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21 UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 22 OAKLAND DIVISION

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

24 Plaintiffs,

25 v.

26 SAP AG, *et al.*,

27 Defendants.

No. 07-CV-01658 PJH (EDL)

**PLAINTIFFS' OPPOSITION TO
 DEFENDANTS' MOTIONS IN
 LIMINE**

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

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1 **I. INTRODUCTION RELEVANT TO DEFENDANTS’ MIL NOS. 1 & 2**

2 In their first two motions, Defendants contradict their prior statements to the Court and
3 distort the plain meaning of the Court’s Rule 37 Orders related to Oracle’s lost profits evidence.
4 Oracle first provides background common to both motions, and then addresses each in turn.

5 As the Court knows, there are two different measures of actual damages for copyright
6 infringement under 17 U.S.C. § 504: “One method assesses the damage to the ‘fair market value’
7 of the plaintiff’s work caused by the defendant’s infringement.” Dkt. 762 (MSJ Order), at 20:19-
8 21 (quoting *Abend v. MCA, Inc.*, 863 F.2d 1465, 1479-80 (9th Cir. 1988)). The other “attempts to
9 prove actual damages by indirectly proving the plaintiff’s lost profits” but “is often impractical
10 because of the difficulty of proving such lost profits with specificity.” *Id.* at 20:22-24; *see also*
11 Dkt. 628 (Order Denying Defs’ Mtn. for Partial SJ) at 3:6-9. The fair market value (“FMV”)
12 approach is sometimes called a “hypothetical license.” Dkt. 628 at 3:24-27.

13 The two measures relate to distinct time frames. Lost profits are “losses during the period
14 of . . . infringement.” *Polar Bear v. Prod., Inc. v. Timex Corp.*, 384 F.3d 700, 709 (9th Cir. 2004).
15 The FMV license “recognizes sales expectations at the time when infringement begins as a basis
16 for a royalty base as opposed to after-the-fact counting of actual sales.” *Interactive Pictures Corp.*
17 *v. Infinite Pictures, Inc.*, 274 F. 3d 1371, 1384-85 (Fed. Cir. 2001); *see also Polar Bear*, 384 F.3d
18 at 709 (irrelevant that copyright holder never charged hypothetical rate, provided rate was
19 objectively reasonable when infringement began).

20 Thus, for FMV license damages, the trier of fact looks back to the parties’ actual
21 knowledge and expectations at the outset of the infringement – here, SAP’s acquisition of SAP TN
22 on January 19, 2005 – to determine the value the parties would reasonably have placed on a
23 license authorizing the defendants’ subsequent infringing conduct. That valuation is based on
24 various factors (summarized in *Georgia Pacific*¹), including the parties’ expectations of future up-
25 sale and cross-sale opportunities. The jury does not look forward to determine value based on
26 actual sales; the value is frozen as of the negotiation. *Interactive Pictures*, 274 F.3d at 1384-85.

27 _____
28 ¹ *See Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970), *modified and aff’d*, 446 F.2d 295 (2d Cir. 1971), *cert. denied*, 404 U.S. 870 (1971).

1 Defendants expressly limited their Rule 37 motion to lost profits. *See* Dkts. 342-45, 374-
2 76, 399-401 (Rule 37 Mtn. briefing). They moved to preclude Oracle “from presenting evidence
3 ... in support of any claim that Oracle’s lost profits damages include: (1) alleged lost profits
4 relating to customers that were not customers of ... TomorrowNow...; (2) alleged lost profits
5 relating to license revenues, as opposed to support revenues, and/or (3) alleged lost profits relating
6 to products that were not supported by ... TomorrowNow....” Dkt. 342 (Defs’ Rule 37 Mtn.) at
7 1:12-16. Defendants expressly disavowed any relief related to the FMV license: “***The motion is***
8 ***limited*** to what Oracle characterizes as its lost profits claims, ***and does not extend to ... its***
9 ***hypothetical license theory***.... Defendants ... will address those [other damages categories or
10 theories] by separate motion if necessary. For example, Oracle’s hypothetical license theory will
11 be the subject of Defendants’ Rule 56 motion” *Id.* at 13 n.9 (emphasis added). Defendants
12 then filed that Rule 56 motion and lost. *See* Dkt. 628 (Order Denying Defs’ Mtn. for Partial SJ).

13 Judge Laporte’s Order barred Oracle “from introducing evidence of damages ***due to lost***
14 ***profits*** from sources other than software support services provided to customers that switched
15 from Plaintiffs to TomorrowNow.” Dkt. 482 (Order Granting Defs’ Rule 37 Mtn.) at 1:15-18; *see*
16 *also id.* at 18:28-19:11, 26:16-22. She was clear that “the sanctions Defendants seek ***do not affect***
17 liability or preclude recovery of many millions of dollars of damages, but instead affect only a
18 portion of potential damages, ***leaving Plaintiffs free to pursue their originally estimated ‘likely at***
19 ***least a billion dollars.***” *Id.* at 9:3-7 (quoting 6/24/2008 Jt. Disc. Conf. St. at 3). This Court has
20 confirmed Oracle is “***not precluded from seeking actual damages ... in the form of a ‘fair***
21 ***market value’ or ‘hypothetical’ license.***” Dkt. 762 (MSJ Order), at 22:7-9 (all emphases added).

22 **II. DEFENDANTS’ MOTION IN LIMINE NO. 1: GOODWILL**

23 The Court should deny Defendants’ first motion for two reasons. First, this Court already
24 ruled, in the very motion on which Defendants rely, that evidence of harm to goodwill is
25 admissible if “defendants take the position at trial that Oracle’s damages are excessive.” *See* Dkt.
26 532 (Order Overruling Oracle’s Objs. to Rule 37 Order). Defendants do take that position. *See*
27 Dkt. 727 (Defs’ Trial Brief) at 1:18-20, 5:19-20; 7:12-14 (*e.g.*, “Plaintiffs’ damage claims are
28 vastly exaggerated”); Declaration of Chad Russell in Support of Oracle’s Opp. to Defs’ Mot. *in*

1 *Limine* (“Russell Decl.”), ¶ 4 & Ex. A (8/5/2010 SAP Press Release) (“SAP said it will continue to
2 present arguments and evidence demonstrating that Oracle’s damages claims in this matter are
3 vastly overstated.”). Oracle should be allowed to refute it with evidence.

4 Second, Oracle properly considers goodwill in its FMV license damages approach. To
5 determine FMV, Oracle’s damages expert Meyer considered (and made adjustments to) the
6 goodwill attributed to Oracle’s acquisitions of PeopleSoft and Siebel, along with many other
7 inputs. Russell Decl., ¶ 5 & Ex. B (Meyer Report), ¶¶ 116 (Tbl. 6), 121-22, 153 (Tbl.8), 268-69
8 (Tbl 11), 272. Those contemporaneous goodwill valuations are directly relevant to the measure of
9 FMV license damages, because, as Meyer testified, they reflect in part the value the negotiating
10 parties would have attributed to the opportunity to cross-sell and up-sell software licenses. *Id.*, ¶ 6
11 & Ex. C (Meyer Depo.) at 210:23-211:23; 238:5-18; 245:18-246:3; 247:2-7. However, goodwill
12 is irrelevant to the Court’s Rule 37 ruling on after-the-fact lost profits damages. Defendants seek
13 to expand the Court’s Rule 37 ruling to obtain a FMV preclusion order they expressly disclaimed,
14 and the Court never made.

15 Finally, Defendants have never made, much less won, a motion arguing Oracle has not
16 produced what would be needed to try whether Defendants alleged actions impacted Oracle’s
17 goodwill. For example, Oracle’s CEO, Larry Ellison, testified Defendants’ activities caused
18 “reputational damage” to Oracle “by saying Oracle wasn’t the kind of company you want to do
19 business with, because they overcharge for support, and we can do a better job for, you know, a
20 fraction of that cost.” Russell Decl., ¶¶ 7-8 & Ex. D (Ellison Depo.) at 10:2-12:1, Ex. E (Catz
21 Depo.) at 16:2-17:7. Oracle’s goodwill associated with the PeopleSoft and Siebel acquisitions was
22 publicly reported in its financial statements. *Id.* ¶ 9 & Ex. F (Oracle 10-K). Defendants deposed
23 the principal Oracle employee who assisted with the financial and valuation analyses for the
24 PeopleSoft and Siebel acquisitions, and marked as exhibits Oracle accounting papers related to
25 those acquisitions. *Id.*, ¶ 10-11 & Ex. G (Kehring Depo.) at 188:3-191:3, Ex. H (Depo. Ex. 595).²

26 _____
27 ² SAP’s co-founder and Chairman of its Supervisory Board, Hasso Plattner, even testified that
28 discussing the value of acquired intellectual property necessarily requires a discussion about
goodwill. Russell Decl., ¶ 13 & Ex. I (Plattner Depo.) at 50:4-51:7.

