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Via Overnight UPS

The Honorable Robert C. Jones
U.S. District Judge
U.S. District Court, District of Nevada
333 S. Las Vegas Blvd.
Las Vegas, Nevada 89101

Re: The SCO Group, Inc. v. AutoZone, Inc. CV-S-04-0237-RCJ-LRL

Dear Judge Jones:

Pursuant to the Court's August 6, 2004 Order, AutoZone, Inc. submits this letter to update the Court on the ongoing litigation related to this matter. Although AutoZone is not a party to the other related cases, AutoZone has derived the following information from publicly available sources.

1. *The SCO Group, Inc., v. International Business Machines Corporation, Case No. 2:03-CV-0294 DAK (D. Utah)*

On August 1, 2005, the court granted IBM's motion to narrow the scope of its ninth counterclaim. This counterclaim was for a declaratory judgment that IBM's reproduction, improvement, and distribution of AIX and Dynix did not infringe SCO's copyrights. The court agreed that IBM was allowed to narrow the scope of this counterclaim to only cover infringements based on allegations that IBM breached its license agreements with AT&T. SCO alleges that it owns these license agreements, that it has terminated them, and that IBM's continued reproduction, improvement, and distribution of AIX and Dynix thus infringes SCO's copyrights.

On September 6, 2005, SCO filed a motion to compel IBM's production of all documents concerning IBM's development work for Linux with respect to contributions that IBM has made to Linux. IBM opposed on the grounds that the court had specifically ruled that IBM did not have to produce all of this "development documentation," but that IBM only had to produce its actual contributions to Linux.

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On September 6, 2005, SCO also filed a motion to increase the number of depositions available to each side by 25. SCO claimed these additional depositions were needed in light of the expansion of the scope of the case (in particular, IBM's patent counterclaims). IBM opposed the motion to increase the number depositions. In an effort to expedite resolution of the case, IBM agreed to dismiss its patent counterclaims.

On October 7, 2005, the court denied SCO's motion to compel and increased the number of depositions available to both parties by 10. On October 10, 2005, the court issued an order dismissing IBM's patent counterclaims with prejudice.

2. *The SCO Group, Inc. v. Novell, Inc.*, Case No. 2:04-CV-00139 (D. Utah)

Novell filed its answer and counterclaims on July 29, 2005. Novell denies that it transferred any copyrights regarding UNIX to SCO under the Asset Purchase Agreement. Novell asserted seven counterclaims, including slander of title, breach of contract, unjust enrichment, and a declaratory judgment regarding its rights and duties under the Asset Purchase Agreement. In addition, Novell asserted its rights to its share of fees that SCO had obtained under its "SCOsource" licensing program. Novell's asserted share of these fees amounts to 95% of all fees that SCO has obtained, including that share of approximately \$34 million that SCO received from Microsoft Corporation and Sun Microsystems under the SCOsource licensing program. In an answer filed on September 12, 2005, SCO denied the allegations of Novell's counterclaims.

No scheduling order or discovery plan is publicly available for the case.

3. *Red Hat, Inc. v. The SCO Group, Inc.*, Case No. 03-772-SLR (D. Del.)

As reported previously, the District of Delaware on April 6, 2004 ordered this case stayed pending resolution of the *IBM* and *Novell* cases. Accordingly, there is no activity to report in the case.

Very truly yours,



Douglas L. Bridges

DJS:dlb

cc: Stanley W. Parry, Esq. (via facsimile)
David Stone, Esq. (via facsimile)