

1 Robert A. Mittelstaedt (SBN 060359)  
Jason McDonell (SBN 115084)  
2 Elaine Wallace (SBN 197882)  
JONES DAY  
3 555 California Street, 26<sup>th</sup> Floor  
San Francisco, CA 94104  
4 Telephone: (415) 626-3939  
Facsimile: (415) 875-5700  
5 ramittelstaedt@jonesday.com  
jmcdonell@jonesday.com  
6 ewallace@jonesday.com

7 Tharan Gregory Lanier (SBN 138784)  
Jane L. Froyd (SBN 220776)  
8 JONES DAY  
1755 Embarcadero Road  
9 Palo Alto, CA 94303  
Telephone: (650) 739-3939  
10 Facsimile: (650) 739-3900  
tglanier@jonesday.com  
11 jfroyd@jonesday.com

12 Scott W. Cowan (Admitted *Pro Hac Vice*)  
Joshua L. Fuchs (Admitted *Pro Hac Vice*)  
13 JONES DAY  
717 Texas, Suite 3300  
14 Houston, TX 77002  
Telephone: (832) 239-3939  
15 Facsimile: (832) 239-3600  
swcowan@jonesday.com  
16 jlfuchs@jonesday.com

17 Attorneys for Defendants  
SAP AG, SAP AMERICA, INC., and  
18 TOMORROWNOW, INC.

19 UNITED STATES DISTRICT COURT  
20 NORTHERN DISTRICT OF CALIFORNIA  
21 OAKLAND DIVISION

22 ORACLE USA, INC., et al.,  
23 Plaintiffs,  
24 v.  
25 SAP AG, et al.,  
26 Defendants.

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

**[PROPOSED] ORDER GRANTING  
DEFENDANTS' CROSS MOTION  
FOR PARTIAL SUMMARY  
JUDGMENT, AND DENYING IN  
PART PLAINTIFFS' MOTION FOR  
PARTIAL SUMMARY JUDGMENT**

1 Having considered Plaintiffs' Motion for Partial Summary Judgment, Defendants' Cross  
2 Motion for Partial Summary Judgment and Opposition to Plaintiffs' Motion for Summary  
3 Judgment, the memoranda and declarations in support, and exhibits attached thereto:

4 IT IS HEREBY ORDERED THAT: Defendants' Cross Motion is GRANTED, and  
5 Plaintiffs' Motion for Partial Summary Judgment is DENIED in part.

6 **DEFENDANTS' CROSS MOTION FOR PARTIAL SUMMARY JUDGMENT**

7 Under Rule 56 of the Federal Rules of Civil Procedure, a party may respond to a motion  
8 for summary judgment by cross-moving for summary judgment. *See* Fed. R. Civ. P. 56(c); *Fair*  
9 *Hous. Council of Riverside County, Inc. v. Riverside Two*, 249 F.3d 1132, 1135 (9th Cir. 2001).

10 "Summary judgment is warranted against a party who 'fails to make a showing sufficient to  
11 establish the existence of an element essential to that party's case, and on which that party will  
12 bear the burden of proof at trial.'" *Katherine G. v. Kentfield Sch. Dist.*, 261 F. Supp. 2d 1159,  
13 1166 (N.D. Cal. 2003) (citing *Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23 (1986)).

14 Defendants' Cross Motion argues that plaintiff Oracle International Corporation ("OIC") may not  
15 sue for alleged pre-March 1, 2005 infringement of the PeopleSoft or J.D. Edwards ("JDE")  
16 copyright registrations asserted in Plaintiffs' complaint because OIC neither owned the  
17 PeopleSoft or JDE copyrights before March 1, 2005, nor received a valid transfer of the right to  
18 sue for pre-March 1, 2005 infringement of those copyrights.

19 Under the Copyright Act, only the "legal or beneficial owner of an exclusive right under a  
20 copyright is entitled . . . to institute an action for any infringement of that right while he or she is  
21 the owner of it." 17 U.S.C. § 501(b); *see also Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d  
22 1137, 1144 (9th Cir. 2008). Although accrued causes of action for copyright infringement are  
23 transferable, to assign existing copyright claims, a conveyance must be express. *See Co-*  
24 *opportunities, Inc. v. Nat'l Broad. Co.*, 510 F. Supp. 43, 46 (N.D. Cal. 1981) (holding that the  
25 "usual assignment of a copyright does not include an assignment of existing causes of action"  
26 absent an express assignment); *Ed Brawley, Inc. v. Gaffney*, 399 F. Supp. 115, 116 (N.D. Cal.  
27 1975) (noting that "unless the transfer agreement expressly provides otherwise," a copyright  
28 transfer does not include the right to sue on past infringements); *Lanard Toys Ltd. v. Novelty Inc.*,

1 511 F. Supp. 2d 1020, 1033 (C.D. Cal. 2007); *De Silva Constr. Corp. v. Herralld*, 213 F. Supp.  
2 184, 193 (M.D. Fla. 1962).

