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UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

OAKLAND DIVISION

ORACLE USA, INC., et al.,

Plaintiffs,

v.

SAP AG, et al.,

Defendants.

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

**DEFENDANTS' NOTICE OF MOTION AND MOTION TO PARTIALLY EXCLUDE TESTIMONY OF KEVIN MANDIA AND DANIEL LEVY**

Date: September 30, 2010
Time: 2:30 p.m.
Courtroom: 3, 3rd Floor
Judge: Hon. Phyllis J. Hamilton

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## NOTICE OF MOTION

PLEASE TAKE NOTICE THAT on September 30, 2010 at 2:30 p.m., or as soon thereafter as this matter may be heard by the Honorable Phyllis J. Hamilton, 1301 Clay Street, Oakland, California, Courtroom 3, Defendants SAP AG, SAP America, Inc. (together, "SAP") and TomorrowNow, Inc. ("TN," and with SAP, "Defendants") will bring this motion to partially exclude the expert testimony of Kevin Mandia and Dr. Daniel Levy, pursuant to Civil Local Rules 7-2–7-5 and Rules 403 and 702 of the Federal Rules of Evidence ("Rule 403" and "Rule 702," respectively), against Plaintiffs Oracle USA, Inc., Oracle International Corp. and Siebel Systems, Inc. (together, "Plaintiffs").[1] This motion is based on the Memorandum of Points and Authorities herein, the Declaration of Scott Cowan and all exhibits attached to that declaration.

## RELIEF REQUESTED

An Order pursuant to Rules 403 and 702 of the Federal Rules of Evidence excluding and limiting portions of the proffered expert testimony of Kevin Mandia and Dr. Daniel Levy.

## MEMORANDUM OF POINTS AND AUTHORITIES

### I. INTRODUCTION AND SUMMARY OF CHALLENGED OPINIONS

Defendants seek to exclude portions of the proffered expert opinions of Kevin Mandia and Dr. Daniel Levy from trial. Having alleged copyright infringement by TomorrowNow, Plaintiffs hired two experts—Mandia, a forensic computer scientist, and Levy, an economist serving as a statistician—in an attempt to support those allegations of liability. To that end, Mandia and Levy count certain files located at TomorrowNow and purport to offer analyses regarding particular technical actions taken by TomorrowNow. This motion does not seek to exclude Mandia's or Levy's counts; rather, it seeks to exclude certain legal conclusions and assumptions that Mandia and Levy improperly embed into their opinions that are: (1) beyond their expertise; (2) unsupported, or supported only by unverified conclusions from Plaintiffs' counsel, employees and other hired experts; and (3) impermissible subjects of expert opinion under Rules 403 and 702.[2]

[1] Oracle EMEA Ltd. is no longer a plaintiff in this case. D.I. 762 (8/17/10 Order) at 25.

[2] Because these issues are endemic to both experts' proposed testimony, Defendants present these issues in one motion. Issues unique to each expert are addressed separately.

Specifically, in his Report, Mandia renders various opinions (and draws a number of legal conclusions) regarding copyrightable expression, copyright protection, copyright infringement and legally permissible "access," including:

- "*It is Mandiant's understanding* that these Objects are Protected Expressions subject to copyright. . . . *Therefore, I conclude* that [ ] TN downloaded, modified, distributed and used a significant amount of *material protected by the copyrights Oracle asserts* in this action." Declaration of Scott Cowan in Support of Defendants' Partial Motion to Exclude Expert Testimony of Kevin Mandia and Daniel Levy ("Cowan Decl.") ¶ 1, Ex. A (Mandia Report) ¶ 15 (emphasis added).
- "TN Fixes delivered by [ ] TN to its customers were *Contaminated* and resulted from *Cross-Use* of Environments and downloads of Oracle SSMs from other customers."[3] *Id.* ¶ 8 (emphasis added).
- That TomorrowNow downloaded materials "*without regard to licensing*." *Id.* ¶ 5 (emphasis added).
- "TomorrowNow's service model relied on . . . *improper access* to Oracle's systems." *Id.* ¶ 4 (emphasis added).

Mandia, however, is not qualified to render these opinions and has no basis for his broad conclusions. Specifically, Mandia:

- Is not an attorney and has no specialized training in copyright law. *See* Cowan Decl. ¶ 2, Ex. B (5/20/10 Mandia Tr.) at 168:2-7.
- Does "not hold [him]self out to be a copyright expert." *Id.* at 168:8-11.
- Has no previous experience with copyright issues. *See id.* at 12:1-19, 14:25-15:6, 15:25-16:7.

