

1 Robert A. Mittelstaedt (SBN 060359)
Jason McDonell (SBN 115084)
2 Elaine Wallace (SBN 197882)
JONES DAY
3 555 California Street, 26th 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)

**DEFENDANTS' OPPOSITION TO
PLAINTIFFS' MOTION NO. 3 TO
EXCLUDE EXPERT TESTIMONY OF
DAVID GARMUS**

Date: September 30, 2010
Time: 2:30 p.m.
Courtroom: 3, 3rd Floor
Judge: Hon. Phyllis J. Hamilton

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1 **I. INTRODUCTION**

2 Plaintiffs designated Paul C. Pinto to testify solely on so-called “saved development
3 costs.” Defendants designated David P. Garmus and Donald Reifer solely to rebut Pinto. None
4 of these experts are relevant to this case as a result of this Court’s August 17, 2010 Order holding
5 that Plaintiffs may not seek damages in the form of “saved development costs” for any cause of
6 action. *See* D.I. 762 (8/17/10 Order) at 18-23; *see also* Declaration of Tharan Gregory Lanier in
7 Support of Defs.’ Opp. to Pls.’ Mot. to Exclude Expert Testimony of David Garmus (“Lanier
8 Decl.”) ¶ 1, Ex. 1 (Pls.’ Supp. Initial Expert Disclosures) at 3 (Pinto designated solely to
9 “analyze, calculate, and testify to the costs associated with software product development”).
10 Accordingly, Plaintiffs’ Motion No. 3 is moot and should be denied, as it seeks to exclude
11 opinions of Garmus that rebut Pinto’s now irrelevant opinions on prohibited “saved development
12 costs.”

13 Even were Plaintiffs’ motion not moot, it should be denied. Defendants’ expert Garmus is
14 a highly qualified expert in the field of Function Point Analysis (“FPA”), which is a technique
15 used to size and estimate software. Garmus has been working in the field of software estimation
16 for over 30 years, has been a Certified Function Point Specialist for over 17 years, and was one of
17 the first such specialists to be certified. Garmus is also a member of the International Function
18 Point Users’ Group (“IFPUG”), the international professional organization that promulgates
19 standards for FPA. Garmus is a former President of IFPUG and has been a member of IFPUG’s
20 Counting Practices Committee from 1990 to the present.

21 In this case, Garmus examines and provides an opinion rebutting Pinto purported use of
22 FPA to estimate saved development costs for two of Plaintiffs’ software suites, PeopleSoft and
23 J.D. Edwards EnterpriseOne. Specifically, Garmus notes that Pinto does not engage in a proper
24 FPA per the IFPUG guidelines and that Pinto sizes products and estimates costs Garmus believes
25 should not have been measured using FPA.

26 None of the arguments Plaintiffs offer in support of their motion to exclude Garmus hold
27 any weight. First, Plaintiffs’ position that Garmus cannot opine regarding IFPUG standards is
28 incorrect as a matter of law; courts routinely permit expert opinion explaining relevant industry

1 standards. To the extent that Plaintiffs challenge certain evidence cited by Garmus as additional
2 support for his opinions regarding Pinto's improper use of "backfiring," such a dispute goes to the
3 weight, not admissibility of Garmus' opinions.

4 Second, Plaintiffs seek to exclude Garmus' opinions on the proper scope of an FPA
5 analysis—specifically, that Pinto should only include in his estimates modules that
6 TomorrowNow, Inc. ("TN") actually used to support its customers. Garmus' opinions on this
7 issue appropriately rebut Pinto's incorrect methodology and are based on sufficient factual data—
8 spreadsheets detailing comprehensive contract and operational data. At best, Plaintiffs'
9 "evidence" purporting to contradict Garmus' list of modules not serviced by TN goes to the
10 weight of Garmus' opinion, not its admissibility. However, Plaintiffs' "evidence" is all irrelevant
11 to his analysis.

12 Third, contrary to Plaintiffs' assertions, Garmus' exemplary function point counts are
13 admissible rebuttal opinion demonstrating the proper methodology for an FPA that follow the
14 IFPUG standards.

