

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

9 DORIAN DALEY (SBN 129049)
 10 JENNIFER GLOSS (SBN 154227)
 11 500 Oracle Parkway, M/S 5op7
 12 Redwood City, CA 94070
 13 Telephone: (650) 506-4846
 14 Facsimile: (650) 506-7114
 15 dorian.daley@oracle.com
 16 jennifer.gloss@oracle.com

17 Attorneys for Plaintiffs
 18 Oracle USA, Inc., Oracle International Corp., and Oracle
 19 EMEA Ltd..

16 UNITED STATES DISTRICT COURT
 17 NORTHERN DISTRICT OF CALIFORNIA
 18 SAN FRANCISCO DIVISION

20 ORACLE USA, INC., a Colorado corporation,
 21 ORACLE INTERNATIONAL CORPORATION,
 22 a California corporation, and ORACLE EMEA
 23 LIMITED, an Irish private limited company,

24 Plaintiffs,

25 v.

26 SAP AG, a German corporation, SAP
 27 AMERICA, INC., a Delaware corporation,
 28 TOMORROWNOW, INC., a Texas corporation,
 and DOES 1-50, inclusive,
 Defendants.

No. 07-CV-1568 PJH (EDL)

**ORACLE'S NOTICE OF MOTION
 AND MOTION TO AMEND
 COMPLAINT; MEMORANDUM OF
 POINTS AND AUTHORITIES IN
 SUPPORT**

Date: August 19, 2009
 Time: 9:00 a.m.
 Courtroom: 5, 17th Floor
 Judge: Hon. Phyllis J. Hamilton

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

I. PRELIMINARY STATEMENT 2

II. PROCEDURAL HISTORY AND FACTUAL BACKGROUND 4

 A. Oracle’s First 44 Copyright Registrations Related To The Initial
 Downloading Allegations 4

 B. Oracle Then Learned That Defendants Also Infringed Certain Underlying
 Software Applications And Promptly Amended Again..... 5

 C. The Current List Of Registrations Reflects Incomplete And Inaccurate
 Discovery Which Required Significant Time To Analyze 7

 1. Defendants provided incomplete and inadequate discovery
 responses 7

 2. Defendants’ production of software, and Oracle’s analysis of it,
 continues 8

 D. After Its Latest Productions And The Prior Liberal Amendment Deadline
 Passed, Defendants Sought To Limit Oracle’s Copyright Claims 10

 E. Oracle Discovered Defendants May Have Infringed Oracle’s “Database”
 Products..... 12

III. THE COURT SHOULD PERMIT THE CONFORMING AMENDMENT TO
THE FIRST CLAIM FOR RELIEF 14

 A. The Applicable Standard Is Rule 15 And Oracle Satisfies It..... 14

 B. Oracle Also Satisfies Rule 16 Because Good Cause Exists..... 16

 1. The amendments are based on newly discovered information 18

 2. Oracle has undertaken extensive discovery efforts and adapted to
 new facts 19

 3. Defendants acknowledge Oracle’s diligence 19

 4. Any “delay” is simply the natural turnaround time for such a large
 volume of discovery 20

IV. CONCLUSION 21

TABLE OF AUTHORITIES

Page

FEDERAL CASES

Chow v. Hirsch,
1999 WL 144873 (N.D. Cal. 1999) (Hamilton, J.) 12, 15

DCD Programs, Ltd. v. Leighton,
833 F.2d 183 (9th Cir. 1987)..... 14

Forman v. Davis,
371 U.S. 178 (1962)..... 15

Fru-Con Construction Corp. v. Sacramento Mun. Util. Dist.,
2006 WL 3733815 (E.D. Cal. 2006)..... 17, 18

Launch, LLC v. PC Treasures, Inc.,
2006 WL 1142535 (N.D. Cal. 2006) (Hamilton, J.) 17

Trimble Navigation Ltd. v. RHS, Inc.,
2007 WL 2727164 (N.D. Cal. 2007) (Hamilton, J.) 16, 17, 18

Twisted Records, Inc. v. Rauhofer,
2005 WL 517328 (S.D.N.Y. 2005)..... 16

FEDERAL STATUTES

17 U.S.C. § 705 12

RULES

Fed. R. Civ. P. 15 passim

Fed. R. Civ. P. 16 passim

OTHER AUTHORITIES

2 Melville Nimmer & David Nimmer, *Nimmer on Copyright*, § 7.16[B][2][c] at 7-175
(2009)..... 11

NOTICE OF MOTION AND MOTION

1
2 PLEASE TAKE NOTICE THAT on August 19, 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 5, 17th Floor, before the Honorable Phyllis J. Hamilton, Plaintiffs Oracle USA, Inc.,
6 Oracle International Corporation, and Oracle EMEA Limited (collectively, "Oracle") will move
7 for an order pursuant to Federal Rule of Civil Procedure 15(a) or, alternatively, 16(b), permitting
8 Oracle to file a Fourth Amended Complaint.

9 The proposed amendments include all of the additional allegations to which the
10 Parties have stipulated, and which the Court has allowed Oracle to file per the June 11, 2009
11 Case Management Order. It also contains conforming amendments sought by Oracle to which
12 Defendants have not stipulated. Pursuant to the Court's direction at the May 27, 2009 Case
13 Management Conference, Oracle has submitted two alternative motions. In this Motion, Oracle
14 seeks leave to file a Fourth Amended Complaint (attached as Exhibit A) to add additional
15 copyright registrations relating to Oracle's Siebel software product line (stipulated to by the
16 Parties), allegations regarding Defendants' post-litigation conduct (stipulated to by the Parties),
17 additional copyright registrations relating to Oracle's database technology software products (*not*
18 stipulated to by the Parties), and additional copyright registrations relating to Oracle's
19 PeopleSoft and JD Edwards product lines already at issue in the Third Amended Complaint (*not*
20 stipulated to by the Parties). Oracle has concurrently filed a separate motion to amend that
21 attaches an alternative form of Fourth Amended Complaint which includes only the allegations
22 to which Defendants have stipulated. Oracle respectfully requests that the Court rule on this
23 Motion first, since it includes all proposed amendments, stipulated and not stipulated, and, if
24 granted, would moot the concurrently-filed alternative motion.

