

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE DIVISION

TIBCO SOFTWARE INC.,

Plaintiff,

v.

GAIN CAPITAL GROUP, LLC,

Defendant.

Case No. [17-cv-03313-EJD](#) (VKD)

**ORDER RE DISCOVERY DISPUTE RE  
PLAINTIFF'S MOTION TO COMPEL  
DOCUMENTS**

Re: Dkt. No. 86

On July 27, 2018, the parties submitted a joint discovery letter regarding plaintiff TIBCO Software Inc.'s ("TIBCO") motion to compel defendant GAIN Capital Group, LLC ("GAIN") to produce documents in response to TIBCO's Request for Production No. 15.<sup>1</sup> Dkt. No. 86. Both parties request a hearing on this dispute. However, the Court finds that the dispute may be decided on the papers without a hearing.

Having reviewed the parties' submissions, the Court denies TIBCO's motion to compel, as set forth below.

**I. BACKGROUND**

TIBCO provides enterprise software for data analytics and event-processing. GAIN provides online trading services. Dkt. No. 43. In this action, TIBCO alleges that it licensed certain software to GAIN during a limited term, but that GAIN deployed the TIBCO software outside that term in violation of the license agreements. TIBCO sues GAIN for breach of contract, breach of the covenant of good faith and fair dealing, and copyright infringement. *Id.*

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<sup>1</sup> The parties' joint submission also addresses a dispute concerning TIBCO's Interrogatories Nos. 8 and 9 to GAIN, but the parties advise that this dispute has been resolved. Dkt. No. 89.

1 GAIN denies TIBCO's allegations, and counterclaims against TIBCO for fraud in the  
2 inducement, negligent misrepresentation, unfair competition, rescission based on unilateral  
3 mistake, and rescission based on mutual mistake. Dkt. No. 72.

4 In discovery, TIBCO seeks documents responsive to a request which asks for "All  
5 Communications between You and GAIN U.K., related to the subject matter of this lawsuit." Dkt.  
6 No. 86, Ex. B (Request for Production No. 15). The parties have not attached the portion of the  
7 discovery request at issue that includes the definitions for "You" and "GAIN U.K." However,  
8 their submission reflects that "You" refers to Gain Capital Group, LLC, the defendant in this  
9 action, and "GAIN U.K." refers to GAIN Capital Limited U.K., which appears to be a separate  
10 affiliated company based in the United Kingdom. Dkt. No. 86 at 3, 6.

11 GAIN does not object to producing communications between GAIN and GAIN U.K.  
12 Rather, the crux of the parties' dispute is a disagreement about what the "subject matter of this  
13 lawsuit" is. TIBCO asserts that the subject matter of the lawsuit is broad enough to encompass  
14 deployment of TIBCO software by GAIN U.K., and any communications related to such  
15 deployment. *Id.* at 3. GAIN responds that the subject matter of the lawsuit is limited to the  
16 software licenses and alleged software licenses executed in 2008, 2010, and 2016, the software  
17 that is the subject of those licenses or alleged licenses, and the over-deployment or unauthorized  
18 use of that software by GAIN Capital Group, LLC. *Id.* at 6.

## 19 **II. LEGAL STANDARD**

20 Under the Federal Rules of Civil Procedure, a party may discover any matter that is  
21 relevant to a claim or defense and that is "proportional to the needs of case, considering the  
22 importance of the issues at stake in the action, the amount in controversy, the parties' relative  
23 access to relevant information, the parties' resources, the importance of the discovery in resolving  
24 the issues, and whether the burden or expense of the proposed discovery outweighs its likely  
25 benefit." Fed. R. Civ. P. 26(b)(1). Information need not be admissible in evidence to be  
26 discoverable. *Id.*

## 27 **III. DISCUSSION**

28 It is clear from the allegations in the first amended complaint that all of TIBCO's claims in

1 this action are limited to conduct by GAIN Capital Group, LLC, the named defendant. Dkt. No.  
2 43. In addition, TIBCO's breach of contract claims (claims 1 and 3) are limited to specific  
3 software that it contends GAIN over-deployed in violation of the license agreements, or for which  
4 GAIN has not paid pursuant to the terms of an alleged license agreement. Similarly, TIBCO's  
5 copyright infringement claim (claim 4) is limited to the specific software TIBCO alleges GAIN  
6 deployed without permission under the license agreements. Finally, TIBCO's claim for breach of  
7 the covenant of good faith and fair dealing (claim 2) is limited to GAIN's conduct with respect to  
8 the audit TIBCO sought to conduct and did conduct in 2016.

9 The first amended complaint is not specifically limited to conduct occurring in the United  
10 States, although the audit that is the source of many of TIBCO's factual allegations appears to  
11 have encompassed only GAIN's deployment of TIBCO software in the United States. In addition,  
12 with respect to copyright infringement, the first amended complaint contains no allegations of  
13 unauthorized copying or use of TIBCO software that would support a claim for infringement of  
14 TIBCO's U.S. copyrights by conduct occurring outside the United States. *See Subafilms, Ltd. v.*  
15 *MGM-Pathe Commc'ns Co.*, 24 F.3d 1088, 1095–96 (9th Cir. 1994) (en banc) (the Copyright Act  
16 does not apply extraterritorially); *Allarcom Pay Television Ltd. v. Gen. Instrument Corp.*, 69 F.3d  
17 381, 387 (9th Cir. 1995) ( "In order for U.S. copyright law to apply, at least one alleged  
18 infringement must be completed entirely within the United States . . . "). GAIN's defenses and  
19 counterclaims concern the same license agreements and alleged license agreements between  
20 GAIN and TIBCO for specific software, the conduct of the audit, and communications with  
21 TIBCO about those matters.

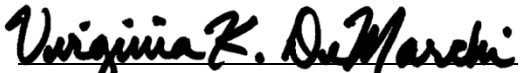
22 With respect to TIBCO's Request for Production No. 15, the Court finds that relevant and  
23 proportionate discovery of communications between GAIN and GAIN U.K. about "the subject  
24 matter of this lawsuit" should be limited to communications between GAIN and GAIN U.K., in  
25 GAIN's possession, custody, or control, related to: (i) GAIN's alleged breach of the agreements or  
26 alleged agreements identified in the first amended complaint, (ii) GAIN's alleged breach of the  
27 covenant of good faith and fair dealing with respect to conduct of the audit, (iii) GAIN's alleged  
28 over-deployment and unauthorized use of the specific software identified in the first amended

1 complaint. TIBCO's discovery with respect to this request may not extend to conduct by GAIN  
2 U.K., which is not at issue in the case.

3 The Court finds no allegations of conduct occurring outside the United States in the  
4 operative pleadings. However, if TIBCO can plausibly show that some of the alleged conduct by  
5 GAIN that forms the basis of its claims *as currently pled* occurred outside the United States, and  
6 therefore warrants a broader scope of discovery, it shall confer with GAIN regarding such  
7 discovery and, if necessary, may submit the dispute to this Court for resolution in accordance with  
8 the undersigned's discovery dispute resolution procedures.

9 **IT IS SO ORDERED.**

10 Dated: August 31, 2018

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13 VIRGINIA K. DEMARCHI  
14 United States Magistrate Judge  
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