15 Finally, Garmus did not provide an inappropriate legal opinion, but rather opined, based
16 on his industry expertise, that Pinto should not have developed an estimate for replacing the entire
17 software because, *inter alia*, independently developing the necessary exact copy of the software
18 would have been impossible as a technical matter.

19 **II. LEGAL STANDARD**

20 When determining admissibility of expert testimony, "the trial court should be mindful
21 that reliability is not determined based on the 'correctness of the expert's conclusions but the
22 soundness of his [or her] methodology.'" *Salinas v. Amteck of Ky., Inc.*, 682 F. Supp. 2d 1022,
23 1030 (N.D. Cal. 2010) (Hamilton, J.) (citing *Stilwell v. Smith & Nephew, Inc.*, 482 F.3d 1187,
24 1191 (9th Cir. 2007)). Normally, "[v]igorous cross-examination, presentation of contrary
25 evidence, and careful instruction on the burden of proof are the traditional and appropriate
26 means" of attacking expert testimony. *Daubert v. Merrell Dow Pharms., Inc.*, 509 U.S. 579, 596
27 (1993). "[Q]uestions relating to the bases and sources of an expert's opinion affect the weight to
28 be assigned that opinion rather than its admissibility and should be left for the jury's

1 consideration.’ It is the role of the adversarial system, not the court, to highlight weak evidence.”
 2 *Primrose Operating Co. v. Nat’l Am. Ins. Co.*, 382 F.3d 546, 562 (5th Cir. 2004) (citations
 3 omitted); *see also Hemmings v. Tidy-Man’s Inc.*, 285 F.3d 1174, 1188 (9th Cir. 2002)
 4 (“[O]bjections to the inadequacies of a study [such as the failure to consider all possible variables]
 5 are more appropriately considered an objection going to the weight of the evidence rather than its
 6 admissibility. . . .”); *Kennedy v. Collagen Corp.*, 161 F.3d 1226, 1230-31 (9th Cir. 1998). Failure
 7 to include certain information in an analysis affects the weight, not the admissibility, of expert
 8 testimony. *See, e.g., Bazemore v. Friday*, 478 U.S. 385, 400 (1986) (“Normally, failure to
 9 include variables [in an analysis] will affect the analysis’ probativeness, not its admissibility.”).

10 Experts may opine regarding applicable industry standards because “Fed. R. Evid. 702
 11 permits expert testimony comparing the conduct of parties to the industry standard.” *See, e.g.,*
 12 *Davis v. Mason County*, 927 F.2d 1473, 1485 (9th Cir. 1991). Moreover, rebuttal expert
 13 testimony is that which “is intended solely to contradict or rebut evidence *on the same subject*
 14 *matter* identified by another party under Rule 26(a)(2)(B).” *See* Fed. R. Civ. P. 26(a)(2)(C)
 15 (emphasis added); *Garcia v. Union Labor Life Ins. Co.*, No. CV 04-0721-WJR (RNBx), 2004 WL
 16 5644436, at *2 (C.D. Cal. Nov. 24, 2004). Thus, expert testimony using a different technique or
 17 discussing a different issue is proper rebuttal, where that opinion “expose[s] a potential flaw in
 18 [affirmative expert’s] method” or otherwise refutes the subject matter of the affirmative expert’s
 19 analysis. *See, e.g., Humphreys v. Regents of the Univ. of Cal.*, No. C 04-03808 SI, 2006 U.S. Dist.
 20 LEXIS 47822, at *17-18 (N.D. Cal. July 6, 2006); *MMI Realty Servs., Inc. v. Westchester Surplus*
 21 *Lines Ins. Co.*, No. 07-00466 BMK, 2009 WL 649894, at *2 (D. Haw. Mar. 10, 2009).

22 **III. PLAINTIFFS’ MOTION IS MOOT IN LIGHT OF THIS COURT’S ORDER**

23 Plaintiffs’ motion is moot and should be denied because it concerns expert opinions
 24 rebutting Pinto’s calculation of now prohibited “saved development costs.” Plaintiffs admit that
 25 Pinto measures “the amount that SAP would have spent to develop software of similar
 26 functionality to what it [allegedly] infringed here.” D.I. 767 (Garmus Mot.) at 1. This Court held
 27 that such damages are unavailable in this case as a matter of law and excluded Plaintiffs from
 28 seeking saved development costs for any cause of action. *See* D.I. 762 (08/17/10 Order) at 18-23.

