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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.

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IT IS SO ORDERED.

DATED: _____

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