House Decl., ¶8. For instance, evidence of SAP's own renewal rates would  
14 impact the credibility of possible SAP attacks on the cause of changes in Oracle's support  
15 renewal rates, *e.g.*, arguments by SAP that reduced Oracle renewals reflect poor service by  
16 Oracle rather than SAP's cut-rate support on Oracle's applications using Oracle's own IP.  
17 SAP's renewal rate histories also inform the hypothetical license analysis by evidencing SAP's  
18 expectations for future support revenues.

19 Finally, to minimize any burden on Defendants, Oracle is willing to accept  
20 production of less than all documents reflecting these applications sales close and support  
21 renewal rates; it will accept documents "sufficient to show" the application sales close rate and  
22 support renewal rate over the relevant period, thereby narrowing the request significantly.

23 Because the material is clearly relevant, because its production is not burdensome,  
24 and because Defendants agreed at the recent Case Management Conference to prioritize any  
25 discovery Oracle identifies that it may need to take in advance of Defendants' motion on the  
26 hypothetical license, the Court should compel Defendants to immediately respond as Oracle  
27 requests.

28

1 **V. THE COURT SHOULD ORDER DEFENDANTS TO SPECIFY**  
 2 **HOW THEY MISUSED ORACLE'S IP**

3 **A. Relevance and Significance of Information Sought by**  
 4 **Interrogatories 13 and 14**

5 As the Court is aware, before SAP shut it down, SAP TN provided software  
 6 support and maintenance services for PeopleSoft, J.D. Edwards, and Siebel software  
 7 applications, including bug fixes and tax and regulatory updates. Discovery to date has revealed  
 8 that, to provide these services for its customers, SAP TN made copies of the relevant software  
 9 applications to maintain on SAP TN's systems, and to use as training, reference, development,  
 10 testing, and troubleshooting tools related to providing customer support. *See* Third Amended  
 11 Complaint, Docket #182 ("TAC") ¶¶14, 18-19, 118. Once it had a copy, SAP TN would then  
 12 treat that software as its own, and would manipulate, change, use to create derivative works, and  
 13 further copy it at leisure. *Id.* SAP TN had different sources for these local environments:  
 14 sometimes it copied a new customer's actual software application CDs, while other times it  
 15 simply copied another customer's local environment made from the same software release. *See*  
 16 *id.* ¶19, 114-116. At all times, it maintained a set of generic environments not labeled according  
 17 to any particular customer that it used to support multiple customers. *Id.* ¶¶18-19, 118.

18 For these environments to be useful, they needed to be up-to-date with the latest  
 19 software fixes and changes from Oracle. SAP TN would therefore routinely use its customers'  
 20 credentials to log on to Oracle's customer support website, Customer Connection, where it  
 21 would download Oracle's support materials onto its systems. *Id.* ¶117. In some cases it  
 22 performed these downloads manually. Other times, it used a variety of automated tools it built  
 23 for that purpose. *See id.* ¶¶16, 97-99. For some time, they simply dumped all downloads into a  
 24 single, undifferentiated network folder. *See id.* ¶131. SAP TN would then use these downloaded  
 25 support materials to, among other things, update the local environments with Oracle's latest  
 26 fixes. *Id.* ¶117.

27 Using these updated local environments for investigation, development, and  
 28 testing, SAP TN created its software support materials, sharing work done on and copies made  
 from one customer's local environment with many different customers. *Id.* ¶¶18-19, 23, 32, 118-

1 120. This was SAP TN's general business model, which SAP expanded to Siebel and across  
2 global markets after acquiring the company in January 2005. Oracle contends that, among other  
3 things, SAP TN's creation, subsequent copying, and use of these local environments, and its  
4 downloading of materials from Customer Connection, constitute copyright infringement,  
5 violations of computer fraud statutes, breach of contract, and interference with prospective  
6 economic advantage. *See id.* ¶¶147-194.

7 Because Defendants have refused to agree to an extrapolation stipulation as to  
8 SAP TN's routine business conduct, Oracle must now parse through these myriad local  
9 environments and downloads to determine which are illicit and which acts of customer support  
10 are illegal. To do so, Oracle needs information only SAP TN can provide, including how SAP  
11 TN got its downloads and copies, under what circumstances, and how it used them to support  
12 specific customers – the very proof Defendants will undoubtedly claim Oracle must have at trial.

13 For example, with regard to downloaded materials, Oracle cannot tell by looking  
14 at a specific downloaded item which customer's credentials SAP TN used to download that item,  
15 in many cases because SAP TN mingled all its downloads together. Only SAP TN has this  
16 information, if anyone does. Oracle must know which customer's credentials were used to  
17 determine whether that customer was entitled to that download, or if it was illegal. As another  
18 example, Oracle cannot tell how SAP TN used a given local environment by examining it,  
19 including which customers received support based on that environment, how many times, and  
20 the extent of the environment's involvement in creation of support. Again, only SAP TN knows  
21 how each local environment was used to support its customers. Oracle needs this information to  
22 understand and prove the scope of SAP TN's copying and use, and the related scope of the  
23 hypothetical license that the parties would have negotiated.