1 Because Pinto's opinions on saved development costs are irrelevant, Plaintiffs' motion regarding
2 Garmus' rebuttal of Pinto is moot. *See* D.I. 774 (Defs.' Mot. to Exclude Paul C. Pinto) at 3.

3 **IV. GARMUS' REBUTTAL OPINIONS REGARDING PROPER IFPUG STANDARDS**
4 **AND TECHNIQUES ARE RELEVANT AND ADMISSIBLE**

5 Were Pinto's opinions not moot, Garmus could properly opine about IFPUG standards
6 based on his expertise and previous experience. Such testimony would be relevant to the issues
7 presented and would be helpful for a jury. Plaintiffs' arguments to the contrary fail.

8 **A. Pinto's Purported Use of FPA and Garmus' Rebuttal.**

9 Pinto purports to develop an estimate of "the amount that SAP would have spent to
10 develop software of similar functionality to what it [allegedly] infringed here." D.I. 767 (Garmus
11 Mot.) at 1. Pinto claims to use FPA in his analysis of two software suites, PeopleSoft and J.D.
12 Edwards EnterpriseOne, and Garmus, as a function point expert, evaluates and rebuts Pinto's
13 purported FPA. *See* Lanier Decl. ¶¶ 2-3, Ex. 2 (Pinto Report) at 8, 11; Ex. 3 (Garmus Report).

14 To bolster his claim that FPA was an appropriate methodology, Pinto explicitly references
15 and relies upon IFPUG, "a non-profit, member-governed organization [that] provides a
16 measurement technique called Function Point Analysis ("FPA")." Lanier Decl. ¶ 2, Ex. 2 (Pinto
17 Report) at 11. IFPUG's Counting Practices Committee propounds the standards that govern FPA,
18 and, logically, Pinto relies on one of their manuals as a source for his analysis. *Id.* at 17 n.3.
19 Garmus, an industry veteran and current member of the Counting Practices Committee, examined
20 Pinto's Report and determined that Pinto had not engaged in a proper FPA under the IFPUG
21 guidelines (or any other industry-recognized guidelines or standards). *See* Lanier Decl. ¶ 3, Ex. 3
22 (Garmus Report) at 17. Garmus points to many of Pinto's steps or techniques that, in his
23 considerable experience, are not IFPUG-compliant. *Id.* at 15-17, 21-28.

24 Plaintiffs have not, and cannot, attack Garmus' credentials as an expert in FPA, given his
25 over thirty years experience in the field of software estimation; over 17 years as an IFPUG
26 Certified Function Point Specialist; previous leadership positions at IFPUG, including as former
27 President of the organization; and membership on the IFPUG Counting Practices Committee from
28 1990 to the present. *See* Lanier Decl. ¶¶ 3, 8, Ex. 3 (Garmus Report) at 2-3; Ex. 8 (Appendix A

1 to Garmus Report). Indeed, Plaintiffs would be hard-pressed to attack his qualifications, as Pinto
 2 himself relies on a document Garmus co-authored. *See* Lanier Decl. ¶ 4, Ex. 4 (ORCLX-PIN-
 3 000007, Counting Practices Manual) at Documentation Team page. Instead, Plaintiffs seek to
 4 prevent Garmus from mentioning IFPUG or providing his expert opinions on what techniques
 5 IFPUG approves and disapproves. *See* D.I. 767 (Garmus Mot.) at 22-23. Plaintiffs may wish to
 6 do so because IFPUG disapproves of the “backfiring” technique Pinto used in his report—which
 7 disapproval Pinto himself admitted—and Plaintiffs presumably do not want the jury to hear that
 8 testimony. *See* Lanier Decl. ¶¶ 2, 5, Ex. 5 (Pinto Tr.) at 221:17-23 (stating “[i]t’s my
 9 understanding as reported that IFPUG does not sanction backfiring”), 212:12-17 (stating that he
 10 “know[s] of no certified function point [counters] who perform backfiring”); Ex. 2 (Pinto Report)
 11 at 17 (Pinto employs “a process known as Backfiring”). However, Plaintiffs’ scatter-shot of
 12 arguments against the admissibility of Garmus’ opinions about IFPUG all fail.