1 Defendants spent hours questioning Meyer on goodwill, *id.* at ¶ 12, and Defendants’ own damages
2 expert seeks to rebut those components of damage categorically, without the need for any
3 additional evidence. *Id.*, ¶ 14 & Ex. J (Clarke Report) at 43.

4 **III. DEFENDANTS’ MOTION *IN LIMINE* NO. 2: PRECLUDED LOST PROFITS**

5 Defendants’ second motion seeks to drastically limit Oracle’s FMV license damages to a
6 fraction of Defendants’ actual infringement. The motion is baseless. Defendants did not move on,
7 and Judge Laporte did not exclude, evidence of the parties’ expectations in January 2005 about
8 future up-sales, cross-sales or any other value they would have attributed to a hypothetical license.
9 The parties produced that evidence long ago. Witnesses have testified about it at length. There is
10 no basis to preclude Oracle from using it. The Court should deny the motion.

11 **A. Defendants Mischaracterize The Orders On Their Rule 37 Motion**

12 Defendants do not claim Oracle seeks the lost profit damages that were the subject of their
13 Rule 37 motion and the Court’s Rule 37 Order. Instead, they invent an argument that Oracle never
14 made – that Oracle sought permission from this Court “to offer the precluded evidence ... in
15 support of [its] expert’s hypothetical license.” Dkt. 728 (Defs.’ Motions *in Limine* (“MIL”)) at
16 4:2-5. That is false. Defendants had already made clear that their motion was “limited to what
17 Oracle characterizes as its lost profits claims, and does not extend to ... its hypothetical license
18 theory.” Dkt. 342 (Defs’ Rule 37 Mtn.) at 13 n.9. Oracle had no reason to seek permission to
19 offer evidence in connection with FMV damages which were expressly not in play in the motion.
20 But Defendants continue with this alternate reality and pluck quotes from the Rule 37 Order that
21 supposedly denied Oracle’s non-existent request.

22 The facts are these: Judge Laporte’s Rule 37 Order provided for “the preclusion of
23 Oracle’s ability *to seek lost profits* ‘relating to licensing revenue, as opposed to support revenue’
24 including for ‘products ... not supported by TomorrowNow’ for the long-acknowledged list of
25 TomorrowNow customers (also known as “cross-sell” and “up-sell” profits).” Dkt. 499 (Oracle’s
26 Objs. to Rule 37 Order) at 1:6-10 (emphasis added) (quoting Dkt. 482). Oracle anticipated that
27 Defendants would attack the amount of its FMV license damages by pointing to the expected
28 difference between that measure and lost profits. Accordingly, Oracle asked this Court to allow it

1 to reference the precluded lost profits evidence to *explain the dollar difference* between the two
2 measures. *Id.* at 14:28-16:2. The Court ordered a compromise: “[T]he precluded evidence will
3 NOT be admitted through the back door . . . Nevertheless, should defendants take the position at
4 trial that Oracle’s damages are excessive, Oracle will be permitted to advise the jury that it is not
5 seeking all the damages to which it believes it is entitled....” Dkt. 532 at 1:25-2:3.

6 Defendants’ motion rests entirely on the fiction that this Court’s statement that “the
7 precluded evidence will NOT be admitted through the back door,” *id.*, granted the relief
8 Defendants had expressly disclaimed in their motion. Nothing in the Court’s Order expands the
9 preclusion beyond Judge Laporte’s ruling on lost profits damages, nor, respectfully, could it. The
10 entire subject of Defendants’ Rule 37 motion was evidence of profits actually lost in the years
11 after SAP acquired SAP TN. The parties did not brief, and no one ruled on, evidence of the
12 parties’ expectations in January 2005 about the value of a FMV license.

13 **B. Preclusion of Long-Known Factors Relevant to a Hypothetical FMV License**
14 **Negotiation is Unwarranted**

15 Defendants’ motion *in limine* is really the sanctions motion that Defendants expressly
16 declined to bring long ago. Even if it had been properly noticed and brought (which it has not), it
17 has no merit. There has been no failure to disclose that would trigger Rule 37. Defendants suffer
18 no prejudice by Oracle’s use of the long-known and highly relevant contemporaneous cross-sell
19 and up-sell evidence Defendants now seek to preclude. *Compare Network Appliance, Inc. v.*
20 *Bluearc Corp.*, 2005 U.S. Dist. LEXIS 16726 (N.D. Cal.) at *9 (“exclusion sanctions . . . are
21 generally improper absent undue prejudice to the opposing side”) (citation omitted); *Wendt v.*
22 *Host Int’l, Inc.*, 125 F.3d 806, 814 (9th Cir. 1997) (providing five-factor test for preclusion, which
23 Defendants cannot meet).

24 ***Relevance of Evidence Defendants Seek to Preclude.*** The evidence that Defendants now
25 seek to preclude is central to Oracle’s FMV hypothetical license. As the parties have extensively
26 briefed, this FMV license approach assesses the parties’ expectations before the fact, at the time of
27 the hypothetical negotiation, or as this Court has explained, “what a willing buyer would have
28 been reasonably required to pay a willing seller for plaintiff’s work.” Dkt. 628 (Order Denying

1 Defs’ Mot. for Partial SJ) at 3:16-19 (quoting *Jarvis v. K2, Inc.*, 486 F.3d 526, 533 (9th Cir.
2 2007)). “In considering the nature of this negotiation, the focus is on what the expectations of the
3 patent holder and infringer would have been had they entered into an agreement at that time and
4 acted reasonably in their negotiations.” Model Patent Jury Instr. 5.7; *see also Interactive Pictures*,
5 274 F.3d at 1384-85 (hypothetical license “recognizes sales expectations at the time when
6 infringement begins as a basis for a royalty base as opposed to after-the-fact counting of actual
7 sales.”); *Snellman v. Ricoh Co., Ltd.*, 862 F.2d 283, 289-90 (Fed. Cir. 1988) (upholding damages
8 based on infringer’s expected sales that far surpassed actual sales).

9 ***How Oracle Uses this Evidence Does Not Violate the Rule 37 Order.*** Meyer’s use of
10 anticipated up-sell and cross-sell opportunities is a strict application of these undisputed
11 principles. Russell Decl., ¶ 5 & Ex. B (Meyer Report) at ¶¶ 129, 130, 132-33, 270, 279. Meyer
12 estimated the value the parties would have assigned to the FMV license as of January 19, 2005 (or
13 September 2006 for Siebel and Oracle database used to support Siebel),³ relying on
14 contemporaneous evidence of their expectations. *Id.*, ¶¶ 102, 117-120. One aspect of the license
15 the parties would have valued at the time was the expected ability to cross-sell and up-sell
16 additional software products to a larger customer base. *Id.*, ¶ 121. In fact, both parties made these
17 very projections at the time of the hypothetical negotiation:

- 18 • In a December 23, 2004 presentation, SAP projected SAP TN would generate \$897 million
19 in revenue from 2005-2007, including \$557 million explicitly related to “upswitch” (or “up-
20 sell” and “cross-sell.” Russell Decl., ¶ 15 & Ex. K (Depo. Ex. 447) at SAP-OR00253288.
21 The same document explains SAP’s plan for “turning PeopleSoft customers into SAP
22 customers” was “1. Commit (Up-Sell) 2. Switch (Replace) 3. Extend (Cross-Sell) 4.
23 Reference.” *Id.* at SAP-OR00253283, -290.
- 24 • On January 5, 2005, an SAP executive explained SAP’s plan: “Freezing a PeopleSoft
25 customer ‘forever’ is not an end goal for SAP. SAP ultimately wants to sell more software
26 and upgrade a customer to mySAP. SAP will need to develop some type of tiered
27

28 ³ Defendants’ expert also used the January 2005 date. *Id.*, ¶ 14 Ex. J (Clarke Report) at 31.