24 To obtain this necessary information, all of which should be or is in Defendants'  
25 possession, Oracle served interrogatories early in the case, asking SAP TN to describe which  
26 materials it improperly downloaded from Customer Connection (Interrogatory 13) and how each  
27 local environment on SAP TN's systems was used to support which customers (Interrogatory  
28 14). Defendants' responses have been, at best, perfunctory. *See* Howard Decl. ¶¶2-3 & Ex. A-B.



1 Defendants' continued refusal to provide comprehensive and sufficient responses to these  
2 discovery requests forced Oracle to bring this motion to compel.

3 **B. Defendants Should Provide Detailed Information About Their**  
4 **Use of Oracle's Intellectual Property**

5 *The Information Is Highly Relevant.* As discussed above, Interrogatories 13 and  
6 14 (*see* fns. 4 & 5, above) seek highly relevant information about how SAP TN used its local  
7 environments and which of its Customer Connection downloads were improper. *See* Howard  
8 Decl., ¶¶2-3 & Exs. A-B. How SAP TN used Oracle's intellectual property to support its  
9 customers goes to the heart of this case.

10 *SAP TN Is the Best Source.* No one has – or could have – more knowledge about  
11 how SAP TN improperly downloaded, copied and used Oracle's intellectual property than SAP  
12 TN itself. The practices that Oracle contends constitute copyright infringement (and more) were  
13 the foundation and routine of how SAP TN supported its customers –its personnel regularly  
14 downloaded items from Customer Connection and used their copied local environments to  
15 support customers. Oracle cannot compile such information from secondhand sources as easily  
16 (if Oracle can even do so, and Defendants have not told Oracle how it could), while SAP TN can  
17 simply ask its former employees, several of whom are now its paid litigation consultants (and  
18 should have collected this very information from all its employees before terminating them).

19 One such consultant was able to identify the source of certain environments  
20 during her deposition. Howard Decl. ¶8. This proves that SAP TN can ask its consultants or  
21 other employees to do the same for the sources of the remainder of the local environments  
22 identified by Defendants in their other interrogatory responses. Not only is it more efficient for  
23 SAP TN to compile the answers to questions about its improper downloads and use of Oracle's  
24 materials, but because SAP TN's knowledge of its conduct is understandably the most detailed, it  
25 is the best source for complete information.

26 Federal Rule of Civil Procedure 33(d) only allows a party to shift the burden of  
27 responding to this type of request where “the burden of deriving or ascertaining the answer will  
28 be substantially the same for either party.” The burden is far from equivalent in these

1 circumstances. The Court should not allow Defendants to rely on Rule 33(d) in response to this  
 2 interrogatory – particularly since it is by no means clear that Defendants’ production even  
 3 includes this information.

4 ***Any Difficulty Is of Defendants’ Own Making.*** There is no doubt that these  
 5 questions, which are crucial to proving Defendants’ misconduct, can in fact be answered, as  
 6 evidenced by answers provided by Catherine Hyde, formerly SAP TN’s key PeopleSoft support  
 7 developer and now a paid litigation consultant, at deposition about the source of several specific  
 8 environments. *See* Howard Decl., ¶8. She certainly can answer as to other environments, as can  
 9 other current or former SAP TN employees familiar with their daily support practices. Likewise,  
 10 for any Customer Connection materials SAP TN truly contends it had authorization to take, SAP  
 11 TN should be able to reconstruct from its records and employees the analysis showing such  
 12 entitlement.

13 The work can be done (indeed, it may already be done in whole or in part, for all  
 14 Oracle knows); that it is a complex and difficult task is not Oracle’s fault, but Defendants’, due  
 15 to the sheer volume of their theft as well as their apparently sloppy record-keeping. Defendants  
 16 should not escape identifying what they did wrong because of the enormity of their misconduct,  
 17 their failure to keep clean records (even though they operated on the assumption, from day one,  
 18 that Oracle would sue them), and their conscious burying of information sources in shutting  
 19 down the company after having these requests in their hands for over a year. Moreover, given  
 20 the extension to the case schedule, as well as their refusal to engage in this analysis for well over  
 21 a year and their unwillingness to agree to fact stipulations, Defendants cannot reasonably  
 22 complain that they do not have enough time to respond.

23 ***If Defendants Cannot Answer, They Must Say So and Specify Previous Steps***  
 24 ***Taken to Preserve Such Evidence.*** Interrogatory 13 seeks a list of materials improperly  
 25 downloaded by Defendants from Customer Connection. In meet and confer and in their response  
 26 to Interrogatory 13, Defendants contend that it is impossible for them to map SAP TN’s  
 27 downloads from Customer Connection to specific Oracle products without further information  
 28 from Oracle. *See* Howard Decl., ¶4 & Ex.C. This is incorrect. The Interrogatory specifically