13 **B. Garmus’ Rebuttal Opinions Regarding IFPUG Standards Are Permissible**
 14 **and Relevant in Light of Garmus’ Extensive Experience.**

15 First, Plaintiffs are incorrect when they argue that Garmus’ opinions regarding IFPUG
 16 standards are unreliable, unhelpful, and misleading. D.I. 767 (Garmus Mot.) at 22.¹ Experts can
 17 opine on industry standards; it is the province of expert testimony to do so. *See, e.g., Davis*, 927
 18 F.2d at 1485 (holding “Fed. R. Evid. 702 permits expert testimony comparing the conduct of
 19 parties to the industry standard”); *Erikson v. Baxter Healthcare, Inc.*, 131 F. Supp. 2d 995, 1001
 20 (N.D. Ill. 2001) (allowing expert testimony regarding relevant industry standards based on
 21 expert’s experience and knowledge alone because “[e]xperts have knowledge of the standards
 22 that govern their fields—that is in part what qualifies them as experts”); *Callaway Golf Co. v.*
 23 *Screen Actors Guild, Inc.*, No. 07CV0373-LAB (WMC), 2009 WL 5125603, at *3 (S.D. Cal. Dec.
 24 18, 2009) (holding expert opinion admissible when “based on [expert’s] experience and

25 ¹ In conjunction with Plaintiffs’ Rule 702 arguments, Plaintiffs also sprinkle Rule 403
 26 challenges throughout their motion. *See* D.I. 767 (Garmus Mot.) at 4, 19, 20, 23, 24. For reasons
 27 stated throughout this opposition, all of Garmus’ opinions are relevant and will assist the trier of
 28 fact. Further there is nothing unhelpful or misleading in allowing Garmus to opine on Pinto’s
 methodology. In fact, it will be Defendants who are prejudiced if Pinto is permitted to offer his
 own overreaching conclusions and Garmus is not allowed to rebut those conclusions by
 identifying flaws in Pinto’s analysis.

1 observation” in the industry). As an industry veteran and expert on the topic, Garmus’ testimony
2 regarding IFPUG’s standards for conducting an FPA is relevant and will be helpful to the jury as
3 it considers the validity of Pinto’s purported use of FPA, providing the jury with invaluable
4 insight into a specialized field. *See Vucinich v. Paine, Webber, Jackson & Curtis, Inc.*, 803 F.2d
5 454, 461 (9th Cir. 1986) (testimony regarding rules of the stock exchange was admissible and
6 highly relevant on the issue of standards governing brokers). In other words, Garmus’ expert
7 opinion regarding IFPUG’s standards is not misleading; it is not confusing—it is his job.

8 Further, given Garmus’ unchallenged expertise and experience in FPA and in IFPUG
9 leadership positions, his opinion about IFPUG’s standards is not speculation, but is a product of
10 this expertise. *See Callaway*, 2009 WL 5125603, at *3 (holding opinion that was “obviously
11 based on [expert’s] experience” was not lacking in factual basis). Plaintiffs’ authority regarding
12 speculative expert testimony is inapposite as it deals with a specialized form of impermissible
13 speculation. *See Goomar v. Centennial Life Ins. Co.*, 855 F. Supp. 319, 326 (S.D. Cal. 1994)
14 (concerning the special case of psychiatrists attempting to provide a speculative, retrospective
15 diagnosis of mental illness).

16 Additionally, Garmus’ testimony about the IFPUG standards would not introduce the
17 opinions of experts not present in the courtroom, as Plaintiffs erroneously insist. *See* D.I. 767
18 (Garmus Mot.) at 22. Rather, Garmus would simply provide insight into the approved
19 methodology for FPA, as set out by IFPUG, a standards-setting organization—one on which
20 Pinto relied in his own report. *See* Lanier Decl. ¶ 2, Ex. 2 (Pinto Report) at 11. Plaintiffs’
21 authority on this point is completely irrelevant because it does not concern expert testimony
22 regarding a similar standards-setting body and that body’s standards; it only precludes reference
23 to undisclosed individual experts to falsely bolster the credibility of an expert’s opinion. *See*
24 *United States v. Grey Bear*, 883 F.2d 1382, 1392-93 (8th Cir. 1989) (holding an assertion that
25 statements regarding whether particular *individuals* “corroborate” the expert’s opinion was
26 inadmissible).