25 This Motion is based on this Notice of Motion and Motion (including Exhibit A),
26 the attached Memorandum of Points and Authorities, the accompanying Declarations of Chad
27 Russell and Kevin Mandia, the pleadings on file in this action, the attached Proposed Order, and
28 on such other matters presented to the Court at the time of the hearing.

MEMORANDUM OF POINTS AND AUTHORITIES

I. PRELIMINARY STATEMENT

Oracle seeks leave to file a Fourth Amended Complaint, in the form attached to this Motion as Exhibit A.

The proposed amendments consist of four categories.

The first category consists of the amendments to which Defendants have stipulated (“Stipulated Amendments”). The Parties discussed these amendments in detail with the Court at the May 27, 2009 Case Management Conference. Those amendments involve one new party (Siebel Systems, Inc.), one new software product line (Siebel), and related additional copyright registrations for the Siebel software that Oracle contends Defendants infringed. The Stipulated Amendments also include some additional allegations that Defendants continued knowingly to infringe Oracle’s software, for their own business reasons, for eighteen months after Oracle filed this litigation. For the Court’s convenience, the Stipulated Amendments are in blue type in Exhibit A (the disputed amendments are in red - see ¶¶ 15, 19, 105, 124, 144, 158).

The second category of proposed amendments consists of seven additional copyright registrations related to Oracle’s database technology software products (“Database Amendments”). In February 2009, Oracle came across two documents that suggested Defendants, in the course of supporting customers on Oracle’s PeopleSoft and JD Edwards software applications, also infringed Oracle’s database software. Oracle raised this issue promptly with Defendants and initiated the process of identifying and obtaining the appropriate copyright registrations.

The third category of proposed amendments consists of two additional copyright registrations Oracle has obtained (“Knowledge Management Amendments”). One relates to the PeopleSoft software line, and the other to the JD Edwards software line. Both are for “automated databases” that include thousands of “knowledge management” solutions – documents, rather than software code – that SAP TN downloaded from Oracle’s websites. These registrations are necessary to conform to documents included in the millions of download files found on SAP TN computers which cannot reasonably be individually copyrighted.

1 The fourth category of proposed amendments consists of twenty additional
2 PeopleSoft copyright registrations that Defendants have recently put at issue through discovery
3 motion practice or that Oracle believes are relevant given recent productions and discovery
4 responses from Defendants (“PeopleSoft Amendments”). In addition, as the Court knows, and as
5 Defendants stipulated in connection with the May 27, 2009 Case Management Conference,
6 Defendants only recently have completed production of terabytes of computer code that Oracle
7 must now analyze. Conceivably, though Defendants have yet to say so, their recent motion to
8 compel sought software related to these amendments in discovery because Defendants know
9 these recent productions implicate them. Regardless, out of an abundance of caution, and to
10 ensure that the very serious industry issues in this case get resolved on the merits, rather than by
11 technical defenses in mid-discovery, Oracle wishes to add these now.

12 These conforming amendments (the Database, Knowledge Management, and
13 PeopleSoft Amendments) add twenty-nine total additional copyright registrations. They add no
14 new claims for relief, no new parties, and involve materials that have existed on Defendants’
15 systems for years. They are reasonable, if not expected and even routine, in a case that continues
16 to generate terabytes of code that requires complex analysis, and millions of recently-produced
17 documents. Indeed, Defendants stipulated just over a month ago, in a joint motion to the Court,
18 that they had only just completed substantial portions of their production and that, “despite their
19 diligence, [the Parties’] positions regarding discovery needs in this case have changed since May
20 2008 and that an extension of the case schedule is needed and appropriate to further explore
21 various issues.” As a result of that agreement, discovery does not close until December, and trial
22 is set for November 2010.

23 Yet Defendants oppose this motion on two grounds. First, they say the deadline
24 for liberal amendment has passed, on the theory that when this Court ordered a fact discovery
25 extension to December 2009, the deadline to amend the pleadings (previously set by the Court at
26 “no later than 90 days before [the] fact discovery cutoff”) somehow did not carry forward as
27 well. In other words, Defendants claim that the *old* pleading deadline should apply to the *new*
28 case schedule. Oracle disagrees, but it should not matter. Oracle also has good cause to amend

1 under Rule 16(b) even if the Court decides that the Rule 15(a) liberal amendment deadline has
2 passed.

3 Second, Defendants say that Oracle should have proposed these amendments
4 sooner, because they refer to materials Defendants' produced months ago. To address this
5 argument, and in support of the good cause standard, Oracle explains below the timing, volume,
6 and complexity of Defendants' recent (and ongoing) productions. Receipt of Defendants'
7 haystack did not put Oracle on notice of the needles in it.

8 **II. PROCEDURAL HISTORY AND FACTUAL BACKGROUND**

9 *A. Oracle's First 44 Copyright Registrations Related To The Initial* 10 *Downloading Allegations*

11 Oracle filed its original Complaint in March 22, 2007 based on an internal
12 investigation of unusually heavy download activity originating from internet addresses linked to
13 Defendants. Complaint for Damages and Injunctive Relief, March 22, 2007, ¶¶ 3-10 (Docket
14 No. 1) ("Complaint"). The Complaint did not include copyright registrations or copyright claims
15 because Oracle had not yet completed the process of securing the relevant registrations. Rather
16 than wait, Oracle filed its non-copyright claims because it wanted to stop Defendants' illegal
17 downloading as quickly as possible.

18 On June 1, 2007, by stipulation, Oracle filed its First Amended Complaint to
19 include copyright claims and registrations it had by then obtained relevant to the then alleged
20 downloading. Amended Complaint for Damages and Injunctive Relief ("FAC"), June 1, 2007
21 (Docket No. 31), ¶¶ 83-88, 97-107. Oracle made clear the preliminary nature of its analysis -
22 "The massive nature of the illicit downloads by SAP TN make it impossible to detail
23 comprehensively each copyright violation in this Complaint. However, Oracle has now obtained
24 from the Register of Copyrights over 40 certificates of registration that cover a wide range of
25 Software and Support Materials taken by SAP TN. . . . Collectively, these registrations cover
26 thousands of unlicensed Software and Support materials unlawfully copied by SAP TN." *Id.* at ¶
27 84.