[3] Throughout their reports, Mandia and Levy—in relying upon Mandia—use the terms "contamination" and "cross-use." These terms, originally invented in part by Plaintiffs' counsel, have a particular meaning in the context of this case and are intended to indicate whether certain copies or conduct fall within the scope of license rights. *See* Cowan Decl. ¶¶ 1-2, Ex. A (Mandia Report) ¶¶ 54-55; 2, Ex. B (5/20/10 Mandia Tr.) at 222:9-25, 226:11-24. By casting their legal assumptions in these seemingly technical terms, Mandia and Levy attempt to pass assumptions off as expert opinions. But Mandia and Levy's "expert" opinions regarding "contamination" and "cross-use" are impermissible, not only because they are unsupported, but also because they constitute improper (and prejudicial) legal opinion that exceeds Mandia and Levy's expertise.

- Has never "undertaken any source code comparison to determine if an alleged copyright violation took place." *Id.* at 168:12-25.
- Has never "analyzed source code to determine if it includes protected expression" or determined whether "any alleged copied portion of that source code was only *de minimis* for the purpose of copyright analysis." *Id.* at 169:1-13.
- Has not written any PeopleSoft, J.D. Edwards or Siebel code. *See id.* at 180:20-181:5.
- Stated that his term "contamination" is intended to capture assumptions of improper activity, which were provided to him by counsel. *Id.* at 227:12-228:9.
- Stated that he relied on these improper activity assumptions provided by counsel in making all determinations related to whether some activity was "improper." *Id.*
- Has never offered any opinions on software licenses and has never held himself out to be an expert in interpretation of software licenses. *See id*. at 173:11-22.
- Did not look at any software license agreements at any time prior to submitting his Report or providing testimony in this matter. *See id.* at 196:2-18.
- Did not review Plaintiffs' asserted copyright registrations. *See* Cowan Decl. ¶ 3, Ex. C (5/21/10 Mandia Tr.) at 454:15-456:7 (describing Mandia's "assumption that the things in Table 35 and 36 are covered by the copyrights Oracle asserts in this action").
- Stated that his use of the term "improper access" was intended to convey that access exceeded applicable terms of use, an assumption Plaintiffs' counsel instructed him to make. *Id.* at 304:22-306:5.
- Has no independent expert opinion regarding whether the terms of use assumption that counsel provided is valid. *See* Cowan Decl. ¶ 2, Ex. B (5/20/10 Mandia Tr.) at 198:18-199:25.

Levy also renders various opinions (and draws legal conclusions) regarding copyright infringement and legally permissible conduct, including:

- "I have been retained by counsel . . . to design a statistically-valid sample . . . that can be used to reliably estimate the number of Fixes delivered to customers by [ ] TN that *infringed Oracle copyrights or otherwise resulted from impermissible cross-use of*

*Oracle's software*." Cowan Decl. ¶ 4, Ex. D (Levy Report) at 1, 7 (emphasis added).

- "I understand that Plaintiffs will use the sample to estimate the percentage of instances in which the Fixes delivered to [ ] TN's customers were *contaminated, in the sense that they were handled or produced in a way that resulted from copyright infringement or breached other laws*." *Id.* at 7 (emphasis added).
- His role in this case is to "calculate population and sample statistics for a number of measures, including measures of *Contamination* . . . ." *Id.* at 7 (emphasis added).

And like Mandia, Levy lacks qualifications (or a basis) to opine on copyright infringement and legally permissible conduct, as he:

- Is not a copyright, licensing or software expert and does not claim any expertise in these areas related to this case. *See* Cowan Decl. ¶ 5, Ex. E (Levy Tr.) at 24:24-25:17.
- Has no technical or software related degrees. *See* Cowan Decl. ¶ 4, Ex. D (Levy Report, Appendix 3) at 43.
- Has not written any PeopleSoft, J.D. Edwards or Siebel code (the three software lines at issue in this case). *See* Cowan Decl. ¶ 5, Ex. E (Levy Tr.) at 25:10-17.

Mandia and Levy are not qualified as copyright or licensing experts. They have never performed any type of creative expression analysis, nor do they have any expertise in the software lines at issue in this case. Further, both Mandia and Levy opine in areas in which they have done no independent analysis, including areas in which they rely entirely on the compound assumptions, opinions and out-of-court statements of Plaintiffs' counsel, employees and other expert witnesses—some of which are not even disclosed—whose conclusions were never verified using any reliable methodology. To allow Mandia and Levy to testify at trial to the sweeping, unfounded and ultimately improper legal conclusions contained in their reports and deposition testimony would unfairly prejudice Defendants and would only serve to confuse the issues and mislead the jury. Under the law of this Circuit, Plaintiffs may not use Mandia and Levy as a conduit for Plaintiffs' counsels' legal opinions, in the form of purported technical expert opinions.