1 pricing/support model to help support both a disruption and upsell/migration strategy.” *Id.*,
2 ¶ 16 & Ex. L (Depo. Ex. 225) at SAP-OR00004997.

- 3 • On January 19, 2005, Shai Agassi, President of SAP Products and Technology Group, called
4 up-sales and cross-sales the TN acquisition’s “rationale”: “[T]he rationale is more around the
5 value, if you want, that these customers represent as a potential future set of customers for
6 SAP applications.... [T]he value was estimated by Oracle, rightfully or wrongly, as \$10
7 billion. What we believe is that this customer base is not necessarily captive by Oracle. I think
8 this customer base has to make a choice right now.” *Id.*, ¶ 17 & Ex. M (SAP AG Phone Press
9 Conf.) at SAP-OR00329578.
- 10 • A December 2004 operating model outlined Oracle’s expected up-sales and cross-sales after
11 acquiring and integrating PeopleSoft the following month. *Id.*, ¶ 18 & Ex. N (Project Spice,
12 PeopleSoft Operating Model).

13 Indeed, the testimony Defendants cite is related to the above December 2004 to January 2005
14 evidence, and describes the parties’ expectations on or around January 19, 2005. MIL at 5:9-16.

15 To be sure, evidence of what the value of those up-sale and cross-sale opportunities later
16 *turned out to be* is precluded, but Meyer expressly does not attempt to quantify that value. Russell
17 Decl., ¶ 5 & Ex. B (Meyer Report) at ¶ 351, n.656 (“I understand that Oracle is precluded from
18 seeking ... lost profits on lost up-sell or cross-sell opportunities.... Accordingly, I have not
19 quantified those damages in this report.”). Rather, Meyer explained that he considered evidence
20 of *anticipated* cross-sales and up-sales only for determining the parties’ reasonable expectations
21 on the hypothetical negotiation date. *Id.*, ¶ 121 n.302. Meyer had good reason not to consider the
22 precluded evidence in valuing the FMV license, even aside from the Court’s order: *What actually*
23 *happened* during the infringement period – i.e., what the precluded evidence relates to – is simply
24 irrelevant to the value of a *hypothetical* license negotiated at the start of the infringement period.
25 *See, e.g., Radio Steel & Mfg. Co. v. MTD Products, Inc.*, 788 F.2d 1554, 1557 (Fed. Cir. 1986).
26 Defendants’ motion ignores this basic distinction.

27 ***Defendants Have Long Known of and Defended Against Oracle’s FMV License and Its***
28 ***Evidentiary Inputs.*** Defendant have long known that Oracle is seeking damages for Defendants’

1 copyright infringement in the form of a FMV hypothetical license. Oracle repeatedly disclosed
2 this approach, starting with its Initial Disclosures. Russell Decl., ¶ 19 & Ex. O (Supp. Initial
3 Disclosures) at 47. Defendants have also known exactly what evidence Oracle will use to support
4 its FMV license damages. Meyer gave a laundry list of it in connection with the briefing on
5 Defendants' summary judgment motion to preclude Oracle's ability to pursue the approach. Dkt.
6 487 (Meyer Decl.) at 22-23, ¶ 35.a-g.

7 Most of the documents Meyer relies on to value the hypothetical FMV license, and in
8 particular the parties' expectations concerning up-sale and cross-sale opportunities, were written
9 by SAP itself, were produced by SAP, have been the subject of extensive deposition testimony by
10 SAP's witnesses, and so obviously have been disclosed to SAP. These include:

- 11 • SAP's December 23, 2004 projection of \$557 million of up-sales and cross-sales, produced on
12 September 5, 2008 and testified to on September 30, 2008, November 12, 2008, December 10,
13 2008, and January 5, 2009. Russell Decl., ¶ 20.
- 14 • SAP's January 5, 2005 up-sell and cross-sell strategy, produced on April 15, 2008 and testified
15 to on June 4 and December 11, 2008, and January 5, January 23, and September 9, 2009. *Id.*, ¶
16 21.
- 17 • SAP's January 19, 2005 public description of its post-acquisition plan, produced on October 1,
18 2008. *Id.*, ¶ 17 & Ex. M (SAP AG Phone Press Conf.).

19 Likewise, Oracle long ago produced its own documents, and its witnesses have provided
20 testimony in response to defense counsel's repeated questioning, demonstrating the reasonable
21 expectations of cross-sales and up-sales that would have formed the basis for a hypothetical
22 negotiation in January 2005. This evidence includes, among other documents and testimony:

- 23 • A December 2004 operating model outlining Oracle's expected up-sales and cross-sales from
24 the acquisition and integration of PeopleSoft, produced on February 6, 2009. Russell Decl.,
25 ¶ 18 & Ex. N (Project Spice, PeopleSoft Operating Model).
- 26 • A valuation report allocating Oracle's January 18, 2005 \$11.1 billion purchase price to
27 PeopleSoft assets, including customer relationships, produced on February 6, 2009. *Id.*, ¶ 22
28 & Ex. P (Depo. Ex. 403).

- 1 • SAP deposed Oracle CEO Ellison about a 2004/2005 PeopleSoft planning model, discussing
2 Oracle’s expected up-sales and cross-sales related to the PeopleSoft acquisition. *Id.*, ¶ 7, 23 &
3 Ex. D (Ellison Depo.) at 105:15-106:3, Ex. Q (Depo. Ex. 401). Oracle’s goal for the
4 acquisition “was to expand [Oracle’s] application business.” *Id.*, Ex. D at 58:6-10.
- 5 • Oracle Co-President Safra Catz testified the “rationale” for that acquisition was the ability to
6 up-sell new software licenses. *Id.*, ¶ 8 & Ex. E (Catz Depo.) at 28:3-12.
- 7 • Oracle Co-President Charles Phillips testified he would price a hypothetical license by
8 modeling expected losses of license cross-sales and up-sales. *Id.*, ¶ 25, Ex. S (Phillips Depo.)
9 at 118:5-119:16.
- 10 • SAP deposed the principal person who assisted in financial and valuation analyses for the
11 PeopleSoft acquisition about Oracle’s 2005 expected up-sales and cross-sales to that customer
12 base. *Id.* ¶ 10 & Ex. G (Kehring Depo.) at 92:8-97:18, Ex. R (Depo. Ex. 591).

13 These types of documents and testimony form the basis for Meyer’s evaluation of the
14 parties’ reasonable expectations for the hypothetical license value. *Id.*, ¶ 26 & Ex. T (Meyer
15 Report Schedule). Defendants do not and cannot argue they were unaware of the factors relevant
16 to Oracle’s hypothetical license damages model or the contemporaneous evidence that supports it.
17 Preclusion would be inappropriate, even if properly requested. *See* Fed. R. Civ. Proc. 37(c)(1);
18 *U.S. v. Rapanos*, 376 F.3d 629, 644-45 (6th Cir. 2004) (rejecting request to preclude damages
19 calculations despite failure of disclosure because “Defendants were aware of the data used in the
20 ... reports”), *vacated on other grounds*, 547 U.S. 715 (2006).

21 ***Defendants Are Not Prejudiced.*** Defendants’ claim they will be “deprived of a
22 meaningful opportunity to rebut” the foregoing evidence, MIL at 6, has no basis in fact. To the
23 contrary, their damages expert Clarke swore in support of their Rule 37 motion that he had been
24 working to respond to Oracle’s FMV license damages approach since his retention in December
25 2007. Dkt. 345 (Clarke Decl.) at ¶¶ 3-5, 8, 28. He did not then or ever claim a lack of necessary
26 information. *Id.* Indeed, Clarke expressly considered the very evidence of the parties’ January
27 2005 expectations, including expected up-sales and cross-sales, Defendants ask to exclude. He
28 simply disagrees with Meyer about the evidence’s relevance and (wrongly) ignores it:

1 Mr. Meyer’s use of SAP’s “Expected Gains” as a basis for his Value of
2 Use *is an inappropriate measure of the actual use* Defendants
allegedly made of the Subject IP.

* * *

3 SAP’s unfulfilled and unrealized aspirations for the role of TomorrowNow
4 driving sales of SAP application licenses do not constitute actual use and
should play no role in assessing the Value of Use.

5 Russell Decl., ¶ 14 & Ex. J (Clarke Report) at 33, 50 (emphasis added). Clarke, unlike
6 Defendants, acknowledges the difference between evidence of the parties’ expectations in January
7 2005 and evidence of actual lost profits in the years that followed. His disagreement with Meyer
8 about the significance of the expectation evidence demonstrates that the evidence is in play and
9 the subject of a live expert dispute. That is what the trial is for.