1 B. *Oracle Then Learned That Defendants Also Infringed Certain*
2 *Underlying Software Applications And Promptly Amended Again*

3 Discovery began in late July 2007. Because Oracle only knew about
4 downloading, it narrowly tailored its discovery requests and efforts around that topic. However,
5 on October 30, 2007, during the second day of Rule 30(b)(6) deposition of SAP TN, Oracle
6 learned that “the download was one piece. . . . And in some instances, we may have received
7 software material directly from the customer. . . . Basically a -- a copy of an environment that we
8 were supporting for them or maybe a copy of their -- their demo environment.” Declaration of
9 Chad Russell in Support of Oracle’s Motion to Amend Complaint (“Russell Decl.”), ¶ 2 & Ex. A
10 at 89:25-90:21.

11 Oracle immediately adjusted its discovery efforts, serving a second round of
12 interrogatories focused on this newly disclosed activity. Oracle’s Interrogatory No. 12 was one
13 such interrogatory, to which Defendants responded on December 27, 2007 (“Response 12”).
14 Russell Decl., ¶ 3 & Ex. B at pp. 6-7. In Response 12, Defendants said that they had
15 “maintained approximately 183 PeopleSoft environments on behalf of approximately 122
16 different customers which variously included one or more of the CRM, EPM, FDM, SA, Portal,
17 and HRMS products, with varying releases of each.” *Id.* Defendants also included a spreadsheet
18 with “additional information” on which Defendants relied under Rule 33(d), inconsistently
19 showing not 183, but 227 local environments. *Id.*; Russell Decl., ¶ 5 & Ex. D. Pursuant to Rule
20 33(d), Defendants also relied on “TomorrowNow’s emails among development and support
21 engineers and its databases of customer service information, including its SAS databases.”
22 Russell Decl., ¶ 3 & Ex. B at pp. 6-7.¹

23 _____
24 ¹ This answer, which ultimately turned out to be woefully incomplete, highlights the
25 complexity of the case caused by Defendants intentional and indiscriminate copying of customer
26 software over the course of several years. In total, that copying now covers four separate product
27 lines (PeopleSoft, J.D. Edwards, Siebel, and Oracle database), at least 15 separate products
28 within these lines, and at least 109 separate releases within these products. For convenience,
Oracle attaches as Exhibit C to the Russell Decl. (see ¶ 4) the list of product lines, products, and
releases which Defendants supported and/or kept on their computers, based on analysis to date.

1 Over the next seven months, Oracle pursued discovery about these new
 2 developments, while also prosecuting its other claims and meeting its substantial discovery
 3 obligations to Defendants. Oracle also conducted targeted reviews of the “emails among
 4 development and support engineers” that Defendants produced (as part of a multi-million page
 5 production), as well as the multi-gigabyte SAS Database. Russell Decl., ¶ 20.

6 The environment discovery took time, and included unexpected turns. For
 7 instance, on February 6, 2008, John Baugh, TN’s “environments manager” and a Rule 30(b)(6)
 8 witness on the subjects of creation, storage, and use of local environments, testified that both the
 9 183 and the 227 numbers sworn to in Response 12 three months earlier were flat wrong:

10 Q. “TomorrowNow has maintained approximately 183 PeopleSoft environments
 11 on behalf of approximately 122 different customers.”

12 A. No, based on the research, that's not an accurate number.

13 Q. And, in fact, really even the environments reflected on Exhibit 31, the 227,
 14 that's not all of them either, right?

15 A. That's correct. . . .

16 Q. What's your best understanding of what the total number of environments that
 17 PeopleSoft has ever -- that TomorrowNow has ever maintained of PeopleSoft
 18 applications?

19 MR. FUCHS: Objection, form.

20 A. It's my understanding that TomorrowNow has had a little over 300
 21 environments on our hardware at one time. Russell Decl. at ¶ 6 & Ex. E at
 22 141:24-142:6, 142:18-25.

23 This testimony was wrong too, as Baugh himself acknowledged. Defendants
 24 actually created *thousands* of complete or partial copies of these environments, including in the
 25 form of “backups” or “restores” used in the process of supporting customers. *Id.* at 95:1-5,
 26 116:16-117:1; Second Amended Complaint for Damages and Injunctive Relief (“SAC”), July 28,
 27 2008 (Docket No. 132), ¶¶ 113-119.

28 Nine months after the first TN witness revealed the existence of “environments,”
 Oracle filed a stipulated Second Amended Complaint to add allegations and registrations
 intended to address the software environments copied and used by Defendants, as known by
 Oracle at the time. SAC, ¶¶ 113-122, 146-157. Again, Oracle added no new claims for relief.
 Again, Oracle cautioned that the new registrations could not be considered final. SAC, ¶ 148.

1 C. *The Current List Of Registrations Reflects Incomplete And*
2 *Inaccurate Discovery Which Required Significant Time To Analyze*

3 Oracle's Second Amended Complaint did not include every possibly relevant
4 registration for three reasons: (1) Oracle only had inaccurate, uncorrected, and incomplete
5 discovery responses from Defendants; (2) the volume and complexity of discovery did not allow
6 for thorough analysis; and (3) Defendants produced much of that discovery after Oracle's last
7 amendment (and they continue to do so).

8 1. Defendants provided incomplete and inadequate discovery
9 responses

10 May 22, 2009, was the last day to supplement discovery responses under the
11 Court's prior case schedule. At 4:25 p.m. that day, fifteen months after their own 30(b)(6)
12 witness first contradicted Response 12, Defendants supplemented that response ("Amended
13 Response 12"). Russell Decl., ¶ 3 & Ex. B at pp. 7-8. In doing so, Defendants added a host of
14 new sources of "additional information" not listed before and on which Defendants now further
15 rely pursuant to Rule 33(d). *Id.* These sources include the "BakTrak" database (produced in full
16 on April 20, 2009), a more complete version of the SAS database (produced on March 6, 2009),
17 a database referred to as "dotProject" (produced in full on May 8, 2009), servers in the "Data
18 Warehouse" (production still ongoing), and a new spreadsheet "that contains the most detailed
19 information TomorrowNow has been able to gather regarding the PeopleSoft environment
20 components that might have existed on TomorrowNow's network." *Id.*; Russell Decl., ¶¶ 3, 8,
21 25 & Ex. B at p. 7, R at 3:21-22.²

22 These new sources of data, now relied upon by Defendants as part of their
23 testimony, are both voluminous and inconsistent with Oracle's previous understanding of many
24 facts. For instance, according to the new spreadsheet, there are now **412** environments that
25 _____

26 ² Defendants rely on SAS, dotProject, and/or Data Warehouse in numerous other discovery
27 responses, including other responses only just recently provided such as Amended Responses 13
28 and 14 in the same set. Russell Decl., ¶ 3 & Ex. B at pp. 9-12.