3 Because the undisputed facts show that OIC did not receive the right to sue for pre-March  
4 1, 2005 infringement of any of the asserted PeopleSoft or JDE copyright registrations,  
5 Defendants' cross-motion for summary judgment of non-infringement based on any pre-March 1,  
6 2005 conduct regarding the PeopleSoft and JDE registrations is GRANTED. Before March 1,  
7 2005, certain PeopleSoft and JDE entities owned the PeopleSoft and JDE registrations. On  
8 March 1, 2005, these PeopleSoft and JDE entities transferred ownership of their copyrights to  
9 OIC; however, the PeopleSoft and JDE entities did not transfer their accrued copyright  
10 infringement claims to OIC. The PeopleSoft and JDE entities then merged into former plaintiff  
11 Oracle Systems Corp. ("OSC"). None of the Oracle inter-company agreements establish that the  
12 right to sue for copyright infringement was expressly transferred to OSC as a consequence of  
13 these various mergers. Absent this express transfer, OSC never obtained the right to sue for pre-  
14 March 1, 2005 infringement of the PeopleSoft and JDE copyrights, and its attempted retroactive  
15 transfer to OIC of that right is therefore ineffective. *See Co-opportunities*, 510 F. Supp. at 46-48;  
16 *De Silva*, 213 F. Supp. at 192.

### 17 **PLAINTIFFS' MOTION FOR PARTIAL SUMMARY JUDGMENT**

18 Summary judgment is proper when the pleadings, discovery, and affidavits show that  
19 there is "no genuine issue as to any material fact and that the moving party is entitled to judgment  
20 as a matter of law." Fed. R. Civ. P. 56(c). "The court must view the facts in the light most  
21 favorable to the non-moving party and give it the benefit of all reasonable inferences to be drawn  
22 from those facts." *Sun Microsystems, Inc. v. Hynix Semiconductor Inc.*, 622 F. Supp. 2d 890, 896  
23 (N.D. Cal. 2009).

#### 24 **A. Copyright Infringement Claims**

25 1. For the reasons set forth in the Court's Order granting Defendants' Cross Motion  
26 for Partial Summary Judgment, the Court DENIES summary judgment of pre-March 1, 2005  
27 infringement of the six PeopleSoft and JDE copyright registrations addressed in Plaintiffs'  
28 Motion.

1           2.       Additionally, the Court DENIES Plaintiffs' Motion for summary judgment that  
2 SAP is contributory liable for copyright infringement. Contributory liability exists where the  
3 defendant: "(1) has knowledge of a third party's infringing activity, and (2) 'induces, causes, or  
4 materially contributes to the infringing conduct.'" *Perfect 10, Inc. v. Visa Int'l Serv., Ass'n*, 494  
5 F.3d 788, 795 (9th Cir. 2007) (quoting *Ellison v. Robertson*, 357 F.3d 1072, 1076 (9th Cir.  
6 2004)); *see also Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259, 264 (9th Cir. 1996)  
7 ("Contributory infringement . . . imposes liability where one person knowingly contributes to the  
8 infringing conduct of another."). Plaintiffs fail to present undisputed evidence of contributory  
9 infringement; they have not shown that SAP took any affirmative steps to induce, cause, or  
10 materially contribute to the alleged infringement of the three asserted HRMS registrations, and  
11 they do not establish knowledge of or the requisite contribution to alleged infringement of the  
12 asserted Oracle database registrations. Viewing the facts in the light most favorable to SAP,  
13 summary judgment is DENIED.

14           3.       The Court also DENIES Plaintiffs' Motion to the extent it seeks to dismiss  
15 Defendants' second and third affirmative defenses regarding licensed use. A valid copyright  
16 license is an affirmative defense to infringement. *See Rano v. Sipa Press, Inc.*, 987 F.2d 580, 585  
17 (9th Cir. 1998); *Bourne v. Walt Disney Co.*, 68 F.3d 621, 631 (2d Cir. 1995). Once a defendant  
18 identifies a relevant license, the copyright owner must prove that the copying was unauthorized.  
19 *See Bourne*, 68 F.3d at 631; *RealNetworks, Inc. v. DVD Copy Control Ass'n*, 641 F. Supp. 2d 913,  
20 945 (N.D. Cal. 2009). Failure to show that a defendant's conduct exceeded the license grant will  
21 result in a finding of non-infringement. *See Netbula, LLC v. Bindview Dev. Corp.*, 516 F. Supp.  
22 2d 1137, 1151-53 (N.D. Cal. 2007); *NLFC, Inc. v. Devcom Mid-America, Inc.*, 93 C 0609, 1993  
23 U.S. Dist. LEXIS 16459, at \*23-25 (N.D. Ill. Nov. 16, 1993) (granting summary judgment where  
24 a defendant software service provider asserted that its conduct was licensed by its customers'  
25 agreements with plaintiff, and plaintiff failed to show that defendant's conduct exceeded the  
26 scope of the licenses). To the extent that Plaintiffs seek summary judgment on Defendants' entire  
27 license defense, Plaintiffs must prove that all of TN's accused conduct exceeded the scope of all  
28 relevant customer agreements governing that conduct. *See NLFC*, 1993 U.S. Dist. LEXIS 16459,