10 There is no basis to exclude evidence of the parties’ expectations in January 2005
11 concerning up-sale and cross-sale opportunities they would have expected from a hypothetical
12 license, or any other metric of value the parties would have assigned to the license. Defendants
13 never sought such a ruling, neither Judge Laporte nor this Court ever made one, and there has been
14 no failure to disclose that would justify Defendants’ back-door attempt to exclude it now.

15 **IV. DEFENDANTS’ MOTION IN LIMINE NO. 3: NON-PARTY LOST PROFITS**

16 This motion is moot. The Court’s August 17 Order confirms what Oracle has said all
17 along: it does not seek “lost profits from non-parties,” including “affiliated entities.” *See* MIL at
18 7:7-8; Dkt. 762 (MSJ Order), at 22.

19 **V. DEFENDANTS’ MOTION IN LIMINE NO. 4: THE SOMMER REPORT**

20 The Court should deny Defendants’ motion to preclude Meyer from rebutting their expert
21 Brian Sommer’s report.⁴ Defendants claim Meyer, allegedly designated as a sur-rebuttal expert,
22 was unprepared to discuss Sommer’s report at deposition, contrary to a supposed agreement
23 between the parties. Defendants are wrong: (1) there is no requirement to disclose “sur-rebuttal”

24 ⁴ Defendants actually ask the Court to preclude “any rebuttal of Sommer’s opinion, whether
25 offered by another expert or by an unidentified fact witness.” MIL at 10:11-13. It is not
26 surprising that Defendants want to shield Sommer from the facts. As shown in Plaintiffs’ motion
27 to exclude his testimony, filed today, Sommer’s opinions have almost no factual basis, and he has
28 no experience, much less expertise, in the matters on which he offers them. (If the Court grants
that motion, this motion is moot.) In any event, Defendants cite no authority that would require
Oracle to identify fact witnesses who will show that defense experts have the facts wrong, much
less preclude Oracle from offering them.

1 testimony, under Rule 26 or the Case Management Order; (2) there was no agreement that Meyer
2 would offer sur-rebuttal testimony in a further report or at deposition; (3) Meyer was not
3 designated as a sur-rebuttal expert; and (4) Sommer’s report was not rebuttal in the first place, but
4 an untimely affirmative report that should itself be precluded – rendering this motion moot.

5 First, neither the stipulated order setting the case schedule nor Rule 26 provides for sur-
6 rebuttal reports or depositions. *See* Dkt. 325 (Revised CMC Order) at 1:10-2:25⁵; Fed. R. Civ. P.
7 26(a)(2)(C); *White v. Cinemark USA, Inc.*, 2005 WL 1865495, at *3 (E.D. Cal.). Thus, Meyer was
8 not required to file a sur-rebuttal report or give sur-rebuttal testimony at deposition.

9 Second, there was no agreement that Oracle’s experts’ depositions would “cover Plaintiff’s
10 experts’ opinions in response to Defendants’ expert reports,” as Defendants assert. MIL at 9:11-
11 18 (citing Ex. G to McDonnell Decl.). Oracle’s counsel actually stated:

12 Given that Oracle’s experts will be considering and likely responding
13 at trial to Defendants’ experts, depositions of them taken before they
14 have had a chance to review Defendants’ experts’ reports ***will not***
preclude Oracle’s experts from providing responsive opinions to
Defendants’ experts’ opinions at trial.

15 Dkt. 729-7 (Ex. G to McDonnell Decl.) (emphasis added). Defendants never sought to meet and
16 confer on this issue or moved to compel further discovery from Meyer. Russell Decl., ¶ 30.

17 Third, Oracle never designated Meyer (or anyone else) as a sur-rebuttal expert to any of
18 Defendants’ rebuttal experts, for the reasons stated above. Lacking any actual evidence,
19 Defendants resort to mischaracterizing their own words as action by Oracle. MIL at 9:11-18
20 (citing Ex. G to McDonnell Decl.) (quoting defense counsel’s ***own*** email as evidence that Oracle
21 “designated Meyer as a sur-rebuttal expert regarding the Sommer Report”). That claim is
22 especially nonsensical, as Oracle and Meyer would not even *see* the Sommer report until two
23 months after counsel’s January 25, 2010 email.⁶

24 ⁵ Pursuant to the Court’s May 5, 2008 Case Management Order, the provisions set by the Court
25 could be changed only by written order, on the Court’s own motion or the motion of a party. *See*
26 Dkt. 84 (CMC Order) at 5:4-10. Although the parties have stipulated to certain modifications to
that order and obtained Court approval, the parties sought no requirement of sur-rebuttal reports.

27 ⁶ Oracle was wise to reject Defendants’ effort to modify the Case Management Order, given that
28 Defendants ultimately disclosed, on March 26, 2010, a 294-page single-spaced report from their
damages expert, Clarke (with accompanying voluminous schedules and citations to analyses by
other experts), along with the 61-page single-spaced Sommer report, as well as other expert

(Footnote Continued on Next Page.)

1 Finally, Sommer’s report is not true rebuttal. *See* Pls’ Mot. to Exclude Testimony of
2 Sommer (filed today). Sommer’s general market overview disregarded the fact-based, case-
3 specific causation analysis Meyer performed, and instead offered a generalized menu of third-
4 party and self-support options supposedly available to enterprise software application users. At
5 his deposition, Meyer made clear that, based on what he had seen, he did not view the Sommer
6 report as a rebuttal to his own analyses, and that he had not yet had an opportunity to review and
7 digest it. *See* Russell Decl., ¶ 6 & Ex. C (Meyer Depo.) at 37:19-41:1. As Oracle had already
8 made explicitly clear, this fact did not “preclude Oracle’s experts from providing responsive
9 opinions to Defendants’ experts’ opinions at trial.” Dkt. 729-7 (McDonnell Decl., Ex. G).

10 **VI. DEFENDANTS’ MOTION *IN LIMINE* NO. 5: THREE BASELESS MOTIONS**

11 Defendants “fifth” MIL is really three motions: one aimed at Oracle employees
12 Defendants belatedly deposed after taking no technical discovery for two years, one at testimony
13 *Defendants* elicited from *their* own former employee, and one at a contractor who helped an
14 Oracle expert analyze Defendants’ rebuttal expert report. Each fails for similar reasons.

15 **A. The Court Should Not Exclude Oracle’s Employee Witnesses**

16 Defendants’ motion regarding “undisclosed” Oracle employee “experts” fails because: (1)
17 the witnesses offer fact testimony; (2) if not, they offer proper lay opinion testimony; and (3) even
18 if they offered expert testimony, Oracle disclosed them and Defendants deposed each of the six
19 they identify by name (pursuant to Judge Laporte’s discovery order that Defendants’ requests for
20 more depositions was untimely), so any failure to disclose them as “experts” is harmless. Russell
21 Decl., ¶¶ 34-38. Defendants did not object to most of the testimony from two of the six,
22 Ackermann and Koehler, on Defendants’ recent summary judgment motion, and the Court
23 overruled the objections they made. Dkt. 762 (MSJ Order), at 25:13.

24 _____
25 (Footnote Continued from Previous Page.)

26 reports relevant to damages. Russell Decl., ¶ 28. Meyer tried to determine which of these
27 materials were relevant to his opinions, and to digest them, in the short time before the beginning
28 of his three-day deposition starting on May 12, 2010. *Id.*, ¶ 6 & Ex. C (Meyer Depo.) at 37:19-
41:1. He provided handwritten notes on the Clarke report, including pages where Clarke relied on
Sommer. *Id.*, ¶ 29 & Ex. U (Meyer’s Notes). So even at Meyer’s deposition, Defendants had
some of the very Meyer reactions to Sommer they now propose be precluded.