1 “might have existed” at SAP TN, *185 more than the previous list* Defendants had provided.
 2 Russell Decl., ¶¶ 3, 5, 7 & Exs. B at 7:10-13, D, F. These new environments in turn correspond
 3 to new customers such as BEA Systems and Information Service Handling Group, not disclosed
 4 before as customers for whom TN had built environments.³ Russell Decl., ¶¶ 5, 7 & Exs. D, F.
 5 Though Oracle is still in the process of analyzing these recent productions, it has already
 6 discovered evidence of multiple copies of various versions of Oracle’s software that were not
 7 disclosed in the original Response No. 12. By way of examples only, the new SAS database
 8 production relied upon by Defendants indicates that SAP TN provided support for CRM version
 9 8.4 SP1. Russell Decl., ¶ 9 & Ex. G. Defendants did not list this release in the incomplete
 10 version of SAS produced back in December 2007. Russell Decl., ¶ 10 & Ex. H. The same is
 11 true for EPM version 8.3 SP4. Russell Decl., ¶¶ 9, 10 & Exs. G, H.

12 2. Defendants’ production of software, and Oracle’s analysis
 13 of it, continues

14 As Defendants themselves have repeatedly told the Court, the scope of discovery
 15 in this case has been enormous. The Data Warehouse, identified as an additional new source
 16 relied upon by Defendants pursuant to Rule 33(d), is an example. *See, e.g.*, Joint Discovery
 17 Conference Statement, November 18, 2008, Dkt. No. 219 at 1:11-17 (Both parties stating that
 18 “[the Data Warehouse] materials are voluminous, making copying and production logistically
 19 difficult.”).

20 As explained to the Court in the Parties’ May 12, 2009 Joint Motion to Modify
 21 the Case Management Order, the “Data Warehouse” is the name the parties have given to the
 22 approximately 93 SAP TN server partitions which Oracle has inspected remotely, designating
 23 portions for production in the process, so that Defendants would not have to produce them in full
 24 in the first instance. Russell Decl., ¶ 25 & Ex. R at 3:5-11. The Data Warehouse contains
 25 Defendants’ actual native copies of Oracle’s software, in the form of downloads, local

26
 27 ³ Defendants did not provide Oracle with a purportedly complete list of SAP TN customers
 28 until January 9, 2009.

1 environments, related documentation, and updates and fixes delivered to SAP TN’s customers –
 2 in other words, direct physical evidence of Defendants’ infringement. *Id.*; Declaration of Kevin
 3 Mandia in Support of Oracle’s Motion to Amend Complaint (“Mandia Decl.”), ¶ 3.

4 Defendants did not begin producing (and thus Oracle’s experts could not review)
 5 Data Warehouse images until October 25, 2008, long after Oracle last added registrations to the
 6 Complaint. Russell Decl., ¶ 25 & Ex. R at 3:17-19. The Data Warehouse production has
 7 continued since and is still not finished. On May 12, the Parties informed the Court that “Oracle
 8 has not yet reviewed and Defendants have not yet produced the updated data on [certain] server
 9 partitions.” *Id.* at 3:21-22. Defendants had also informed Oracle on May 7, 2009 that three
 10 servers could not be reviewed without “rebooting,” which carries the risk that “the data may be
 11 inaccessible.” Joint Discovery Conference Statement, May 19, 2009, Dkt. No. 312 at 17:14-20.
 12 The parties are still meeting and conferring on how to handle this situation. These types of
 13 issues naturally arise in large-scale, complex data productions.⁴ But they also explain why
 14 Oracle has needed time to understand the exact nature of the software on Defendants’ systems.

15 Defendants last represented that the Data Warehouse production, once completed,
 16 will total over seven terabytes of data and 14 million files. Joint Discovery Conference
 17 Statement, May 19, 2009, Dkt. No. 312 at 15-16. Even this representation is not the whole story,
 18 as many files are “compressed” and dramatically increase the size of the production when
 19 decompressed to a useable format.⁵ Mandia Decl., ¶ 4. Oracle’s experts estimate that the
 20 production will exceed 16 terabytes of data, or the rough equivalent of over 800,000,000 pages
 21 of documents. *Id.* at ¶¶ 4-5.

22
 23 ⁴ Oracle could cite many other issues that have delayed Defendants’ production and
 24 Plaintiffs’ ability to analyze the mountain to technical data. Other examples include Defendants
 25 inability – undisclosed for six months – to create a reliable forensic image of one of their most
 important servers, and the one-month delay caused by Hurricane Ike in Houston last year (where
 the forensic and legal work related to the technical production occurs for Defendants).

26 ⁵ Defendants are well-aware of this issue: “A file could be -- what is known as a [PST] file.
 27 And inside of that is a whole e-mail inbox that could be thousands if not tens of thousands of
 28 additional documents and pages. . . . We’re doing that in an expeditious way. It just takes time,
 given the volume.” Russell Decl., ¶ 11 & Ex. I at 5:16-6:10.

1 Oracle's experts cannot effectively review this data with search terms, as they
2 might with email. Mandia Decl., ¶¶ 6-7. Instead, in many cases they must run file compares and
3 forensic analysis on the data – including line by line code comparisons – to determine which files
4 are copies of, or modifications of, others, and the extent to which the files have been
5 manipulated. *Id.* This process will take at least several more months to even partially complete.
6 *Id.* Similarly, Oracle is still reviewing the other databases on which Defendants relied in
7 Response 12 (e.g., SAS, Database, and dotProject), and which Defendants only finished
8 producing within the past four months, more than seven months after Oracle added registrations
9 in the Second Amended Complaint. Russell Decl., ¶¶ 3, 8 & Ex. B.