27 Further, Plaintiffs’ argument that Garmus’ opinions are unreliable because no one from
28 IFPUG “approved” his report is illogical and inconsistent. *See* D.I. 767 (Garmus Mot.) at 4, 22.

1 As discussed above, it is the province of experts to opine on industry standards, and that is what
 2 Garmus has done in this case. *See, e.g., Davis*, 927 F.2d at 1485; *Vucinich*, 803 F.2d at 461.
 3 Moreover, as Plaintiffs took pains to point out in their own motion, experts generally are not
 4 permitted to testify that some other individual—such as the hypothetical IFPUG member
 5 proposed by Plaintiffs—“corroborated” or approved that expert’s opinions. *Grey Bear*, 883 F.2d
 6 at 1392-93. It entirely defeats the purpose of expert testimony to require legions of experts to
 7 “approve” or double-check testifying experts’ opinions.²

8 Plaintiffs’ self-serving reliance on Pinto’s recently acquired IFPUG membership is, at best,
 9 irrelevant to the motion at hand. *See* D.I. 767 (Garmus Mot.) at 23 (“Pinto is part of the IFPUG
 10 membership, and certainly does not agree with Garmus.”). Putting aside the fact that Pinto only
 11 joined IFPUG in April 2010 after he submitted his report and in response to criticisms about his
 12 credentials (*see* Lanier Decl. ¶¶ 5-6, Ex. 6 (ORCLX-PIN-000111); Ex. 5 (Pinto Tr.) at 103:6-21),
 13 his criticism of Garmus at most merely demonstrates that these two individuals disagree on the
 14 proper standards for an FPA. Plaintiffs could raise this disagreement during their cross-
 15 examination of Garmus, but it does not speak to Garmus’ expertise to opine, based on his
 16 extensive IFPUG experience, that IFPUG and IFPUG-certified function point counters do not
 17 endorse certain practices like backfiring. *See Micro Chem., Inc. v. Lextron, Inc.*, 317 F.3d 1387,
 18 1394 (Fed. Cir. 2003) (holding expert testimony was properly admitted where it was a “classic
 19 example of competing experts”).

20 **C. Garmus’ Reliance on IFPUG Bulletin Board Posts as Examples of Further**
 21 **Criticisms of “Backfiring” Are Relevant, and Plaintiffs’ Criticisms at Best Go**
 22 **to the Weight of This Evidence.**

22 Finally, Plaintiffs’ arguments regarding the IFPUG bulletin board posts Garmus includes
 23 as additional evidence of the inappropriateness of “backfiring” lack merit. *See* D.I. 767 at 22-23.

24 First, Plaintiffs appear to imply that these posts form the entire basis of Garmus’ opinions

25 _____
 26 ² Furthermore, Garmus, like all experts, is subject to the Protective Order in this case. *See*
 27 D.I. 32 (Stipulated Protective Order). His report discusses materials designated *by Plaintiffs* as
 28 Confidential and Highly Confidential – Attorneys Eyes Only. Presumably *had* Garmus reached
 out to individuals at IFPUG not covered by the Protective Order to show them his report or have
 them “approve” it, Plaintiffs would now be accusing Defendants and Garmus of violating the
 Protective Order.

1 regarding “backfiring,” but this is factually incorrect. Garmus first states in a separate section of
2 his report that IFPUG takes an official position against “backfiring.” Lanier Decl. ¶ 3, Ex. 3
3 (Garmus Report) at 17. He properly provides this opinion based on his experience. Only then
4 does Garmus note that, additionally, “[i]t is not only IFPUG itself” that disagrees with Pinto’s use
5 of backfiring, but individuals appear to as well, and provide exemplary posts to IFPUG bulletin
6 boards that discuss backfiring with disapproval and skepticism. *Id.* at 17-20. Therefore, contrary
7 to Plaintiffs’ insinuations, Garmus clearly identifies these posts as merely further support for his
8 larger position that IFPUG standards do not permit backfiring—a position which Garmus is
9 eminently qualified to offer.