Therefore, the Court should preclude Mandia at trial from offering any testimony, opinion or portion of an opinion:

(1) claiming copyright infringement, breach of a license agreement or terms of use or violation of any other law, including, but not limited to, his specific claims that TomorrowNow acted "improperly" in accessing Oracle websites, systems or downloads or "inappropriately" in using customer credentials;

(2) that Plaintiffs' registered works at issue in this case contain creative expression;

(3) that any of the materials TomorrowNow allegedly copied, downloaded, modified, distributed or used contained any such materials that were protected by the copyrights Plaintiffs assert in this action;

(4) relating to any aspect of the 55 copyright registrations that he failed to address in his Report;[4]

(5) on information, opinions or assumptions provided to Mandia by counsel, Oracle employees and disclosed expert witnesses Levy and Professor Douglas G. Lichtman, for which Mandia did no independent analysis; and

(6) that "contamination" or "cross-use" occurred.

Similarly, the Court should preclude Levy at trial from offering any testimony, opinion or portion of an opinion:

(1) claiming copyright infringement or breaches of any other law, including, but not limited to, his specific claims that TomorrowNow "infringed Oracle copyrights," "breached other laws," and/or that "copyright infringement" occurred;

(2) on information, opinions or assumptions provided to Levy by counsel and Mandia, for which Levy performed no independent analysis; and

(3) that "contamination," "cross-use" and/or "impermissible cross-use" occurred.

## II. LEGAL STANDARDS

Rule 702 "permits experts qualified by 'knowledge, experience, skill, expertise, training, or education' to testify 'in the form of an opinion or otherwise' based on 'scientific, technical, or other specialized knowledge' if that knowledge will 'assist the trier of fact to understand the evidence or to determine a fact in issue.'" *Salinas v. Amteck of Ky., Inc.*, 682 F. Supp. 2d 1022,

[4] A list of the 55 registrations is attached to the Cowan Decl. *See* Cowan Decl. ¶ 6, Ex. F.

1029 (N.D. Cal. 2010) (Hamilton, J.). The Court serves as the "gatekeeper" in excluding expert testimony that fails to clear the threshold hurdles of relevance and reliability. *Daubert v. Merrell Dow Pharms., Inc*., 509 U.S. 579, 589 (1993); *see also Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 147 (1999). "This entails a preliminary assessment of whether the reasoning or methodology is scientifically valid and of whether that reasoning or methodology properly can be applied to the facts in issue." *Daubert*, 409 U.S. at 592-93. The proponent of expert testimony bears the burden of establishing "by a preponderance of the evidence that the admissibility requirements are met." *Salinas*, 682 F. Supp. 2d at 1029.

To determine the admissibility of expert opinions under Rule 702, the Court must apply a three-part test: (1) is the proffered expert qualified to testify in the area on which he or she is opining based on his or her knowledge, skill, experience, training or education (qualification requirement); (2) is the proffered expert testimony based on reliable scientific or specialized knowledge that is reliably applied to the facts of this case (reliability requirement); and (3) will the proffered expert testimony assist the trier of fact in understanding the evidence or determining a fact in issue (relevancy requirement). *See* Fed. R. Evid. 702; *Daubert*, 509 U.S. at 592-93.

Additionally, the Court must evaluate the proposed evidence under Rule 403, which provides that even relevant "evidence may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues or misleading the jury." Fed. R. Evid. 403; *see also Daubert*, 409 U.S. at 595.

## III. THE COURT SHOULD EXCLUDE THE PORTIONS OF MANDIA AND LEVY'S OPINIONS THAT ARE NOT SUPPORTED BY SUFFICIENT EXPERTISE

A proposed expert must be qualified in the specific area in which he intends to testify. *See United States v. Chang*, 207 F.3d 1169, 1172-73 (9th Cir. 2000) (affirming decision to exclude an expert who admitted he had no formal training in the specific area in which he intended to provide testimony).[5] In applying this well-accepted principle, one court in this district

[5] *Chang* concerned whether a foreign securities certificate was counterfeit. *Id.* at 1170. The proffered expert had knowledge regarding the issuance of obligations, but admitted he had no formal training in identifying counterfeit securities. *See id.* at 1172. Because the only issue was the *authenticity* of the security certificates, and not whether the security certificates were validly issued, the court excluded the expert testimony as "a complete waste of the jury's time." *Id.*

limited the scope of a technical expert's testimony by excluding his opinions on the commercial success of a specific patent—a subject in which he had no expertise. *See Rambus, Inc. v. Hyinx Semiconductor, Inc.*, 254 F.R.D. 597, 604-05 (N.D. Cal. 2008). Although the expert possessed an extensive technical background related to the technology of the patent at issue, the court held that he lacked formal training in business administration and economics and lacked expertise in inventory management or marketing. *See id.* Because the expert did not have expertise relevant to the commercial aspects of the case, the court excluded his testimony on that subject. *See id.*