10 In addition, Defendants have produced more than 7.7 million Bates-labeled pages
11 of documents. Russell Decl., ¶ 12. This number does not account for a large number of “pages”
12 that actually consist of vast spreadsheets or even entire, multi-gigabyte databases with
13 information about Oracle's software, such as the SAS or dotProject databases on which
14 Defendants rely in their supplemental discovery responses. Russell Decl., ¶¶ 3, 13 & Exs. B.
15 For instance, Defendants' SAS database, assigned one Bates number in its complete form,
16 contains more than 21 gigabytes of data. Russell Decl., ¶ 13. Of these 7.7 million “pages,”
17 Defendants produced more than 3 million in 2009. Russell Decl., ¶ 12. Many of those
18 correspond to the “emails among development and support engineers” that Defendants' relied
19 upon in the original Response 12 in December 2007. Russell Decl., ¶ 14. Oracle is still
20 reviewing these as well.

21 *D. After Its Latest Productions And The Prior Liberal Amendment*
22 *Deadline Passed, Defendants Sought To Limit Oracle's Copyright*
23 *Claims*

24 On April 14, 2009, Defendants filed a motion to compel discovery related to
25 Oracle's copyright claims. The motion sought, among other things, identification of specific
26 preexisting materials incorporated into each of Oracle's current fifty-two derivative work
27 registrations. Russell Decl., ¶ 15 & Ex. J at 1-2, 4.

28 Defendants argued that since derivative works registrations are based upon

1 preexisting works, “Oracle’s claim to any version of software that is based on ‘previous
2 versions’ extends only to the new material in the new version.” *Id.* at 9. Defendants thus sought
3 to exclude from the case, as not “new material,” any infringement of preexisting code. *Id.*
4 Oracle disagrees with this view of the law. Derivative works registrations cover infringement of
5 prior versions because “when the same party owns the derivative . . . work plus the underlying
6 elements incorporated therein, its registration of the [derivative work] is ‘sufficient to permit an
7 infringement action on the underlying parts, whether they be new or preexisting.’” 2 Melville
8 Nimmer & David Nimmer, *Nimmer on Copyright*, § 7.16[B][2][c] at 7-175 (2009).

9 Judge Laporte did not reach the underlying legal issue, but did order Oracle to
10 supplement its interrogatory responses with certain additional information concerning the pre-
11 existing works. Russell Decl., ¶ 16 & Ex. K at 2-3 (ordering production of documents
12 “sufficient to show” ownership, documents “relating to acquisition, assignment, or transfer,” and
13 documents on which Oracle will rely in “proving copyrightability and ownership.”). However,
14 Defendants clearly stated their intent to limit Oracle’s claims to exclude cases where, *regardless*
15 *of ownership*, the “infringed portions of the preexisting work are not part of the derivative work
16 at issue in the case,” and to limit Oracle’s damages in cases where the “infringed portions of a
17 late-registered derivative work do not include the material from the timely registered preexisting
18 work.” Russell Decl., ¶ 17 & Ex. L at 3-4.

19 Based on these arguments, and without agreeing with them, Oracle offered to
20 resolve the issue by locating and offering to produce, and include in the Complaint, sixty-three
21 registrations (the very registrations for which Defendants were seeking information as “pre-
22 existing materials”). Oracle reiterated to Defendants its different view of the law on which
23 Defendants intend to rely, but noted that the need for any such argument could be mooted with
24 these conforming amendments. Despite having just produced the vast quantity of software code
25 and amended discovery responses described above, Defendants refused Oracle’s offer, saying
26 they could conceive of “no justifiable basis” for allowing an amendment. In other words,
27 Defendants have long known about these registrations (all but the two Knowledge Management
28 Registrations have been publicly available from the Copyright Office since Oracle filed its first

1 Complaint), but now seek to exclude infringement of them from the case, after only just recently
 2 providing basic related discovery. 17 U.S.C. § 705 (Copyright registrations are “open to public
 3 inspection.”). Oracle believes this position is inconsistent with the Federal policy of deciding
 4 cases on the merits. *See Chow v. Hirsch*, 1999 WL 144873 at *1 (N.D. Cal. 1999) (Hamilton, J.)
 5 (“[F]ederal policy strongly favors determination of cases on their merits . . .”). Oracle also
 6 believes that since Defendants have made these prior registrations an issue in discovery, Oracle
 7 should be entitled to add all sixty-three registrations implicated by Defendants’ argument as a
 8 precautionary measure, while reserving its rights as to their relevance. However, in the interest
 9 of judicial economy and recognizing the desire by both parties to reasonably limit discovery,
 10 Oracle seeks to add only twenty. These twenty focus principally on the PeopleSoft HRMS
 11 product line, which Oracle believes was of the bulk of Defendants’ copying.⁶ Defendants will
 12 not agree to the sixty-three, the twenty, or any smaller subset.

13 *E. Oracle Discovered Defendants May Have Infringed Oracle’s*
 14 *“Database” Products*

15 The focus of this case, and of Defendants’ “Safe Passage” efforts and SAP TN’s
 16 services, has been Oracle’s PeopleSoft, JDE, and Siebel software products. *See, e.g.*, Complaint,
 17 ¶¶ 48-58. Each of those product lines consists of various enterprise software *applications* – akin
 18 to Microsoft Word or Excel -- that run on top of, and interface with, any number of underlying
 19 *databases*, including Oracle’s own database software products.

20 Recently, Oracle discovered information that suggests infringement by
 21 Defendants of Oracle’s database technology products. As part of deposition preparation in
 22 February 2009, Oracle came across two emails in Defendants’ production.⁷ One was a January
 23 2005 email between SAP TN’s “environments manager” and SAP TN’s liaison to SAP Legal

24 _____
 25 ⁶ Of the 412 environments identified by Defendants in Amended Response 12, approximately
 26 294 of them (or 71%) appear to be HRMS environments. Russell Decl., ¶¶ 3, 7 & Exs. B, F.

27 ⁷ Defendants produced these documents in March 2008, among the millions of pages of other
 28 documents and terabytes of electronic documents and technical data included in their various
 productions. Russell Decl., ¶ 21.

