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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' MOTION TO
PARTIALLY EXCLUDE
TESTIMONY OF KEVIN MANDIA
AND DANIEL LEVY**

1 Having considered Defendants' Motion to Partially Exclude Expert Testimony of Kevin
2 Mandia and Daniel Levy, the supporting Declaration of Scott Cowan, and exhibits thereto, which
3 were filed with the Court on August 19, 2010:

4 IT IS HEREBY ORDERED THAT: Defendants' motion is GRANTED.

5 **DISCUSSION**

6 Defendants seek to exclude portions of the proffered expert opinions of Kevin Mandia and
7 Dr. Daniel Levy from trial. Rule 702 of the Federal Rules of Evidence "permits experts qualified
8 by 'knowledge, experience, skill, expertise, training, or education' to testify 'in the form of an
9 opinion or otherwise' based on 'scientific, technical, or other specialized knowledge' if that
10 knowledge will 'assist the trier of fact to understand the evidence or to determine a fact in issue.'" *Salinas v. Amteck of Ky, Inc.*, 682 F. Supp. 2d 1022, 1029 (N.D. Cal. 2010) (Hamilton, J.). The
11 Court serves as the "gatekeeper" in excluding expert testimony that fails to clear the threshold
12 hurdles of relevance and reliability. *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 589
13 (1993); *see also Kumho Tire Co. v. Carmichael*, 526 U.S. 137, 147 (1999). "This entails a
14 preliminary assessment of whether the reasoning or methodology is scientifically valid and of
15 whether that reasoning or methodology properly can be applied to the facts in issue." *Daubert*,
16 409 U.S. at 592-93. The proponent of expert testimony bears the burden of establishing "by a
17 preponderance of the evidence that the admissibility requirements are met." *Salinas*, 682 F.
18 Supp. 2d at 1029.

19 To determine the admissibility of expert opinions, the Court must apply a three-part test:
20 (1) Is the proffered expert qualified to testify in the area on which he is opining based on his
21 knowledge, skill, experience, training, or education (qualification requirement)?; (2) Is the
22 proffered expert testimony based on reliable scientific or specialized knowledge that is reliably
23 applied to the facts of this case (reliability requirement)?; and (3) Will the proffered expert
24 testimony assist the trier of fact in understanding the evidence or determining a fact in issue
25 (relevancy requirement)? *See Fed. R. Evid. 702; Daubert*, 509 U.S. at 592-93.

26 Additionally, the Court must evaluate the proposed evidence under Rule 403, which
27 requires that evidence be excluded where its probative value is substantially outweighed by the
28

1 risk of unfair prejudice, confusion of the issues, and potential to mislead to the jury. *See* Fed. R.
2 Evid. 403; *see Daubert*, 409 U.S. at 595.

3 **Rule 702: Qualifications.** Here, with regard to qualifications, Mandia is a forensic
4 computer scientist whose expertise is in data collections and computer hacking; Levy is an
5 economist. Neither is qualified to offer any opinions on claimed copyright infringement, license
6 agreements or terms of use, or violations of any other law in this case. Moreover, neither is
7 qualified to opine that Oracle’s registered works contain creative expression, or that the material
8 that was allegedly copied was protected by the asserted copyright registrations. As neither has
9 any level of expertise to opine on claims of infringement, including whether a particular activity
10 was licensed or the result of “contamination” or “cross-use,” the Court prohibits both experts
11 from testifying regarding these, or similar, opinions at trial.

12 **Rule 702: Reliability and Relevancy.** Moreover, with regard to reliability and relevancy,
13 both Mandia and Levy improperly seek to offer opinions regarding claimed copyright protection
14 and infringement, as well as opinions regarding legality (or illegality) of accused conduct, where:

- 15 (1) no work was done to support these opinions, and the opinions are connected to the
16 existing data only by the *ipse dixit* of Mandia, on which Levy in turn relies; or
17 (2) the opinions are based solely on the assumptions, opinions, and out-of-court
18 statements of counsel and certain Oracle employees who were not disclosed as
19 testifying expert witnesses and whose methods and procedures, if any, are unknown.