1 **1. Oracle’s Employees Offer Fact Testimony**

2 Oracle’s engineers testified about the process they follow to develop its software. This
3 testimony is factual, so Rule 701 does not reach it. In fact, Defendants *did not object* to most of
4 the Ackermann and Koehler declarations on summary judgment. For example, Ackermann’s
5 declaration describes the creative process he and others engage in to create the world’s leading
6 software, the code’s characteristics, and the process of creating a next version of PeopleSoft’s
7 HRMS software, which involves starting with (and keeping) virtually all of the code from the
8 prior release. Dkt. 650 (Ackermann Decl.) at ¶¶ 1-16.⁷ Those are factual matters, based on his
9 familiarity and experience with the relevant products through his work as a programmer at Oracle.
10 *See id.* at ¶ 2 (describing 14-year history with and involvement in HRMS development), ¶ 17 (“I
11 extracted three files with which I am personally familiar”), ¶ 26 (“based on my personal
12 experience writing COBOL code in general and editing this file in particular, this exact same
13 functionality could have been written by checking a different variable...”). Oracle witnesses
14 Screven, Vardell and Fowler offered similar testimony in deposition for other products.

15 The testimony Defendants did object to on summary judgment is also factual. Ackermann
16 describes his comparison of three code objects, or COBOLs, to illustrate the same basic
17 characteristics of the code that he describes in his unobjected-to testimony. *Id.* at ¶¶ 17-26 & Ex.
18 B. The “comparison” Defendants object to is similar to running a “redline” between two
19 Microsoft Word documents and produces a similar result. *See Medforms, Inc. v. Healthcare*
20 *Mgmt. Solutions, Inc.*, 290 F.3d 98, 111 (2d Cir. 2002) (allowing a computer programmer to use a
21 comparison utility to explain the factual differences between source code files he had personally
22 programmed).⁸

23 _____
24 ⁷ Oracle cites the Ackermann Declaration as originally filed because the attached exhibits were
filed under seal. For reference, Defendants also attached the Ackermann Declaration without
exhibits as Exhibit K to the Declaration of Jason McDonell.

25 ⁸ *Contrast Hanger Prosthetics & Orthotics, Inc. v. Capstone Orthopedic, Inc.*, 2008 U.S. Dist.
LEXIS 91373 at *2, *7-8 (E.D. Cal.) (excluding testimony where witness did not testify based on
26 his own business experience but was a “computer forensics investigator” who provided a detailed
analysis using “forensic software.”); *Informatica Corp. v. Business Objects Data Integration, Inc.*,
27 2007 U.S. Dist. LEXIS 16247, at *10 (N.D. Cal.) (in patent infringement case, former employee
not permitted to give expert testimony re undisclosed prior art in “this advanced technological
28 field . . . without first making an offer of proof”).

1 The parties have consistently allowed similar employee testimony throughout the case.
2 Defendants’ witnesses have testified, without objection, to similar code characteristics and
3 changes in code between different versions of Software and Support Materials. Russell Decl., ¶¶
4 31-33 & Ex. V (Baugh Depo.) at 195:7-197:2, Ex. W (Hyde Depo.) at 58:24-60:12, Ex. X (Hyde
5 Depo.) at 205:8-206:16; Dkt. 701-12 (Depo. Ex. 1300, filed under seal). Indeed, in a Rule
6 30(b)(6) deposition on the almost identical subject – the development of code objects within a
7 PeopleSoft HRMS payroll tax update – SAP TN employee Hyde (among others) testified about a
8 very similar code comparison analysis she did. *See id.*, ¶¶ 32-33 & Exs. W, X (Hyde Depos.);
9 Dkt. 701-12 (Depo. Ex. 1300, filed under seal). The same rules should apply to both parties.

10 **2. If Not Outright Fact Testimony, The Oracle Employees Offer**
11 **Admissible Lay Opinion Testimony**

12 Rule 701 allows lay opinion testimony that is “(a) rationally based on the perception of the
13 witness, (b) helpful to a clear understanding of the witness’s testimony or the determination of a
14 fact in issue, and (c) not based on scientific, technical, or other specialized knowledge within the
15 scope of Rule 702.” Fed. R. Evid. 701. Rule 701 also permits lay opinion testimony based on
16 particularized knowledge of the witness’ own job responsibilities. *See generally Hynix*
17 *Semiconductor, Inc. v. Rambus, Inc.*, 2008 U.S. Dist. LEXIS 16716, *32-36 (N.D. Cal.)
18 (discussing the “particularized knowledge” carve-out to the Rule 701 limitation on lay opinion
19 testimony requiring specialized or technical knowledge); Fed. R. Evid. 701 Advisory Committee’s
20 Notes (2000) (Lay opinion testimony is admissible “because of the particularized knowledge that
21 the witness has by virtue of his or her position in the business.”).

22 The challenged testimony, if not considered factual, meets this standard. For example,
23 Ackermann’s particularized knowledge of the HRMS product through his work at Oracle is the
24 basis for his description of the software and how he creates it, as well as his redline code
25 comparison. *See Medforms*, 290 F.3d at 110-111 (affirming Rule 701 admission of lay opinion
26 testimony regarding a computer programmer’s work on the products at issue and his use of “a
27 programming utility that highlights the similarities and differences between source code files”).

28 Similarly, Dr. Koehler, Senior Director of Global Information Security, led Oracle’s

1 technical investigation of SAP’s illegal downloading. *See* Dkt. 652 (Koehler Decl.) at ¶ 2. He
2 learned about the Oracle websites and the impact of SAP’s actions on them in the scope of his
3 duties investigating website intrusion and reviewing the resulting log files. *See e.g., id.* at ¶¶ 1, 4.
4 He testified he “reviewed the reverse proxy log files ... and those log files reflect that on certain
5 days between September 2006 and April 2007, TomorrowNow downloaded more bytes of data
6 from Customer Connection and used more computer resources on those computer systems than all
7 other users from the rest of the world combined.” *Id.* at ¶ 4. He relies on his experience at Oracle
8 for the conclusion that “it is very likely that customers using the Customer Connection systems
9 during these periods of high downloads from TomorrowNow experienced slowness and latency
10 issues.” *Id.* If not factual testimony, this is permissible lay opinion testimony. *See Minority TV*
11 *Project Inc. v. FCC*, 649 F. Supp. 2d 1025, 1032 (N.D. Cal. 2009) (Laporte, J.) (testimony based
12 upon particularized knowledge through position in a business, as opposed to training or
13 specialized knowledge within the realm of an expert, is lay opinion); *In re: Perry H. Koplik &*
14 *Sons*, 382 B.R. 599, 602 (S.D.N.Y. 2008) (permitting “lay opinion testimony that reflects the
15 perceptions of the witness” even if “aided in forming his perceptions by an ability, aided by his
16 training and experience, to understand what he saw”).

17 **3. Alternatively, the Failure to Separately List These Witnesses as Experts**
18 **Is Substantially Justified and Harmless**

19 Even if the challenged testimony of the employee witnesses should be considered expert
20 testimony under Rule 702 (it should not), any failure to designate them as experts is substantially
21 justified and harmless for four reasons. *See* Fed. R. Civ. P. 37(c)(1). **First**, in April 2007 and
22 May 2009, Oracle identified several employee witnesses as knowledgeable about “technical
23 analysis” and, on October 9, 2009, as part of preparing its expert reports, several more on
24 “technical analysis” and/or “software development.” *See* Russell Decl., ¶ 34 (explaining timing of
25 witness disclosures). With only weeks left in discovery, Defendants noticed four, multi-topic Rule
26 30(b)(6) and 21 individual depositions (28-31 depositions total, having taken 39 in two years).
27 Oracle objected to the timing and volume of the notices. Judge Laporte found that as to most of
28 these, Defendants had simply waited too long; as to the remaining few, Oracle had “a valid reason

1 for the lateness” of the disclosures, and in general “[t]he number of depositions is burdensome
2 given the limited time remaining for discovery.” *Id.*, ¶ 35-38 & Ex. Y (11/17/09 Disc. Conf. Tr.) at
3 6:20-21; Dkt. 553 (Order Following Disc. Conf.) at ¶ 2. She allocated 25 total hours for all
4 remaining depositions. Pursuant to that Order, Oracle provided “more detailed information as to
5 the relevant substance of the witnesses’ knowledge (e.g., that Plaintiffs’ experts are relying on.”
6 Dkt. 553; Russell Decl., ¶ 38. Defendants then deposed the six witnesses they now ask the Court
7 to exclude. Russell Decl., ¶ 38; MIL at 12:26-27; *E.g.*, Dkt. 701-7 (Ackermann 12/4/09 depo
8 testimony re code compare elicited *without objection* from Defendants). *See Minority TV Project*
9 *Inc.*, 649 F. Supp. 2d at 1032 (failure to disclose witness is harmless when witness is identified in
10 Rule 26(a)(1) disclosures and made available for deposition).