1 discussing how “now that we are under the SAP umbrella, we may need to look into purchasing
2 Oracle licenses. . . . [I]t may be more cost effective in the long run to make sure we have all our
3 bases covered.” Russell Decl., ¶ 18 & Ex. M. The other email showed the same liaison telling
4 SAP in March 2006 that the “ORACLE license is needed urgently to support our PeopleSoft
5 customers using this technology.” Russell Decl., ¶ 19 & Ex. N. Because SAP is a licensed
6 Oracle database reseller, Oracle conducted an internal investigation based on these documents.
7 Russell Decl., ¶ 21.

8 Oracle promptly raised the issue of possible database infringement with
9 Defendants in connection with the meet and confer to add the Stipulated Amendments and
10 extend the case schedule, and identified documents it had found. Oracle also continued to
11 search, finding other documents, such as an October 2006 email in which SAP TN appears to
12 have given up on obtaining a license: the environments manager states “I don’t think we’re going
13 to get an Oracle license.” Russell Decl., ¶ 22 & Ex. O. Oracle requested further information
14 from Defendants about what database versions were in use by SAP TN in order to expedite the
15 amendment discussion. In response, Defendants provided certain “screenshots” of server
16 directory structures showing the database versions SAP TN had on its systems. Russell Decl., ¶
17 23 & Ex. P.

18 Additionally, in April 2009, Oracle learned during the deposition of George
19 Lester, an early employee at SAP TN and an environments manger, that he did not know where
20 SAP TN got the databases used by TomorrowNow to support its customers because they were
21 simply “in place” when he arrived at the company in 2004. Russell Decl., ¶ 24 & Ex. Q at 19:3-
22 20:24. It thus appears TN used Oracle’s database products extensively in its business model for
23 a number of years without ever acquiring a license.

24 Despite extensive meet and confer since April 2009, Defendants have not agreed
25 to add additional registrations to supplement the existing copyright claim based on the
26
27
28

1 documents referenced above.⁸ Accordingly, Oracle seeks leave to add seven copyright
2 registrations to cover the versions of Oracle’s database Defendants appear to have copied and
3 used.

4 **III. THE COURT SHOULD PERMIT THE CONFORMING**
5 **AMENDMENT TO THE FIRST CLAIM FOR RELIEF**

6 Oracle and Defendants disagree about which Federal Rule, and thus which legal
7 standard, applies to Oracle’s proposed amendments. Oracle contends that leave to include these
8 amendments should be “freely given” under Fed. R. Civ. Proc. 15(a) (“Rule 15”). Defendants
9 argue that even though the Court has set an entirely new Case Management Schedule, including
10 a new deadline to amend the complaint, the old deadline is still operative and Fed. R. Civ. Proc.
11 16(b)’s “good cause” standard applies (“Rule 16”). The distinction should not matter, as Oracle
12 meets either standard.

13 A. *The Applicable Standard Is Rule 15 And Oracle Satisfies It*

14 A party generally may amend its complaint “with the opposing party’s written
15 consent or the court’s leave.” Fed. R. Civ. Proc. 15(a)(2). If the deadline has not passed, the
16 Court shall “freely give leave when justice so requires” and with “extreme liberality.” *Id.*; *DCD*
17 *Programs, Ltd. v. Leighton*, 833 F.2d 183, 186 (9th Cir. 1987) (internal citation omitted).

18 The original May 5, 2008 Case Management Order set the deadline to amend the
19 pleadings at “no later than 90 days before fact discovery cutoff.” Case Management and Pretrial
20 Order, May 5, 2008, Dkt. No. 84. At the time, that math equated to March 21, 2009, although
21 the 2008 Case Management Order did not specify that date (unlike each other date, which it
22 made explicit). Case Management and Pretrial Order, May 5, 2008, Dkt. No. 84. This makes
23 sense. Linking the amendment deadline to the fact discovery cutoff fulfills the purpose of Rule
24 _____

25 ⁸ Plaintiffs may also pursue at trial claims relating to the apparent unauthorized downloading
26 of Oracle database support materials and use of Oracle database products as part of its existing
27 claims for relief, but no amendment is necessary to offer that proof in support of Oracle’s
28 existing claims. Only the Copyright Infringement claim requires a conforming amendment for
jurisdictional purposes.

1 15 and the policy of the Federal Rules generally - i.e., “to provide the parties with flexibility in
2 presenting their claims and defenses . . . [b]ecause federal policy strongly favors determination
3 of cases on their merits” *Chow v. Hirsch*, 1999 WL 144873 at *1 (N.D. Cal. 1999)
4 (Hamilton, J.) (*citing Forman v. Davis*, 371 U.S. 178, 182 (1962)). In other words, the parties
5 must be able to adjust their claims and defenses as the facts unfold through discovery.

6 Two months ago, the parties jointly sought, from the Court, modifications to the
7 Case Management Order to allow for further fact discovery (among other things). Russell Decl.,
8 ¶ 25 & Ex. R. Defendants agreed that they had just completed production of several terabytes of
9 Data Warehouse data in February 2009, and that they were “willing to agree to a modest
10 extension of the case deadlines and discovery limits in order to [] fully resolve Oracle’s claims
11 regardless of whether the Parties are ever able to agree on an extrapolation methodology or a
12 stipulation.” *Id.* at 2-3.

13 The Court granted the Parties’ motion on June 11, 2009, extending fact discovery
14 in this case by more than five months, to December 4, 2009, and resetting the trial date to
15 November 1, 2010. Stipulated Revised Case Management and Pretrial Order, June 11, 2009,
16 Dkt. No. 325. Oracle believes that with the new Case Management Order, the Court set a new
17 deadline for amendment of August 26, 2009, a shift of approximately the same number of days
18 as the discovery cutoff (though Defendants reserved the right to argue that the old deadline still
19 applies). Revised Case Management and Pretrial Order, June 11, 2009, Dkt. No. 325 at p. 2 ¶ 6.
20 If Oracle’s view is correct, then Oracle brings this motion more than a month before the current
21 deadline, and the Rule 15 standard applies. Defendants’ attempt to construe this Court’s Order
22 to have moved the fact discovery cutoff while somehow leaving behind the deadline tied to that
23 cutoff is “contrary to the spirit of the Federal Rules.” *Forman v. Davis*, 371 U.S. 178, 181-82
24 (1962).