Here, Mandia is a forensic computer scientist whose expertise is in data collections and computer hacking, and Levy is an economist. *See* Cowan Decl. ¶¶ 7, Ex. G (Mandia Report Attachments); 4, Ex. D (Levy Report, Appendix 3) at 43. As described above in Section I, both admit that they are not qualified to offer any opinions on asserted copyright infringement, license agreements or terms of use, or violations of any other law in this case. Moreover, because neither has any expertise in the software lines at issue in this case, neither is qualified to opine that Plaintiffs' registered works contain creative expression or that the material allegedly copied was protected by the asserted copyright registrations. Ultimately, because neither Mandia nor Levy have the requisite expertise to opine on infringement claims, including whether a particular activity was licensed or the result of "contamination" or "cross-use," the Court should prohibit both from stating those or similar opinions at trial. *See Salinas*, 682 F. Supp. 2d at 1030 (finding that while an expert was qualified in one field, he was not qualified in the specific field at issue).

## IV. THE COURT SHOULD EXCLUDE THE UNRELIABLE, NON-RELEVANT PORTIONS OF MANDIA AND LEVY'S OPINIONS

Because they lack proper qualifications to opine on the subject matter at issue, to reach their conclusions Mandia and Levy rely on (and subsequently adopt wholesale) assumptions and opinions provided by Plaintiffs' counsel, employees and testifying experts. In particular, both Mandia and Levy seek to offer opinions: (1) unsupported by independent, reliable analysis, such that the opinions are connected to data—if at all—by only the *ipse dixit* of Mandia, upon whose conclusions Levy then relies; and (2) based solely on the assumptions, opinions and out-of-court statements of counsel, testifying "experts" and Oracle employees who were never disclosed as

expert witnesses and whose methods and procedures, if any, are unknown.[6] This "bootstrapping" of opinions and assumptions, without application of any actual scientific or other specialized analysis or methodology to verify those opinions and assumptions, is improper under Rule 702. Therefore, the Court should exclude these portions of Mandia and Levy's testimony as both unreliable and irrelevant.

**A. Applicable Law.**

Expert testimony that simply parrots the unverified assumptions, opinions or conclusions of others is neither reliable nor relevant under Rule 702. With regard to reliability, courts routinely exclude expert testimony as unreliable where it is based solely on assumptions provided by another expert. For example, in *In re TMI Litig.*, the Third Circuit affirmed exclusion of expert testimony where the expert relied upon the opinions of other experts without making any effort to assess the validity of the those experts' assumptions. 193 F.3d 613, 713-16 (3d Cir. 1999). In that toxic tort case based on radiation exposure, one of the plaintiff's experts attempted to opine on the overall radiation dose level of the Three Mile Island area, based solely on his review of the reports provided by the other dose exposure experts. *See id*. at 714. The court noted that to give his assessment, the expert "assumed" that the effects and estimates of the other dose experts were correct. *See id.* The court concluded that the expert's "failure to assess the validity of the opinions of the experts he relied upon together with his unblinking reliance on those experts' opinions, demonstrates that the methodology he used to formulate his opinion was flawed under *Daubert* as it was not calculated to produce reliable results." *Id*. at 716.

Likewise, courts exclude expert testimony where an expert intends to testify regarding work that another expert did that the testifying expert did not have the expertise to do himself or herself. *See, e.g., Dura Auto. Sys. of Ind. v. CTS Corp*., 285 F.3d 609, 613-15 (7th Cir. 2002). "A scientist, however well credentialed he may be, is not permitted to be the mouthpiece of a scientist in a different specialty." *Id*. at 614.

[6] Defendants filed a motion in limine seeking to exclude non-disclosed expert testimony. *See* D.I. 728 (Defs.' Mots. in Limine) at 10-15. Regardless of the Court's decision on that Motion in Limine, the proposed statements offered by these party witnesses cannot provide a reliable basis for either expert's opinions.

Additionally, while an expert may rely on hearsay in forming his or her expert opinions,

> [t]he expert may not, however, simply transmit that hearsay to the jury. Instead, the expert must form his [or her] own opinions by applying his [or her] extensive experience and a reliable methodology to the inadmissible materials. Otherwise, the expert is simply repeating hearsay evidence without applying any expertise whatsoever.

*United States v. Mejia*, 545 F.3d 179, 197-98 (2d Cir. 2008) (internal citations and quotations omitted). Thus, using a method that simply relies on hearsay supplied by a party itself is not reliable evidence. *See id.*; *see also* Fed. R. Evid. 703 (expert opinions based on otherwise inadmissible hearsay are to be admitted only if the facts or data are "of a type reasonably relied upon by experts in the particular field in forming opinions or inferences upon the subject").