10 Second, to the extent that Plaintiffs disagree with Garmus’ use of these bulletin board
11 posts to support his opinion regarding the impropriety of “backfiring,” this concern goes to the
12 weight, not admissibility, of Garmus’ opinion. *See Clicks Billiards, Inc. v. Sixshooters, Inc.*, 251
13 F.3d 1252, 1262-63 (9th Cir. 2001) (holding that faults in methodology and calculations and
14 critiques of conclusions go to weight, not admissibility, of expert opinions); *Primrose Operating*,
15 382 F.3d at 562 (“[A]s a general rule, questions relating to the bases and sources of an expert’s
16 opinion affect the weight to be assigned that opinion rather than its admissibility and should be
17 left for the jury’s consideration.”); *Jones v. Otis Elevator Co.*, 861 F.2d 655, 662-63 (11th Cir.
18 1988) (holding that, where expert testified based on over 30 years of experience, “the weaknesses
19 in the underpinnings of the expert’s opinion go to its weight rather than its admissibility. On
20 cross-examination, the opposing counsel is given the opportunity to ferret out the opinion’s
21 weaknesses to ensure the jury properly evaluates the testimony’s weight and credibility.”).

22 Moreover, Plaintiffs’ reliance on cases excluding experts for exclusively citing to internet
23 articles is misplaced. For example, in *Kilgore* the expert at issue had utterly no qualifications in
24 the relevant field, had conducted no research on the topics, and the sole basis for his opinion was
25 an online article. *Kilgore v. Carson Pirie Holdings, Inc.*, 205 Fed. App’x. 367, 371-72 (6th Cir.
26 2006). Similarly, in *Matrix Motor*, the expert at issue opined on “actual confusion” of two
27 trademarks and used internet articles as the only support for the proposition that consumers had,
28 as a factual matter, been actually confused. *Matrix Motor Co. v. Toyota Jidosha Kabushiki*

1 *Kaisha*, 290 F. Supp. 2d 1083, 1086 (C.D. Cal. 2003). In contrast to both situations, Garmus has
 2 significant experience in the field of FPA, which experience undergirds his opinions, and these
 3 allegedly objectionable posts merely serve as illustrations of the standards that are already
 4 properly within the scope of his expertise.

5 **V. GARMUS' REBUTTAL OPINIONS REGARDING THE PROPER SCOPE OF AN**
 6 **FPA ANALYSIS ARE ADMISSIBLE**

7 Plaintiffs' arguments about Garmus' rebuttal opinions on the improper scope of Pinto's
 8 analysis fail for two reasons. First, Plaintiffs miss the point of Garmus' opinions on the software
 9 used by TN; as a rebuttal expert, he opines on a deficiency in Pinto's analysis—that Pinto fails to
 10 properly consider the “scope” of his purported FPA in measuring entire software suites. Second,
 11 Plaintiffs' extensive discussion of the materials they believe Garmus should have considered: (1)
 12 ignores the legitimate materials Garmus *did* consider, (2) cites material that is irrelevant to
 13 Garmus' opinion, and, (3) at best, goes to the weight of Garmus' opinion, not its admissibility.
 14 Plaintiffs are free to cross-examine Garmus at trial about the materials he considered.

15 **A. Garmus' Rebuttal Opinions Properly Criticize Pinto's Methodology.**

16 One of the many deficiencies Garmus notes in Pinto's purported FPA is his improper
 17 sizing of entire suite of products. Lanier Decl. ¶ 3, Ex. 3 (Garmus Report) at 9. When engaging
 18 in an FPA of a software program, one must determine the “scope” of the software that should be
 19 measured. *See* Lanier Decl. ¶ 4, Ex. 4 (ORCLX-PIN-00007, Function Point Counting Practices
 20 Manual) at 2-5 (“[t]he counting scope defines the functionality which will be included in a
 21 particular function point count”). In other words, one has to first determine *how much* of the
 22 software to size. In the case of the PeopleSoft and J.D. Edwards EnterpriseOne software suites,
 23 the suite as a whole is given a number called the “release level” that indicates the version of the
 24 software.³ That suite is comprised of smaller “modules” or “applications,”⁴ and these individual

25 ³ Pinto purports to analyze the 8.12 release level of J.D. Edwards EnterpriseOne. The
 26 PeopleSoft suite Pinto purports to analyze is broken down into five large product lines, each at a
 27 different release level: Customer Resource Management 8.8, Human Resource Management 8.8,
 28 Financial Supply Chain Management 8.4, Student Administration 8.0, and Enterprise
 Performance Management 8.8 (collectively, “PeopleSoft 8.x”).