25 Under Rule 15, the Court should grant leave unless the opposing party can show
26 “undue delay, bad faith or dilatory motive on the part of the movant, repeated failure to cure
27 deficiencies by amendments previously allowed, undue prejudice to the opposing party by virtue
28 of allowance of the amendment, futility of amendment, etc.” *Forman*, 371 U.S. at 182 (1962)

1 (“The Federal Rules reject the approach that pleading is a game of skill in which one misstep by
2 counsel may be decisive to the outcome and accept the principle that the purpose of pleading is
3 to facilitate a proper decision on the merits.”) (internal citation omitted).

4 These factors are not present.

5 Oracle has not unduly delayed the amendments or repeatedly failed to cure
6 deficiencies. To the contrary, Oracle seeks to add registrations based on recent information, to
7 conform to the evidence and (with respect to the PeopleSoft Amendments) Defendants’
8 discovery arguments. Oracle raised all relevant issues with Defendants as soon as Oracle
9 became aware of them. More importantly, Defendants knew about all of these issues long before
10 Oracle did. They downloaded the documents, copied the software, and then gave conflicting and
11 misleading sworn statements about it in discovery.

12 Oracle is not acting in bad faith by seeking to add these registrations. When
13 Oracle filed suit, it did not seek to include every copyright it owned, and attempted to avoid
14 adding irrelevant or unnecessary registrations. Not only would that have been inappropriate and
15 irresponsible, Defendants surely would have moved to strike. Now, Oracle simply wants to
16 conform the Complaint to Oracle’s current understanding of the evidence.

17 Finally, there is no prejudice. The additional registrations arise from the same
18 basic set of operative facts already included in Oracle’s complaint and thus will not substantially
19 burden Defendants. *See, e.g., Twisted Records, Inc. v. Rauhofer*, 2005 WL 517328, *6-7
20 (S.D.N.Y. 2005) (permitting a conforming amendment under Rule 15(a) to add a pre-existing
21 work registration because “the proposed new infringement claim relate[d] to the same facts as
22 alleged in [Plaintiff’s] original claim for infringement of its copyright in the [derivative work
23 registration].”).

24 B. *Oracle Also Satisfies Rule 16 Because Good Cause Exists*

25 Rule 15’s extremely liberal standard has one exception. If a motion to amend a
26 pleading is made after a deadline set by a case management schedule, then pursuant to Fed. R.
27 Civ. Proc. 16(b) “the schedule may be modified only for good cause.” *See Trimble Navigation*
28

1 *Ltd. v. RHS, Inc.*, 2007 WL 2727164, *10 (N.D. Cal. 2007) (Hamilton, J.) (“Good cause for
 2 amendment must also be shown where, as here, amendment is sought past the deadlines
 3 established by the court's pretrial scheduling order.”). The movant establishes good cause by
 4 showing that “despite acting diligently, it cannot reasonably meet the order’s schedule.” *Launch,*
 5 *LLC v. PC Treasures, Inc.*, 2006 WL 1142535, *1 (N.D. Cal. 2006) (Hamilton, J.).⁹

6 In applying Rule 16(b), the Court does not ignore the policy behind Rule 15. *See,*
 7 *e.g., Trimble*, 2007 WL 2727164 at *11 (“The court also finds [in addition to diligence] that the
 8 traditional Rule 15 factors additionally counsel in favor of amendment.”).

9 Good cause exists when the movant relies on newly uncovered discovery
 10 materials to justify an amendment – even if substantial time passes between production and the
 11 time of the motion. *See Trimble*, 2007 WL 2727164 at *10. In *Trimble*, the movant sought to
 12 add an affirmative defense of inequitable conduct based on documents produced five months
 13 prior to the motion. *Id.* at *10. Despite the time that had passed, the Court still found good
 14 cause to amend in part because during that time the movants had analyzed and compared the
 15 documents and worked with their experts. *Id.* (“Based on these facts, the court cannot say that
 16 defendants lacked diligence in pursuing amendment.”); *see also Fru-Con Construction Corp. v.*
 17 *Sacramento Mun. Util. Dist.*, 2006 WL 3733815, *4-5 (E.D. Cal. 2006) (granting leave to amend
 18 where discovery had been “a massive undertaking for both parties . . . marked by delay and
 19 complication,” and noting that “[a]llowing parties to amend [under Rule 16] based on
 20 information obtained through discovery is common and well established.”).

21 Apart from the Stipulated Amendments, Oracle has demonstrated its diligence in
 22 at least four ways:

23

24

25 ⁹ In *Launch*, this Court also said that it “treats a motion for leave to amend pleadings after the
 26 scheduling order deadline as a motion to modify the scheduling order.” *Launch* 2006 WL
 27 1142535 at *1. For that reason, Oracle chose not to burden the Court with an additional and
 28 separate administrative motion to modify the scheduling order, should the Court accept
 Defendants’ theory of the old deadline.

1 1. The amendments are based on newly discovered
2 information

3 Oracle has only just learned of the information it needed to propose these
4 amendments. That fact alone should end the inquiry. *Fru-Con*, 2006 WL at *4-5.

5 As to the Database Amendments, Oracle only discovered the database documents
6 in February 2009, was only in position to meet and confer on them in April 2009, only obtained
7 the crucial Lester testimony in April 2009, and had no prior reason to suspect such unauthorized
8 use. The fact that Defendants produced these documents earlier, sprinkled among multiple
9 terabytes of data, does not defeat a showing of good cause. *See Trimble*, 2007 WL 2727164 at
10 *10. Oracle could not reasonably have proposed informed and final amendments by the
11 March 21 “deadline.” Oracle can only act based on the information which it has had available –
12 indeed, the vast amount of recently-produced data was one of the main reasons for the extension.

13 As to the Knowledge Management Amendments, it has taken months, in an
14 ongoing process, for Oracle’s experts to decompress, access, and analyze the millions of
15 download files on the servers Defendants began producing in October 2008. Mandia Decl., ¶¶ 4-
16 7. These two registrations conform the First Claim for Relief to the thousands of support
17 documents downloaded by Defendants and maintained on their machines.