Further, with regard to relevancy, "[a]n expert who simply regurgitates what a party has told him [of her] provides no assistance to the trier of fact through the application of specialized knowledge." *Arista Records, LLC v. Usenet.com, Inc.*, 608 F. Supp. 2d 409, 424 (S.D.N.Y. 2009). Ultimately, "if an opinion is fundamentally unsupported, then it offers no expert assistance to the jury." *In re Katz Interactive Call Processing Patent Litig.*, No. 07-ML-01816-B-RGK (FFMx), 2009 WL 3698470, at *2 (C.D. Cal. Mar. 11, 2009) (citing *Edmonds v. Ill. Cent. Gulf R.R. Co.*, 910 F.2d 1284, 1287 (5th Cir. 1990)).

**B. Reliance on Unsupported Opinions.**

1. *Opinions for Which No Independent Analysis Was Performed*

a. Mandia

There are at least three areas in which Mandia performed no independent analysis to support his opinions: (a) his claimed comparison relating to the 120 copyright registrations asserted in this case, (b) his creative/protected expression analysis and (c) his licensing analysis.

With regard to the copyright comparisons, in Section X of his Report, Mandia opines that all 120 of the copyright registrations put at issue by Plaintiffs are implicated by his findings. *See* Cowan Decl. ¶¶ 1, Ex. A (Mandia Report) ¶¶ 373 ("[E]ach [ ] TN Environment or installation of Oracle Database described in the table below is a copy of software that contains substantial amounts of protectable expression from Oracle's Registered Works"); 376 ("[E]ach copy of an SSM described in the table below embodies a portion of one of Oracle's Registered Works"). In

fact, as revealed in his Report, Mandia did not even attempt to perform analysis regarding at least 55 of the copyright registrations Plaintiffs assert in this case. *See* Cowan Decl. ¶ 3, Ex. C (5/21/10 Mandia Tr.) at 533:10-535:7, 542:2-13 (testifying that Section X of his Report does not contain any analysis that was not already identified in previous sections of his Report). Having failed to perform any analysis regarding these 55 copyright registrations, Mandia should be precluded from mentioning or discussing at trial his "opinions" or conclusions regarding those registrations. A list of these registrations is attached to the Cowan Declaration ¶ 6, Ex. F. *See also* Cowan Decl. ¶¶ 8, Ex. H (Gray Report, Appendix 6) at 37 n.87; 9, Ex. I (Fourth Amended Complaint) (used to derive the list of copyright registrations for which no work was attempted).

With regard to his opinions related to creative/protected expression and licensing, examples of which are noted above in Section I, it is undisputed that Mandia conducted no creative expression analysis, no analysis of whether the specific portions of Plaintiffs' code allegedly protected by the copyrights at issue were actually copied and no review of software license or terms of use agreements. *See, e.g.*, Cowan Decl. ¶ 2, Ex. B (5/20/10 Mandia Tr.) at 169:1-13, 173:11-22, 196:2-8, 199:10-25. Thus, the Court should exclude these opinions as well.

b. Levy

Like Mandia, Levy did not perform independent analysis to support a number of opinions rendered in his Report and deposition testimony. First, despite drawing conclusions regarding copyright infringement, TomorrowNow's purported access in excess of license rights and general illegality of TomorrowNow's accused conduct, Levy did not compare code, review any of Plaintiffs' copyright registrations or review any license agreements or terms of use.

Second, despite having failed to do any work to draw his conclusions on copyright infringement and illegality, Levy specifically opines in his Report on the occurrences and types of claimed "contamination" and "cross-use." Cowan Decl. ¶ 4, Ex. D (Levy Report) at 32-35, Tables 13A, 13B, 14A, 14B, 15A and 15B. For at least 15 of the 44 measures he examined, Levy opines that his count shows instances of "contamination." *Id.* at 17-18, Table 2. There is no doubt that Levy intended to opine on "contamination" in his Report, as he uses the term throughout his executive summary and notes that his role in this case is to calculate statistics for a

number of measures "including measures of Contamination." *Id.* at 5-7. Yet Levy admits that he did not in any way attempt to determine that TomorrowNow fixes were "contaminated." Cowan Decl. ¶ 5, Ex. E (Levy Tr.) at 47:4-7. In fact, he states that he has not even assumed that claimed "contamination" and/or "cross-use" occurred. *Id.* at 49:11-23.

Third, despite purporting to apply statistical methods and principles to draw and extrapolate from a sample based on data Mandia provided, Levy did not independently verify the reliability of that data. *See* Cowan Decl. ¶ 4, Ex. D (Levy Report) at 7, 15-16. Indeed, Levy did no work at all to support an opinion as to what those numbers actually demonstrate, including whether they show what Mandia claims.