11 **Second**, Defendants did not object during deposition to, and affirmatively designated for
12 trial, nearly identical testimony from their own Rule 30(b)(6) and individual witnesses. For
13 example, they cite former SAP TN employee Keith Shankle’s testimony that based on his “13
14 years of experience” with the J.D. Edwards software, by looking at a download sheet he can
15 “know that all the system codes are involved.” Russell Decl., ¶ 39-40 & Ex. Z (Shankle Depo.) at
16 10:5-10:9; 141:9-143:21, Ex. AA (Depo. Ex. 1446). Defendants also designated Matthew
17 Bowden, a PeopleSoft developer and former SAP TN employee, who testified about modifications
18 of COBOLs based on “my formed opinion” about the industry “common practice,” including the
19 “open source” nature of COBOL. *Id.*, ¶ 41 & Ex. BB (Bowden Depo.) at 102:12-106:21.

20 **Third**, even if disclosed as experts, as employees whose duties do not include regular
21 testimony, these witnesses would not have been required to provide a report. *See Fed. R. Civ. P.*
22 26(a)(2)(B). Thus, Defendants would be in no different position.

23 **Fourth**, again, Defendants made no objection at summary judgment to substantial portions
24 of the testimony they now challenge. (*E.g.*, Exhibits C-K to the Ackermann Declaration (Dkt.
25 650), which contain the actual results of the code comparison discussed in ¶¶ 17-26.) Their
26 afterthought objections now are untimely and meritless. The objections that Defendants did make,
27 the Court overruled. Dkt. 762 (MSJ Order), at 25:13. The same result should follow here.

28

1 **B. The Court Should Allow John Ritchie’s Testimony**

2 Oracle deposed SAP TN former employee Ritchie on December 2, 2009. Ritchie
3 programmed Defendants’ automated web-scraping program, Titan. He is the only witness to
4 admit observing Titan crash Oracle’s customer support websites. Defendants claim the testimony
5 *their own* counsel elicited from *their own* former employee should be excluded because *Oracle*
6 did not designate him as an expert. Ritchie also gave the disputed testimony three weeks *after*
7 Oracle served its expert disclosures. Besides that, the motion fails for two more reasons. First, the
8 challenged testimony is factual. *E.g.*, Dkt. 657-27 (Ex. 27 to Alinder Decl. in Support of Oracle’s
9 Mtn. for Partial SJ) at 34:5-7 (“I could see how many times the servers would crash by how many
10 times my program had to break the connection and then reestablish it”). Ritchie responded to
11 SAP’s query how he knew Oracle’s website crashed (his factual observation) by referring to his 13
12 years of experience as web developer. Second, even if it is lay opinion, the testimony (which
13 Defendants elicited) differs in no material respect from the Shankle, Bowden and other former
14 employee testimony Defendants have designated. *See, e.g., In re: Perry H. Koplik*, 382 B.R. at
15 602.

16 **C. Pinto Properly Consulted Neuendorf to Assist in Responding to Garmus**

17 Defendants also improperly seek to preclude Paul Pinto from working with a consultant to
18 test “rebuttal” evidence by Defendants’ expert David Garmus. Defendants’ experts have similarly
19 used assistants in their work. Russell Decl., ¶ 43. The Parties agreed to delay expert depositions
20 to give Oracle’s experts time to consider and respond to Defendants’ rebuttal for just such a
21 purpose. Now, Defendants seek to silence the response they received.⁹

22 In any event, Pinto can rely on Neuendorf’s assistance – work that Pinto supervised and
23 directed and then used to support his response to Garmus’ new analysis. *See id.*, ¶ 42 & Ex. CC
24 (Pinto Depo.) at 53:11-57:13, 61:10-63:2, 67:6-69:24, 98:12-22, 100:4-102:20 & 103:22-104:23.
25 Oracle produced all materials related to Neuendorf’s work prior to Pinto’s deposition. Defendants
26 deposed Pinto on them. *See id.* Defendants complain Neuendorf did not provide a report or

27 _____
28 ⁹ Oracle moved to exclude Garmus’ analysis because he admits it is not rebuttal or relevant. *See*
Oracle’s Mtn. to Exclude Garmus Testimony at 19:15-20:22. That motion may moot this one.

1 deposition, but as a consultant to Pinto he was not required to. And, Defendants did not offer
2 reports or depositions for individuals who assisted their own experts. *See id.*, ¶ 43. Defendants
3 can't have it both ways.

4 **VII. DEFENDANTS' MOTION *IN LIMINE* NO. 6: DEFENDANTS' USE OF THE**
5 **ATTORNEY-CLIENT PRIVILEGE**

6 Defendants' motion *in limine* No. 6 seeks to "preclude Plaintiffs from offering any
7 deposition testimony wherein Defendants' witnesses invoke the attorney-client privilege in
8 response to a comment." MIL at 15. The Court should deny the motion for three reasons.

9 First, it is too vague to grant. Defendants want to exclude "much of this testimony," MIL
10 at 15, but give no example or citation. If it is more than the handful of situations where
11 Defendants' attorneys instructed the witness not to answer and the witness completely refused (to
12 which Oracle does not object), their motion gives no notice of what that may be.

13 Second, both sides designated testimony where an attorney instructed the witness not to
14 reveal privileged information and the witness gave a limited answer, presumably excluding such
15 information. *See, e.g.*, Russell Decl., ¶¶ 44-45 & Ex. DD (Faye Depo.) at 76:24-77:9, Ex. EE (A.
16 Nelson Depo.) at 354:8-355:3. When a witness, instructed not to reveal privileged information in
17 an answer, then answers, altering the record to remove the instruction is deceptive. It changes the
18 witness's testimony by eliminating the express limitation. Besides, Defendants prefaced their own
19 deposition designations by stating they had excluded privilege instructions *only* when the witness
20 refused to answer at all. Dkt. 740 (Defs' Trial Depo. Designations) at 2:8-13. To the extent they
21 take a contrary position in their motion *in limine*, the Court should deny it.

22 Third, Defendants' cases hold it improper to draw an adverse opinion from a privilege
23 assertion *unless* the alleged infringer relies on an advice of counsel defense. MIL at 16; *THK*
24 *America, Inc. v. NKS, Ltd.*, 917 F. Supp. 563, 567 (N.D. Ill. 1996) ("where a potential infringer
25 charged with willful infringement defends against the charge by citing its reliance on the advice of
26 counsel, it is clear that such advice should be produced or a negative inference concerning those
27 opinions should be drawn"). Defendants' want to hide their privilege invocation from the jury
28 while they simultaneously contend – and, just as harmfully, *imply* – they acted on advice of

1 counsel.¹⁰ This unfair and inconsistent position is further reason to grant Oracle’s motion to
2 exclude Defendants’ advice of counsel evidence or, at a minimum, to deny this one.

3 **VIII. DEFENDANTS’ MOTION *IN LIMINE* NO. 7: DOJ AND FBI INVESTIGATIONS**

4 The Court should grant in part and deny in part Defendants’ motion to exclude evidence of
5 DOJ and FBI investigations. The Court should grant the motion as to the recently publicized
6 investigation of Oracle relating to pricing of government contracts, which is not even remotely
7 related to the facts of this case and would “improperly influence” the jury. MIL at 18:1-5. Oracle
8 does not oppose Defendants’ motion, and does not intend to offer affirmative evidence, as to the
9 DOJ’s ongoing investigation of Defendants relating to the facts of this case. However, if SAP
10 contends, through argument, questioning or evidence, that its post-litigation actions – including
11 the alleged shut down of SAP TN – were motivated by responsible, good-faith or selfless intent,
12 Oracle should be allowed to introduce evidence of the investigations as rebuttal.

13 SAP’s litigation strategy and likely trial evidence open the door. For more than three
14 years, SAP has tried to shift liability in this case (much of which SAP has conceded) to SAP TN.
15 *See, e.g.*, Dkt. 36 (07/02/2007 Answer) at 2:16:24 (“Oracle’s allegation that TN’s downloading
16 conduct ... involved SAP AG or SAP America is simply untrue.”); Russell Decl., ¶ 4 & Ex. A
17 (8/5/2010 SAP Press Release) (“SAP was not involved in TomorrowNow’s service operations and
18 did not engage in any of the copying or downloading alleged in Oracle’s complaint.”); Dkt. 727
19 (Defs’ Trial Brief) at 2:15 (“This case is about TomorrowNow’s conduct.”) But Oracle alleges
20 that SAP, not just SAP TN, intended to steal Oracle’s software. Oracle alleges SAP approved and
21 supervised a continuing course of post-litigation infringement in 2007 and 2008 after assigning an
22 SAP executive to seize day-to-day control over SAP TN.¹¹

23 _____
24 ¹⁰ Oracle has moved *in limine* to preclude Defendants from introducing express or implied advice
of counsel evidence. Dkt. 737 (Oracle’s MILs) at 3-9.