18 As to the PeopleSoft Amendments, Defendants waited until May 22, 2009 – well
19 after the original March deadline, and after filing a joint stipulation which Defendants contend
20 prohibits amendment – to amend their relevant discovery responses. These responses include an
21 additional 185 environments, including multiple previously undisclosed releases. Russell Decl.,
22 ¶¶ 3, 7 & Exs. B, F. Similarly, Defendants only produced complete copies of SAS, BakTrak,
23 and dotProject in March, April, and May 2009, respectively, with additional new and
24 inconsistent information, yet assert in discovery responses that Oracle must review them
25 pursuant to Rule 33(d) to understand which of Oracle’s copyrights might have been infringed.
26 Russell Decl., ¶¶ 3, 8 & Exs. B at 7. Indeed, Defendants have emphasized to the Court that
27 understanding the latest SAS database production is crucial for Oracle to make its case – “I agree
28

1 that the SAS database provides some enriched source of information. . . . And the database has
2 all the data points in it -- or most of the data points in it -- that [Oracle] is referring to [in
3 discussing SAP TN's support processes].” Russell Decl., ¶ 26 & Ex. S at 15:8-16:9.

4 2. Oracle has undertaken extensive discovery efforts and
5 adapted to new facts

6 Oracle's intense discovery efforts evidence its diligence. As soon as Oracle
7 learned of Defendants' local environments, Oracle immediately and significantly expanded its
8 discovery focus to include them. Over the next seven months, Oracle served additional written
9 discovery, and took approximately 51 hours of deposition testimony, including approximately 38
10 hours with Rule 30(b)(6) witnesses, all aimed at understanding Defendants' use of local
11 environments. Russell Decl., ¶ 28. At the same time, Oracle attempted to review millions of
12 pages of emails and the incomplete portions of Defendants' SAS database which had been
13 produced in 2007.

14 These efforts directly relate to the proposed amendments. Oracle retained experts
15 early in the discovery process who have conducted, and continue to conduct, complex forensic
16 and statistical analysis of staggering amounts of electronic data. Mandia Decl., ¶¶ 1-7. This
17 analysis has contributed to Oracle's understanding of the facts justifying the Knowledge
18 Management Amendments and the PeopleSoft Amendments. Similarly, Oracle has navigated
19 more than 7 million pages of documents to find the evidence related to the Database
20 Amendments.

21 3. Defendants acknowledge Oracle's diligence

22 Defendants acknowledge Oracle's diligence when it suits them. For instance,
23 Defendants supported a discovery extension two months ago (related to the Stipulated
24 Amendments) “despite [the Parties'] diligence.” Russell Decl., ¶ 25 & Ex. R at 5. They also
25 insist Oracle collected enough information through its noticed depositions that detailed
26 interrogatory responses were (and are) not warranted. Russell Decl., ¶ 3 & Ex. B at 9, 11.
27 Having relied on Oracle's diligence to secure the additional discovery and summary judgment
28 motion round they sought, Defendants cannot now argue Oracle has lacked diligence.

1 4. Any “delay” is simply the natural turnaround time for such
2 a large volume of discovery

3 With 7.7 million pages of documents and 16 terabytes of data to analyze, Oracle
4 can only locate, recognize, and analyze information so fast. Indeed, Defendants have suggested
5 that Oracle might never fully understand the ongoing production: “At some point the volume
6 gets to be useless, I think, no matter how many worlds of time they’re going to have to use this in
7 whatever form this case ultimately takes.” Russell Decl., ¶ 27 & Ex. T at 63:7-19.

8 There has been no delay whatever with respect to the PeopleSoft Amendments.
9 They are based on recent productions and amended responses from Defendants, as well as
10 Defendants’ recent attempts to exclude certain infringement of derivative works registrations.
11 With respect the Database Amendments and Knowledge Management Amendments, any brief
12 “delay” is not only justified, but expected. Oracle’s experts needed to review millions of
13 download files before Oracle could propose the conforming Knowledge Management
14 Amendments. Mandia Decl., ¶¶ 4-7. Similarly, Oracle only found the documents justifying the
15 Database Amendments in the due course review of millions of pages of emails, presentations,
16 and spreadsheets, while preparing for depositions on other issues. Russell Decl., ¶¶ 20, 21.

17 Not surprisingly, Defendants have had similar experiences with the exact same
18 documents (i.e., *their own*), and they have asserted time and time again the difficulties of
19 managing such a large volume of material:

- 20 • Defendants argued they needed additional time to make witnesses available
21 because of the “extraordinary discovery burdens that are created by the huge
22 volumes of data and documents Defendants have been required to produce in this
23 case” Joint Discovery Conference Statement, November 18, 2008, Dkt. No.
24 219 at 6:12-16.
- 25 • With regard to search terms, Defendants informed the Court that their initial good
26 faith efforts to streamline the review process based on knowledge of their
27 documents *still missed more than 10% of the relevant material*. Joint Discovery
28 Conference Statement, June 24, 2008, Dkt. No 102 at 18:16-18, 19:14-15.

- 1 • Defendants told the Court that it was impossible to avoid producing irrelevant
2 documents to Oracle because “[i]t is inevitable that some nonresponsive
3 documents will slip through the review process in a production of this
4 magnitude.” *Id.* at p. 19, fn. 12.
- 5 • Defendants explained by email in January 2009 that they could not have compiled
6 a final list of SAP TN customers until then because “[t]here has been extensive
7 fact investigation and discovery since [2007] and, not surprisingly, additional
8 customers have been identified.”

9 Oracle’s inability to wade through, analyze, and act upon Defendants’ massive
10 productions any quicker or more accurately than Defendants can do so themselves certainly
11 cannot constitute a lack of diligence.

12 **IV. CONCLUSION**

13 For the foregoing reasons, Oracle respectfully requests leave to file its Fourth
14 Amended Complaint in the form attached as Exhibit A. If the Court denies this Motion, Oracle
15 respectfully requests the Court to rule on Oracle’s separate alternative motion to amend
16 including only the Stipulated Amendments. If the Court grants this Motion then that alternative
17 motion is mooted.

18 DATED: July 15, 2009
19

20 Bingham McCutchen LLP

21
22
23 By: /s/ Geoffrey M. Howard
24 Geoffrey M. Howard
25 Attorneys for Plaintiffs
26 ORACLE USA, INC., ORACLE
27 INTERNATIONAL CORPORATION, AND
28 ORACLE EMEA LIMITED