To qualify as a reliable method, at least some type of work must be done connecting the proposed theory to the opinion. *See, e.g.*, *Mooring Capital Fund v. Knight*, Nos. 09-6075, 09-6141, 2010 U.S. App. LEXIS 15114, at *15 (10th Cir. July 22, 2010) (affirming a district court's decision to limit the testimony of an expert to explaining mathematical calculations instead of the interpretation of the calculations because he did not undertake any independent investigation to confirm the significance of his calculations as they related to his client's claims). Having done no such work, Levy's opinions regarding whether his numbers show infringement, "contamination, "cross-use" or "breach [of any] other laws" are unreliable, and this Court should exclude those opinions.

2. *Opinions Based on the Assumptions, Opinions and Out-of-Court Statements of Counsel, Employees and Other Expert Witnesses*

a. Mandia

Mandia relies on three types of opinions and assumptions from others: those from (1) Plaintiffs' counsel; (2) Oracle employees and (3) Plaintiffs' disclosed expert witnesses Levy and Professor Douglas G. Lichtman.[7]

(1) **Opinions and Assumptions from Counsel**

Mandia obtained assumptions from Plaintiffs' counsel for derivative works, distribution,

[7] Defendants separately move to exclude the testimony of Plaintiffs' law professor expert Lichtman, as his testimony consists entirely of improper legal opinions. *See* Defs.' Motion to Exclude Expert Testimony of Professor Douglas G. Lichtman.

environments, improper activity, install media, PeopleSoft environments, protected expression, and terms of use, but he did no independent analysis to determine whether those assumptions were scientifically, or otherwise, reliable and valid. *See* Cowan Decl. ¶¶ 2, Ex. B (5/20/10 Mandia Tr.) at 200:22-201:22; 1, Ex. A (Mandia Report) ¶¶ 35-47. Mandia also testified that his definitions of "cross-use" and "contamination" were derived from conversations with counsel. Cowan Decl. ¶ 2, Ex. B (5/20/10 Mandia Tr.) at 222:9-25, 226:11-24. Despite having taken no steps to verify these assumptions, Mandia restates them as his opinions.[8] *See, e.g.*, Cowan Decl. ¶ 1, Ex. A (Mandia Report) ¶¶ 7, 12, 15, 16, 373, 376. In so doing, Mandia assumes the very thesis he is attempting to prove, which is improper under Rule 702. *See, e.g., TK-7 Corp. v. Estate of Barbouti*, 993 F.2d 722, 732 (10th Cir. 1993) (excluding testimony where testifying expert "in essence assumed the very matter at issue on which he was called to express his opinion.").

(2) **Opinions and Assumptions from Oracle Employees**

Mandia also obtained opinions and unchecked assumptions regarding creative/protected expression and the manner in which the software at issue operates from Oracle employees not disclosed as testifying expert witnesses. For example, Mandia relies upon Oracle employee Edward Screven for the opinion that the PeopleSoft, J.D. Edwards, and Siebel software lines at issue contain creative expression protected by Plaintiffs' copyrights. *See, e.g.*, Cowan Decl. ¶ 1, Ex. A (Mandia Report) ¶¶ 108, 112, 120, 121, 269, 373, 376, and n.7, 8, 106, 130, 133, 137, 139. Specifically, Mandia bases this opinion on a single phone call that was "probably not" longer than one hour with Screven, despite the fact that Screven testified at his deposition that he had never written PeopleSoft, J.D. Edwards or Siebel code and had never looked at PeopleSoft, J.D. Edwards or Siebel code or products to provide this information to Mandia. Cowan Decl. ¶ 10, Ex. J (Screven Tr.) at 15:17-20, 16:19-17:16, 20:19-21:9, 33:18-35:16, 67:12-68:3. Despite the inherently suspect basis for Screven's conclusions, Mandia did not independently verify and validate his opinions and assumptions. Nor could he because he lacks the expertise to do so.

[8] For example, while Mandia claims to merely assume that "[a]ny materials described by tables 35 or 36 in Section X embody one or more Registered Works identified in paragraph 158 of the Fourth Amended Complaint," Mandia adopts this assumption as his own opinion in the last section of his Report. *Compare* Cowan Decl. ¶ 1, Ex. A (Mandia Report) ¶ 45 *to id.* ¶¶ 373, 376.

Additionally, Mandia opines without independent basis in his Report that "TN employed Titan [an automated downloading tool] . . . to locate and retrieve materials that not even paying customers would ordinarily reach through standard searching." *See* Cowan Decl. ¶ 1, Ex. A (Mandia Report) ¶ 174. Although Mandia testified that his conclusion was based on the opinion of Oracle employee Uwe Koehler, Mandia took no further steps to confirm this opinion. *See* Cowan Decl. ¶ 3, Ex. C (5/21/10 Mandia Tr.) at 369:4-22.