⁴ The various product lines of PeopleSoft 8.x are further broken down into the “modules”
 or “applications” that were individually licensed by customers.

1 modules are what customers license. In his analysis, Pinto measures the entire PeopleSoft and
 2 J.D. Edwards software suites at a particular release level, without considering whether TN
 3 actually used all of the modules contained within those suites. *See* Lanier Decl. ¶ 2, Ex. 2 (Pinto
 4 Report) at 10 (listing the releases he reviewed), 14-15 (stating that “[t]he entire set of software
 5 components was reviewed.”). In other words, the “scope” of Pinto’s purported FPA is the entire
 6 program, and it is this improper “scope” that Garmus attacks as faulty.

7 Garmus opines that the proper scope of an FPA estimate should only include the modules
 8 that an entity would *use* because that is the only software it would pay to *build*. *See* Lanier Decl.
 9 ¶¶ 3, 7, Ex. 3 (Garmus Report) at 1, 9 (opining that Pinto should not size “applications that were
 10 not utilized by TN in the course of TN’s business”); Ex. 7 (Garmus Tr.) at 117:4-8 (“I assume
 11 that TomorrowNow was supporting a particular customer base and they didn’t have need for
 12 software or documentation for applications for which they were not providing support.”).
 13 Logically, no reasonable entity would pay to develop software its customers did not use and
 14 therefore it did not need. Plaintiffs have not challenged this opinion, instead devoting a
 15 substantial portion of their brief attempting to debunk the list of modules Garmus states TN
 16 would not have used. *See* D.I. 767 (Garmus Mot.) at 10-18. However, Garmus’ basic criticism of
 17 Pinto’s methodology remains unchallenged: that Pinto does not consider the appropriate scope
 18 when choosing to size entire software suites because, among other things, he failed to investigate
 19 whether TN used all the modules in those suites.⁵

20 **B. Garmus’ Rebuttal Opinions Have Sufficient Factual Support.**

21 Garmus’ opinion regarding the proper “scope” of an FPA analysis has adequate factual
 22 support because (1) Garmus relies on his considerable experience and knowledge, and
 23 (2) Garmus analyzes relevant, reliable information to determine which products TN serviced.

24 First, Garmus opines that the proper “scope” of an FPA would only include the modules
 25 TN actually used for servicing its customers. Lanier Decl. ¶ 3, Ex. 3 (Garmus Report) at 1, 9.
 26 Garmus made this determination in reliance on his considerable experience in FPA and software

27 ⁵ Plaintiffs’ bare assertion that Pinto’s estimates were “conservative” (D.I. 767 (Garmus
 28 Mot.) at 9) does not reach the question of whether Pinto properly scoped his FPA of the
 PeopleSoft and J.D. Edwards EnterpriseOne releases that he actually measured.

1 valuation. *See id.* at 2-3; Lanier Decl. ¶ 8, Ex. 8 (Appendix A to the Garmus Report). Garmus’
 2 reliance on his experience and expertise is entirely appropriate. *See, e.g., Kumho Tire Co. v.*
 3 *Carmichael*, 526 U.S. 137, 156 (1999) (“no one denies that an expert might draw a conclusion
 4 from a set of observations based on extensive and specialized experience”).