25 ¹¹ SAP pursued a three-year PR campaign touting its “responsible” actions. Russell Decl., ¶ 4, 46
26 & Ex. FF (7/3/2007 SAP Press Release) (“SAP ... has instituted changes in TomorrowNow’s
operational management,” including appointing “SAP America [COO] and former [CFO] Mark
27 White as TomorrowNow’s Executive Chairman to manage TomorrowNow operations, including
compliance programs.”), Ex. A (8/5/2010 SAP Press Release) (“We acknowledged three years ago
28 that TomorrowNow made mistakes, and we took direct action to address Oracle’s concerns,
including shutting down the company nearly two years ago.”); Dkt. 727 (Defs’ Trial Brief) at
1:13-17 (closed SAP TN “after it could assure that TomorrowNow’s customers were protected”).

1 To try to deflect evidence of its wrongful intent and bad faith, SAP has designated
2 evidence for trial alleging *good* conduct motivated by *good* intent. *See e.g.*, Russell Decl., ¶ 47-48
3 & Ex. GG (White Depo.) at 6:15-9:16 (SAP appointed White to take “disciplinary actions” and to
4 “implement the company’s directive.”), and Ex. HH (White Depo.) at 131:15-134:12 (SAP
5 terminated SAP TN CEO Andrew Nelson for his “failure as a manager, as an executive for all the
6 problems that happened on his watch.”). SAP will argue (contrary to the evidence) that it was
7 ignorant of SAP TN’s intellectual property abuse until this lawsuit, then immediately took full
8 responsibility, cleaned house, laid down the law, and kept violating Oracle’s rights (well into
9 2008) only as necessary to “assure that customers were protected.” Dkt. 437 (8/26/09 Answer) at
10 ¶ 13; *see also* Dkt. 727 (Defs’ Trial Brief) at 1:13-17.

11 SAP thus asserts that its post-litigation state of mind is “of consequence to the
12 determination of this case.” MIL at 17:12-17; Fed. R. Evid. 401. The DOJ investigation rebuts
13 SAP’s evidence because, as SAP acknowledges, a DOJ investigation relates to determining a
14 company’s state of mind. Russell Decl., ¶ 48 & Ex. HH (White Depo.) at 220:9-221:4 (Customers
15 left SAP TN “to get out from under a company that was the target of litigation and a Department
16 of Justice investigation.”). Thus, the investigation makes it “more probable ... than it would be
17 without the evidence” that SAP finally started taking action when it did to appease the DOJ – as
18 opposed to SAP’s story that it simply did not know for more than two years that SAP TN used
19 local copies of Oracle’s software. Fed. R. Evid. 401. Evidence of the investigation also makes it
20 more probable that SAP acted to “protect” itself, not customers. In sum, Defendants have opened
21 the door to evidence of the DOJ investigation, which makes it more probable that SAP’s post-
22 litigation actions were motivated by fear of indictment, not an innocent desire to do the right thing.
23 *Compare* Russell Decl., ¶ 48 & Ex. HH (White Depo.) at 187:7-188:5 (White met with the DOJ in
24 “September or October of 2007.”) *with id.* at 52:2-9 & 131:15-134:12 (SAP forced Andrew
25 Nelson to resign in November 2007.).

26 SAP wants to have the evidence both ways. Defendants allege in their Trial Brief and in
27 the Joint Pretrial Statement that a prior DOJ action against Oracle, which they do not seek to
28 exclude, gave customers “good reasons to consider alternatives” back in 2004. Dkt. 727 (Defs’

1 Trial Brief) at 3:14-4:9; Dkt. 745 (Joint Pretrial Stmt.) at ¶ 381. If the investigation of Oracle
2 explains customer behavior, then the investigation of SAP explains SAP’s behavior. The Court
3 should deny the motion as to the DOJ investigation against SAP.

4 **IX. DEFENDANTS’ MOTION *IN LIMINE* NO. 8: RIMINI STREET**

5 The Court should either deny Defendants’ motion to prevent Oracle from introducing
6 evidence related to Rimini Street, or order that neither party be permitted to do so. Those are the
7 only options fair to both sides.

8 Oracle has no desire to present evidence related to Rimini Street’s operations, or the
9 “numerous alternatives” and “multiple other third party support providers” Defendants allude to.
10 MIL at 20:1-2. Nor does Oracle prefer to introduce evidence of other litigation involving Rimini
11 Street. *See* Dkt. 737 (Oracle’s MILs) at 23-24. This case is about Defendants’ theft of Oracle’s
12 intellectual property, not the services provided by alleged “numerous alternatives.”

13 Defendants disagree. They contend the availability of Rimini Street support services “is
14 relevant to causation of damages, i.e. whether, but for TN, customers would not have cancelled
15 their support agreements with Plaintiffs.” MIL at 20:3-4. Defendants have asserted this position
16 for more than two years. Russell Decl., ¶ 48, 14 & Ex. II (1/28/08 Defs’ Mtn. to Compel) at 6
17 (Oracle’s position re lost customers “puts into issue the extent to which Oracle lost business to
18 other third-party service providers *and derivatively how those companies were doing business.*”)
19 (emphasis added), Ex. J (Clark Report) at 116 (“[W]hen viewed as a list and stripped down to the
20 bare realities, it is clear that TomorrowNow’s actions were not very different from the actions
21 many third-party support vendors offer.”)

22 If the Court allows Defendants to introduce evidence of Rimini Street’s services to defend
23 on causation, Oracle should be allowed to respond. “There is precedent for finding causation
24 despite an alternative source of supply *if that source is an infringer.*” *Micro Motion, Inc. v. v.*
25 *Kane Steel Co., Inc.*, 894 F.2d 1318, 1322 (Fed. Cir. 1990) (emphasis added). It would be unfair
26 to allow Defendants to introduce evidence that Rimini Street provided third party support but bar
27 Oracle from introducing rebuttal evidence that Rimini Street was an infringer. That would distort
28 the fact-finding process by giving the jury only one side of the story.

1 Defendants’ purported concern over a “trial within a trial” is unpersuasive for several
2 reasons. First, Defendants offer no support for their contention that allowing Oracle to rebut their
3 causation defense would “require a substantial amount of additional evidence, much of it highly
4 technical, consume a great deal of time and unnecessarily burden and confuse the jury.” MIL at
5 20:23-25. That hyperbole is belied by Defendants’ later statement that “Defendants have no
6 knowledge of the details of Rimini Street’s business model.” *Id.* at 21:1-3.

7 Second, Defendants’ alleged concern is pretextual. Simply informing the jury that third-
8 party support existed could not break the chain of causation on any theory – Defendants would
9 have to show it was plausible that customers would have bought it. Thus, Defendants would
10 themselves have to introduce evidence of the services Rimini Street provides, the times it provided
11 them, that they were comparable to SAP TN’s, and their pricing over time compared to Oracle’s.
12 If Defendants make that kind of robust evidentiary showing, Oracle should be able to introduce the
13 evidence necessary to show that those same services infringe.

14 Third, Oracle’s evidence does not “prejudice” Defendants. They introduced this issue into
15 the case long ago. *See, e.g.*, Russell Decl., ¶ 50 & Ex. JJ (Defs’ unsolicited “Response” to
16 Oracle’s Mtn. to Compel Discovery from Rimini Street in D.C. Nev., 9/14/2009) at 4:8-10 (“If
17 this Court or Judge Laporte grants any portion of the relief requested in Plaintiffs’ motion to
18 compel, then Defendants may likely seek further discovery from [Seth] Ravin and Rimini.”).