Mandia also purports to opine about what resided on TomorrowNow's IBM AS/400 machine, including that some of the materials on the machine were copies of materials allegedly protected by Plaintiffs' copyrights. *See* Cowan Decl. ¶ 1, Ex. A (Mandia Report) ¶¶ 272-74. But Mandia never inspected the machine, nor did he restore or review the contents of the machine. *See* Cowan Decl. ¶ 3, Ex. C (5/21/10 Mandia Tr.) at 487:1-5. Instead, he relied solely on the opinion of Oracle employee Greg Story. *See* Cowan Decl. ¶ 1, Ex. A (Mandia Report) ¶¶ 272-74. Mandia similarly relied on other Oracle employees not disclosed as expert witnesses to opine on which materials alleged to have been infringed and residing elsewhere on TomorrowNow's systems contain creative/protected expression. *See, e.g.*, Cowan Decl. ¶ 1, Ex. A (Mandia Report) ¶ 112 (relying on Norm Ackermann for opinions regarding creative expression embodied in PeopleSoft software), ¶ 120 (relying on Jason Rice and Buffy Ransom for opinions of creative expression related to J.D. Edwards), ¶¶ 277-81 (relying on Dan Vardell for Siebel-related opinions), ¶¶ 284, 291 (relying on Russ Kawaguchi for Oracle database related opinions).

(3) **Opinions and Assumptions from Lichtman and Levy**

Mandia also improperly adopts opinions and assumptions from other claimed expert witnesses regarding creative/protected expression and numerical ranges of "improper use," "contamination" and "cross-use." For example, Mandia stated in his Report that "[f]rom conversations with Doug Lichtman, I understand that computer code in various forms qualifies for protection under copyright law as long as it demonstrates a modicum of creativity." Cowan Decl. ¶ 1, Ex. A (Mandia Report) ¶ 115; s*ee also id.* ¶¶ 123, 373, 376. But Mandia admitted in his deposition that he has never "analyzed source code to determine if it includes protected expression," and Mandia was not tasked with conducting a protected expression analysis in this

case. Cowan Decl. ¶ 2, Ex. B (5/20/10 Mandia Tr.) at 169:1-13, 170:7-172:10. Despite the fact that Mandia only adopted, but offered no further expertise or analysis to verify, the opinions regarding protected expression provided by Lichtman (and the Oracle employees noted above), Mandia's Report is replete with opinions that Plaintiffs' registered works contain protected expression. *See, e.g.*, Cowan Decl. ¶ 1, Ex. A (Mandia Report) ¶¶ 7, 12, 16, 373, 376.

Additionally, with regard to his analysis of PeopleSoft HRMS fixes, Mandia relied on Levy's "expertise." Cowan Decl. ¶ 2, Ex. B (5/20/10 Mandia Tr.) at 271:24-273:2. Specifically, Mandia relied on "Mr. Levy's ranges for improper use of environments, and relied on [Levy's] experience to generate those percentages." *Id.* However, the Levy conclusion on which Mandia relies is based on Mandia's own assumption regarding improper activity to determine "improper use of environments"; Mandia's assumption was in turn provided by Plaintiffs' counsel. *Id*. Mandia cannot manufacture a reliable basis for his opinions on the volume and existence of "contamination" and "cross-use" by passing his own assumptions (provided by Plaintiffs' counsel) through Levy, just so that Levy could provide a laundered opinion on which Mandia could rely. Just as Mandia cannot parrot Plaintiffs' counsels' assumptions, he cannot parrot Levy's parroting of those same assumptions. That Levy neither possesses the requisite credentials, nor employs a reliable method, to opine on claims of infringement, "contamination" or "cross-use" simply underscores the unreliability of Mandia's conclusions.

b. Levy

Likewise, Levy cannot opine on "cross-use" or "contamination" without performing any reliable, scientific analysis of his own aimed at addressing these issues. Here, Levy's unfounded conclusions are insufficient. Indeed, Levy admitted in his deposition that his analysis depended wholly on the data from Mandia and that Levy was not assuming "either way" as to whether Mandia's data was accurate or if it showed what Mandia claimed it showed. Cowan Decl. ¶ 5, Ex. E (Levy Tr.) at 47:4-7, 48:10-49:23, 197:14-199:13.

In short, in each of these examples, Mandia and Levy simply restate the opinions and conclusions of other witnesses as their own without further evaluating the basis or method on which the original source of those opinions relied. Mandia and Levy's wholesale adoption of

other witnesses' conclusions is particularly troublesome, since all of these witnesses are either Oracle employees who were never disclosed as testifying experts or outside experts hired by Plaintiffs. Simply re-stating another witnesses' proposition is insufficient under Rule 702. *See In re Polypropylene Carpet Antitrust Litig.*, 93 F. Supp. 2d 1348, 1357 (N.D. Ga. 2000).