1 at \*23-25. Plaintiffs have not done so. For that reason, summary judgment is DENIED.

2 **B. Computer Access Claims**

3 4. The Court DENIES Plaintiffs' Motion for summary judgment on Plaintiffs' 18  
4 U.S.C. §§ 1030(a)(5)(A)(i)-(iii) claims arising under the Computer Fraud and Abuse Act  
5 ("CFAA"). To state a claim under any 18 U.S.C. § 1030(a)(5)(A) subsection, a plaintiff must  
6 show that a defendant's actions caused cognizable "damage" to the accessed computers. *See* 18  
7 U.S.C. § 1030(a)(5)(A)(i)-(iii) (2007); *Hanger Prosthetics & Orthotics, Inc. v. Capstone*  
8 *Orthopedic, Inc.*, 556 F. Supp. 2d 1122, 1133 (E.D. Cal. 2008). "Damage" is "any impairment to  
9 the integrity or availability of data, a program, a system, or information." 18 U.S.C. § 1030(e)(8)  
10 (2007). Additionally, to prevail on a claim arising under 18 U.S.C. § 1030(a)(5)(A)(i), a plaintiff  
11 must establish that a defendant "intentionally cause[d] damage" to computer systems or data.  
12 Because there is a genuine dispute of fact regarding whether Plaintiffs' computers incurred  
13 "damage," summary judgment as to the 18 U.S.C. §§ 1030(a)(5)(A)(i)-(iii) claims is DENIED.  
14 Moreover, as Plaintiffs do not present evidence that TN intended to damage Plaintiffs' computers,  
15 Plaintiffs' Motion as to the 18 U.S.C. § 1030(a)(5)(A)(i) claim is further DENIED on that basis.

16 5. The Court also DENIES Plaintiffs' Motion for summary judgment that SAP is  
17 indirectly liable under the CFAA. The CFAA only provides a civil remedy "against *the*  
18 *violator*," that is, against a person who violates the statute with the requisite criminal intent." *See*  
19 *Doe v. Dartmouth-Hitchcock Med. Ctr.*, Civil No. 00-100-M, 2001 U.S. Dist. LEXIS 10704, at  
20 \*12-13 (D.N.H. July 19, 2001) (quoting 18 U.S.C. § 1030(g)). "The statute does not provide a  
21 cause of action against individuals who fail to supervise violators, fail to train them properly or  
22 conspire to cover up their misconduct." *Garland-Sash v. Lewis*, No. 05 Civ. 6827 (WHP), 2007  
23 U.S. Dist. LEXIS 20909, at \*12 (S.D.N.Y. Mar. 26, 2007), *aff'd in part, vacated in part, and*  
24 *remanded on other grounds*, 348 Fed. Appx. 639 (2d Cir. 2009). Rather, the CFAA imposes  
25 indirect liability only where a defendant has directed the wrongful acts. *See, e.g., Calence, LLC v.*  
26 *Dimension Data Holdings*, No. C06-0262RSM, 2007 U.S. Dist. LEXIS 38043, at \*15-16 (W.D.  
27 Wash. May 24, 2007). Plaintiffs have failed to show that SAP directed TN's acts alleged to be  
28 wrongful under the CFAA. Therefore, summary judgment on this claim is DENIED.

1           6.       Finally, the Court DENIES Plaintiffs’ Motion for summary judgment that SAP is  
2 indirectly liable under Cal. Penal Code 502(c)(7) (“CDAFA”). Plaintiffs’ Motion provides no  
3 basis on which to find SAP indirectly liable under the CDAFA. Plaintiffs’ reference to TN’s  
4 direct liability under the CDAFA in a footnote does not sufficiently establish SAP’s indirect  
5 liability under the CDAFA. As a result, summary judgment as to SAP’s indirect liability under  
6 this statute is DENIED.

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**IT IS SO ORDERED.**

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Hon. Phyllis J. Hamilton  
United States District Court Judge