20 With regard to (1) above, the Court specifically finds that Mandia performed no work to
21 support his opinions that: (a) TomorrowNow’s conduct implicated all 120 asserted copyrights
22 (indeed, Mandia’s report fails to even reference 55 of these registrations); (b) Oracle’s registered
23 works contain creative expression; (c) TomorrowNow’s conduct implicated expression that was
24 protected by Oracle’s registered works; and (d) TomorrowNow’s conduct breached license
25 agreements and/or terms of use. Likewise, Levy did not conduct any code comparisons, did not
26 review any Oracle copyright registrations, and did not review any license agreements or terms of
27 use. Further, Levy admits that he did independently verify that TomorrowNow fixes were, in his
28 words, “contaminated.” With regard to (2) above, both Mandia and Levy adopt wholesale the

1 opinions of Oracle employees who were never disclosed as testifying experts, as well as the
2 opinions of other expert witnesses, without evaluating the bases for or methodologies used to
3 derive those opinions. Simply re-stating another witnesses' proposition is insufficient to qualify
4 as admissible expert opinion under Rule 702. *See In re Polypropylene Carpet Antitrust Litig.*, 93
5 F. Supp. 2d 1348, 1357 (N.D. Ga. 2000).

6 The Court, therefore, will not allow Mandia or Levy to opine on issues of infringement,
7 "contamination," "cross-use," "breach [of any] other laws," and/or creative/protected expression
8 because these portions of Mandia and Levy's testimony are both unreliable and irrelevant.

9 **Rule 403: Unfair Prejudice, Jury Confusion, and Misleading.** Additionally, Rules 403
10 and 703 justify exclusion of Mandia and Levy's opinions on the ultimate issue of copyright
11 infringement, as well as the fact question of whether creative/protected expression exists in the
12 materials allegedly copied. Courts in this Circuit rely upon Rule 403 to exclude experts who have
13 not performed a reliable or relevant analysis. *See, e.g., United States v. Hoac*, 990 F.2d 1099,
14 1103 (9th Cir. 1993). Moreover, while Rule 703 provides that otherwise inadmissible testimony
15 may be admissible as the basis for an expert's opinion if its probative value in assisting the jury to
16 evaluate the expert's opinion substantially outweighs its prejudicial effect, courts exclude such
17 testimony where it may mislead or confuse the jury. *See, e.g., United States v. 87.98 Acres*, 530
18 F.3d 899, 906 (9th Cir. 2008) (affirming a district court's decision to exclude an expert's
19 testimony under Rules 403 and 703 because "the testimony would invite inferences" that were
20 unsupported by the evidence).

21 Here, Mandia and Levy's opinions on issues of copyright infringement and legality
22 (including their conclusions regarding the scope of copyright protection and whether certain
23 conduct was improper or constituted infringement) comprise improper and unfairly prejudicial
24 legal opinion. *See Nationwide Transp. Fin. v. Cass Info. Sys., Inc.*, 523 F.3d 1051, 1058 (9th Cir.
25 2008) (affirming district court's exclusion of improper expert legal opinion that repeatedly
26 characterized defendant's conduct as "wrongful" or "intentional" under the law); *United States v.*
27 *Brodie*, 858 F.2d 492, 497 (9th Cir. 1988) (affirming exclusion of improper expert legal opinion
28 under Rule 403 as "not only superfluous but mischievous"), *overruled on other grounds, United*

1 *States v. Morales*, 108 F.3d 1031 (9th Cir. 1997); *SEC v. Leslie*, No. C 07-3444, 2010 U.S. Dist.
 2 LEXIS 76826, at *25-27, 30 (N.D. Cal. July 29, 2010) (excluding under Rule 403 portions of
 3 expert opinion on “legal concepts, the legal interpretation of case law and statutes, [and] whether
 4 specific conduct was fraudulent, intentional, or misleading in the legal sense,” noting that the risk
 5 of undue prejudice from expert’s use of legal terms “would substantially outweigh its minimal
 6 probative value”). Additionally, to permit Mandia and Levy, imbued with all the mystique
 7 inherent in the title “expert,” to testify regarding subjects on which they have no applicable
 8 expertise and conclusions they undertook no independent analysis to verify is unfairly prejudicial
 9 to Defendants, confusing to the jury, and misleading.