## V. THE COURT SHOULD EXCLUDE THE MISLEADING, CONFUSING AND UNFAIRLY PREJUDICIAL PORTIONS OF MANDIA AND LEVY'S OPINIONS

In addition to relying upon Rule 702, Courts in this Circuit also rely upon Rule 403 to exclude experts who have not performed a reliable or relevant analysis. *See, e.g., United States v. Hoac*, 990 F.2d 1099, 1103 (9th Cir. 1993). Moreover, while Rule 703 provides that otherwise inadmissible testimony may be admissible as the basis for an expert's opinion if its probative value in assisting the jury to evaluate the expert's opinion substantially outweighs its prejudicial effect, courts exclude such testimony where it may mislead or confuse the jury. *See, e.g., United States v. 87.98 Acres*, 530 F.3d 899, 906 (9th Cir. 2008) (affirming a district court's decision to exclude an expert's testimony under Rules 403 and 703 because "the testimony would invite inferences" that were unsupported by the evidence).

Both Mandia and Levy offer opinions on the ultimate issue of copyright infringement, as well as the fact question of whether creative/protected expression exists in the materials allegedly copied. These opinions are improper and should be excluded under Rules 403 and 703. First, Mandia and Levy's opinions on issues of copyright infringement and legality (including their conclusions regarding the scope of copyright protection and whether certain conduct was improper or constituted infringement) comprise improper and unfairly prejudicial legal opinion. *See Nationwide Transp. Fin. v. Cass Info. Sys., Inc.*, 523 F.3d 1051, 1058 (9th Cir. 2008) (affirming district court's exclusion of improper expert legal opinion that repeatedly characterized defendant's conduct as "wrongful" or "intentional" under the law); *United States v. Brodie*, 858 F.2d 492, 497 (9th Cir. 1988) (affirming exclusion of improper expert legal opinion under Rule 403 as "not only superfluous but mischievous"), *overruled on other grounds, United States v. Morales*, 108 F.3d 1031 (9th Cir. 1997); *SEC v. Leslie*, No. C 07-3444, 2010 U.S. Dist. LEXIS 76826, at *25-27, 30 (N.D. Cal. July 29, 2010) (excluding under Rule 403 portions of expert

opinion on "legal concepts, the legal interpretation of case law and statutes, [and] whether specific conduct was fraudulent, intentional, or misleading in the legal sense," noting that the risk of undue prejudice from expert's use of legal terms "would substantially outweigh its minimal probative value"). Second, to permit Mandia and Levy, imbued with all the mystique inherent in the title "expert," to testify regarding subjects on which they have no applicable expertise and conclusions they undertook no independent analysis to verify is unfairly prejudicial to Defendants, confusing to the jury, and misleading.

## VI. CONCLUSION

For the reasons stated above, the Court should preclude Mandia from offering at trial any testimony, opinion or portion of an opinion:

(1) claiming copyright infringement, breach of a license agreement or terms of use, or violation of any other law, including, but not limited to, his specific claims that TomorrowNow acted "improperly" in accessing Oracle websites, systems or downloads or "inappropriately" in using customer credentials;

(2) that Plaintiffs' registered works at issue in this case contain creative expression;

(3) that any of the materials TomorrowNow allegedly copied, downloaded, modified, distributed or used contained any such materials that were protected by the copyrights Plaintiffs assert in this action;

(4) relating to any of the 55 copyright registrations that he failed to address in his Report;[9]

(5) on information, opinions or assumptions provided to Mandia by counsel, Oracle employees, and disclosed expert witnesses, Levy and Lichtman, for which Mandia did no independent analysis; and

(6) that "contamination" or "cross-use" occurred.

Additionally, the Court should preclude Levy at trial from offering any testimony, opinion or portion of an opinion:

(1) claiming copyright infringement or breaches of any other law, including, but not limited to, his specific claims that TomorrowNow "infringed Oracle copyrights,"

[9] A list of these 55 registrations is attached to the Cowan Declaration ¶ 6, Ex. F.

"breached other laws," and/or that "copyright infringement" occurred;

(2) on information, opinions or assumptions provided to Dr. Levy by counsel and Mr. Mandia, for which he did no independent analysis; and

(3) that "contamination," "cross-use," and/or "impermissible cross-use" occurred.

Dated: August 19, 2010

JONES DAY

By: /s/ Tharan Gregory Lanier
Tharan Gregory Lanier

Counsel for Defendants
SAP AG, SAP AMERICA, INC., and
TOMORROWNOW, INC.