19 Finally, Defendants’ Ninth Circuit cases support *Oracle’s* position that the Court should
20 treat both sides equally with respect to Rimini Street evidence. For example, in *United States v.*
21 *Bussell*, 414 F.3d 1048, 1058-59 (9th Cir. 2005), the defendant, charged with bankruptcy fraud,
22 blamed her attorney’s advice and sought to introduce evidence that other non-parties had been
23 given the same advice. The District Court (upheld by the Ninth Circuit) reasoned that if it allowed
24 defendant to introduce evidence related to non-parties, it would then in fairness have to allow the
25 government the opportunity to rebut it (by trying to show the other clients were “willing co-
26 conspirators” and not “innocent dupes”). *Id.* The Court found that the probative value of the non-
27 party evidence was outweighed by the “trials within trials” that would be necessary *if the*
28 *defendant opened the door.* *Id.* The Court should apply that logic in this case. Either this trial

1 should only focus on SAP’s and SAP TN’s operations, or Oracle should be permitted to rebut any
2 Rimini Street evidence Defendants offer.

3 **X. DEFENDANTS’ MOTION *IN LIMINE* NO. 9: HYPERION, RETEK AND E-
4 BUSINESS SUITE**

5 The Court should deny, at least in part, Defendants’ motion to exclude all evidence related
6 to the Hyperion, Retek and E-Business product lines (“HRE Products”). On one hand, the parties
7 stipulated that Oracle will not assert liability or seek damages for Defendants’ copying or use of
8 the HRE Products. Dkt. 325 at 7:1-4. Thus, Oracle does not oppose SAP’s motion to the extent it
9 is limited to enforcing that stipulation. On the other hand, a body of evidence that relates to the
10 HRE Products is highly relevant to SAP’s knowledge of the business practices at SAP TN and
11 SAP’s strategic use of SAP TN to compete with Oracle. Thus, Defendants’ motion should be
12 denied in three respects: the HRE Products evidence should be permitted (1) to rebut any claim
13 that SAP TN did not harm Oracle, (2) as it relates to SAP’s overall strategic plan for and use of
14 SAP TN, and (3) to the extent it overlaps with evidence relevant to the other claims in the case.

15 With respect to the first issue, as most recently previewed in its Trial Brief, SAP defends
16 itself by claiming SAP TN was a failure and did not cause Oracle any real harm. Dkt. 727 (Defs’
17 Trial Brief) at 1:11-12 (“TomorrowNow never made a profit”), and 5:19-24 (“[T]he
18 TomorrowNow offer had at best a modest economic impact on SAP and Plaintiffs”). The HRE
19 evidence proves SAP considered SAP TN a “strategic investment” and “strategic weapon against
20 Oracle,” not a profit center. Russell Decl., ¶ 51 & Ex. KK (Depo. Ex. 473) at 3. On March 1,
21 2007 (the same month Oracle sued), SAP Board member Leo Apotheker issued a “call to action”
22 to “destabilize Orcl” in response to Oracle’s Hyperion acquisition. *Id.*, ¶ 53 & Ex. LL (Depo. Ex.
23 495). His plan included “Tnow service expansion for Hyperion customers immediately.” *Id.*
24 Two weeks later, the SAP Board member in charge of SAP TN’s operations, Gerd Oswald,
25 approved a detailed plan to implement that strategy. *Id.*, ¶ 54 & Ex. MM (Depo. Ex. 475). Other
26 HRE evidence confirms how SAP used and valued SAP TN into 2007. *Id.* at SAP-OR00252118
27 (The “Board area strategy” was to use SAP TN to “leverage service as competitive weapon in
28 order to restrict competition.”); *id.* at SAP-OR00252139-40 (same re E-Business Suite product

1 expansion). Because SAP argues that SAP TN’s lack of profitability affects damages, these HRE
2 admissions are probative rebuttal evidence. SAP’s decision to abandon the HRE plans after
3 Oracle sued does not change that fact. *Id.*, ¶ 55 & Ex. NN (Oswald Depo.) at 294:12-23.

4 Second, precisely because the HRE Products played a central role in SAP’s overall SAP
5 TN strategy, several key documents Oracle will use to prove up its case for the products at issue
6 contain numerous HRE references. Russell Decl., ¶ 51-52 (explaining frequency of references to
7 HRE in Safe Passage documents) and Ex. KK (Depo. Ex. 473) (SAP’s Safe Passage offer includes
8 “Recognition of your previous investments ... in *Oracle [E-Business]*, PSFT, JDE, Siebel or
9 *Retek*” and “Support for PSFT, JDE or Siebel via SAP subsidiary, TomorrowNow.”) (emphasis
10 added). SAP can easily explain the distinction in these documents, as it did in its Motion. Oracle,
11 on the other hand, must have this critical evidence and should not be penalized because SAP
12 viewed all products as part of its comprehensive SAP TN strategy.

13 Finally, the two examples above illustrate the fact that documents referencing the HRE
14 Products can also contain highly relevant evidence of SAP’s conduct as to Oracle’s existing
15 claims. For this reason, a general exclusion of evidence related to the initial proposal or to SAP’s
16 and SAP TN’s eventual plan to support the HRE Products should not be permitted, as such an
17 order would restrict Oracle’s ability to prove its existing claims against SAP.

18 **XI. DEFENDANTS’ MOTION IN LIMINE NO. 10: SAP/TN**

19 The Court should deny Defendants’ motion to exclude evidence referring to “SAP/TN.”
20 First, Oracle did not “make up” the “SAP/TN” name. MIL at 23:3-4. Defendants referred to
21 “TomorrowNow” as “SAP/TN” (or variations such as SAP TNow, SAP TomorrowNow, etc.)
22 countless times in contemporaneous documents. By way of example only:

- 23 • January 26, 2005 SAP “Questions about the Safe Passage Program,” explaining how
24 “SAP/TNow” did business. Russell Decl., ¶ 56 & Ex. OO (SAP-OR00077786); *see also id.*, ¶
25 57 & Ex. PP (Depo. Ex. 253) (“Eventually, we may change the name to SAP
26 TomorrowNow.”);
- 27 • August 5, 2006 email detailing the “Q1 Oracle Disruption Plan” and stating “SAP
28 TomorrowNow will extend software support to 2015 for current JDE, Siebel & PeopleSoft

1 customers.” *Id.*, ¶ 58 & Ex. QQ (Depo. Ex. 492).

2 Defendants also admitted numerous facts about “SAP TN” (*see* Dkt. 31 (Complaint) &
3 Dkt. 36 (Answer), at paragraphs indicated below):

- 4 • “In January 2005, through SAP America, SAP AG acquired SAP TN.” (¶ 11)
- 5 • “SAP TN is a Texas corporation with its principal place of business in Bryan, Texas. SAP TN
6 is a wholly-owned subsidiary of SAP America.” (¶ 23)
- 7 • “SAP America and SAP TN advertise, promote, sell, license, service, and support customers in
8 California and in this judicial district.” (¶ 25)

9 Defendants made similar “SAP TN” admissions up to and including in their most recent
10 Answer, filed August 26, 2009, and in discovery responses. *See, e.g.*, Russell Decl., ¶ 59 & Ex.
11 RR (12/4/2009 Resp. to RFA No. 70) (admitting “as of July 19, 2007, an SAP TN manager
12 responsible for inappropriate Downloads had been suspended.”). Indeed, the Court recognized
13 and used this same convention in its August 17, 2010 Order. Dkt. 762 (MSJ Order), at 11-15.

14 Second, these “shared name” references are highly probative and impose no prejudice on
15 Defendants, who came up with them in the first place. The level of integration between SAP and
16 SAP TN is one of the most important remaining issues after SAP’s recent concessions as to SAP
17 TN’s liability. The jury will need to understand how SAP and SAP TN interacted with and
18 referred to each other. Indeed, this motion fits with SAP’s strategy to hold itself out to the world
19 as an integrated company, but shield itself from the liability it has now conceded by claiming
20 ignorance. Russell Decl., ¶ 60 & Ex. SS (Depo Ex. 720) (Jeff Word to SAP Board member Shai
21 Agassi, “On the surface, its SAP, but when you dig deeper, its two companies. Customers should
22 never know the difference.”); *see also id.* at ¶ 61 & TT (Depo. Ex. 316) (March 1, 2005 email to
23 SAP Board Member Shai Agassi stating SAP TN “is a separate entity due to the threat of
24 litigation.”). Defendants’ contention at this late date that names like SAP/TN are “artificial” and
25 “misleading” contradict their contemporaneous documents and litigation admissions, and only
26 make these references *more* probative, not less. The jury should decide whether Defendants meant
27 what they said in their documents and admissions.

28