10 Thus, the Court also excludes Mandia and Levy’s opinions on the ultimate issue of
 11 copyright infringement, as well as the fact question of whether creative/protected expression
 12 exists in the materials allegedly copied, as improper under Rules 403 and 703.

13 CONCLUSION

14 For the reasons stated above, pursuant to Rules 702 and 403 of the Federal Rules of
 15 Evidence, the Court precludes Mandia from offering at trial any testimony, opinion, or portion of
 16 an opinion:

- 17 (1) claiming copyright infringement, breach of a license agreement or terms of use, or
 18 violation of any other law, including, but not limited to, his specific claims that
 19 TomorrowNow acted “improperly” in accessing Oracle websites, systems, or
 20 downloads or “inappropriately” in using customer credentials;
- 21 (2) that Oracle’s registered works at issue in this case contain creative expression;
- 22 (3) that any of the materials TomorrowNow allegedly copied, downloaded, modified,
 23 distributed, or used contained any such materials that were protected by the copyrights
 24 Oracle asserts in this action;
- 25 (4) relating to any of the 55 copyrights that he failed to address in his report, a list of
 26 which is attached as Exhibit A to this Order;
- 27 (5) on information, opinions or assumptions provided to Mandia by counsel, Oracle
 28 employees, and disclosed expert witnesses, Levy and Plaintiffs’ law professor expert

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Douglas G. Lichtman, for which Mandia did no independent analysis; and/or
(6) that “contamination” or “cross-use” occurred.

Additionally, the Court precludes Levy at trial from offering any testimony, opinion, or
portion of an opinion:

- (1) claiming copyright infringement or breaches of any other law, including, but not
limited to, his specific claims that TomorrowNow “infringed Oracle copyrights,”
“breached other laws,” and/or that “copyright infringement” occurred;
- (2) on information, opinions or assumptions provided to Levy by counsel and Mandia, for
which he did no independent analysis; and/or
- (3) that “contamination,” “cross-use,” and/or “impermissible cross-use” occurred.

IT IS SO ORDERED.

DATED: _____

By: _____
Hon. Phyllis J. Hamilton

EXHIBIT A

The Court precludes Mr. Mandia from referencing, or offering any opinions, related to the following copyright registrations:

<i>Title of Work</i>	<i>Date of Registration</i>	<i>Registration Number</i>
Shop Floor Control program	March 7, 1995	TXu 619-303
EDI Interface (6) program	March 7, 1995	TXu 619-304
Configuration Management program	March 7, 1995	TXu 619-305
Master Production Scheduling program	March 7, 1995	TXu 619-306
Capacity Requirements Planning program	March 7, 1995	TXu 619-307
WorldCASE Development Environment program	March 7, 1995	TXu 619-308
Equipment Management (5) program	March 7, 1995	TXu 619-309
General Ledger & Basic Financial program	March 7, 1995	TXu 619-310
Enterprise Facility Planning program	March 7, 1995	TXu 619-311
Accounts Receivable program	March 7, 1995	TXu 619-312
Warehouse Management program	March 7, 1995	TXu 619-313
Inventory Management program	March 7, 1995	TXu 619-314
Sales Order Processing/Sales Analysis program	March 7, 1995	TXu 619-315
Purchase Order Processing program	March 7, 1995	TXu 619-316
Product Data Management program	March 7, 1995	TXu 619-317
Financial Reporting (FASTR) program	March 7, 1995	TXu 619-318
WorldCASE Foundation Environment (3) program	March 7, 1995	TXu 619-319
Accounts Payable program	March 7, 1995	TXu 619-320
Financial Modeling, Budgeting & Allocations program	March 7, 1995	TXu 619-321
Initial release of JD Edwards EnterpriseOne 8.0	April 26, 2007	TX 6-541-050
Cumulative Update 1 for JD Edwards EnterpriseOne 8.0	April 26, 2007	TX 6-541-034
Initial release of JD Edwards EnterpriseOne 8.9	April 26, 2007	TX 6-541-049
Initial release of JD Edwards EnterpriseOne 8.10	April 26, 2007	TX 6-541-038
Cumulative Update 2 for JD Edwards EnterpriseOne 8.10	April 26, 2007	TX 6-541-032
Initial release of JD Edwards EnterpriseOne 8.11	April 26, 2007	TX 6-541-028
Initial release of JD Edwards EnterpriseOne 8.11 SP1	April 26, 2007	TX 6-541-040
Cumulative Update 1 for JD Edwards EnterpriseOne 8.11 SP1	April 26, 2007	TX 6-541-039
Initial release of JD Edwards EnterpriseOne 8.12	April 26, 2007	TX 6-541-041
Cumulative Update 1 for JD Edwards EnterpriseOne 8.12	April 26, 2007	TX 6-541-042
PeopleSoft Benefits Administration 7.50	June 14, 1999	TX 5-072-090
PeopleSoft Benefits Administration 7.0	June 15, 1999	TX 4-258-824
PeopleSoft Payroll Interface 7.50	June 21, 1999	TX 3-772-292
PeopleSoft Pension Administration 7	June 21, 1999	TX 3-772-290
PeopleSoft Pension Administration 7.50	June 21, 1999	TX 3-772-291
PeopleSoft Payroll 7	June 22, 1999	TX 4-501-140
PeopleSoft Payroll Interface 7	June 22, 1999	TX 4-501-138
PeopleSoft Human Resources 7	June 28, 1999	TX 4-994-865
PeopleSoft Human Resources 7.50	June 28, 1999	TX 5-013-123
PeopleSoft Payroll 7.50	June 28, 1999	TX 5-013-125
PeopleSoft Payroll Interface 7 Higher Education	June 28, 1999	TX 5-013-124
PeopleSoft Time and Labor 7	June 28, 1999	TX 5-013-128
PeopleSoft Time and Labor 7.0	June 28, 1999	TX 4-994-866
PeopleSoft Time and Labor 7.50	June 28, 1999	TX 4-994-867
Siebel 8.0 Initial Release and Documentation	June 29, 2009	TX 6-942-000

<i>Title of Work</i>	<i>Date of Registration</i>	<i>Registration Number</i>
Siebel 8.1.1 Initial Release and Documentation	June 29, 2009	TX 6-942-001
Current development environment for JD Edwards EnterpriseOne Xe	April 26, 2007	TXu1-345-109
Current development environment for JD Edwards EnterpriseOne 8.0	April 26, 2007	TXu1-345-111
Current development environment for JD Edwards EnterpriseOne 8.9	April 26, 2007	TXu1-345-112
Current development environment for JD Edwards EnterpriseOne 8.10	April 26, 2007	TXu1-345-113
Current development environment for JD Edwards EnterpriseOne 8.11	April 26, 2007	TXu1-345-114
Current development environment for JD Edwards EnterpriseOne 8.11 SP1	April 26, 2007	TXu1-345-115
Current development environment for JD Edwards EnterpriseOne 8.12	April 26, 2007	TXu1-346-350
Current development environment for JD Edwards World A7.3	April 26, 2007	TXu1-345-110
Current development environment for JD Edwards World A8.1	May 1, 2007	TX 6-545-422
Initial release of JD Edwards World A9.1	April 26, 2007	TX 6-541-030

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