5 Moreover, Garmus states that, in his experience, most users of a particular software suite
 6 do not use every module contained within that suite—a position Plaintiffs do not appear to
 7 challenge. *See* Lanier Decl. ¶ 3, Ex. 3 (Garmus Report) at 10 (“in my experience, most users of
 8 PeopleSoft, JD Edwards and Siebel software do not utilize much of the functionality”). For this
 9 reason, Garmus investigated which modules TN would have needed to service its customers. *See*
 10 *id.* He opines that Pinto should not include in his FPA estimate any modules TN did not service
 11 because TN would never have developed modules it did not use. *See id.* at 10-14; *see also* Lanier
 12 Decl. ¶ 7, Ex. 7 (Garmus Tr.) at 117:4-8.) And, to this end, Garmus provides a list of modules
 13 Pinto should exclude from his estimates. *Id.* Plaintiffs’ primary challenge is to this list, claiming,
 14 *inter alia*, that Garmus is not an expert on TN’s business model. However, the relevant inquiry is
 15 whether Garmus, an undisputed expert in FPA expressing an opinion about the proper scope of an
 16 FPA, reviewed sufficient data to determine the modules that should not have been included in
 17 Pinto’s FPA estimate.

18 Contrary to Plaintiffs’ assertions, Garmus relies on sufficient data to determine which
 19 modules Pinto should exclude from his analysis. Most of Plaintiffs’ argument details other
 20 materials Plaintiffs believe Garmus *should have also* reviewed, but Plaintiffs only acknowledge in
 21 passing the materials he *did* review. *See* D.I. 767 (Garmus Mot.) at 11-12. In order to determine
 22 which modules TN serviced, Garmus relies on two comprehensive sources of information:
 23 Appendix L to the Expert Report of Stephen K. Clarke (“Appendix L”) and two exports from
 24 TN’s SAS Database. *See* Lanier Decl. ¶ 3, Ex. 3 (Garmus Report) at 4. Appendix L is a
 25 compilation of data detailing contract data for all of TN’s customers, including information about
 26 all the modules TN contracted to service. *See* Lanier Decl. ¶ 9, Ex. 9 (Appendix L) at column J.⁶

27 ⁶ Because customers licensed their software on a module basis, TN entered into service
 28 agreements covering those modules that the customer licensed. The modules for which each
 customer contracted comprises the data listed in column J of Appendix L.

1 Appendix L contains over 3300 rows of factual data drawn directly from TN’s customer contracts.
 2 *See id.* The exports from TN’s SAS database include data that TN recorded as part of its day-to-
 3 day business activities—including which modules TN used to support each customer. *See* Lanier
 4 Decl. ¶¶ 10-13, Ex. 10 (TN-OR06515453)⁷; Ex. 11 (TN-OR06515454)⁸; Ex. 12 (12/6/07 S.
 5 Nelson Tr.) at 82:22-83:1 (“Q. Which -- what material does that include that’s manually kept in
 6 sync between SAS and dotProject? A. A customer’s maintenance end date, the customer’s name,
 7 the release level, *the product lines and products that they have signed up for support.*”) (emphasis
 8 added); Ex. 13 (Def. TN’s 8th Am. and Supp. Resp. to Oracle Corp’s First Set of Interrogs.) at 13
 9 (“TomorrowNow points Plaintiffs to the SAS database, which is a tool TomorrowNow used to
 10 chronicle its business efforts to service clients.”).

11 After reviewing these comprehensive lists of all the PeopleSoft and J.D. Edwards
 12 EnterpriseOne modules for which TN contracted to service or recorded in SAS as servicing,
 13 Garmus compared this data to the list of modules Plaintiffs’ asserted actually comprises the
 14 PeopleSoft and J.D. Edwards EnterpriseOne software suites. *See* Lanier Decl. ¶ 3, Ex. 3 (Garmus
 15 Report) at 10 (reviewed Plaintiffs’ response to Interrogatory No. 13); *see also* D.I. 775-15 (Pls.’
 16 Fifth Am. and Seventh Supp. Resp. and Objs. to Def. TN’s Interrog. No. 13) (listing the modules
 17 contained in each of the registered works at issue). From this, Garmus determined which
 18 modules TN apparently did not service, and therefore, those modules that he believes Pinto
 19 should exclude from his FPA. *See* Lanier Decl. ¶ 3, Ex. 3 (Garmus Report) at 9-14. Given the
 20 comprehensive nature of those spreadsheets, and particularly the fact that the SAS spreadsheets
 21 include TN’s business records, Garmus’ use of these materials is permissible and reliable. *See,*
 22 *e.g., Walton v. Bridgestone/Firestone, Inc.,* No. CV-05-3027-PHX-ROS, 2009 U.S. Dist. LEXIS
 23 85014, at *33 (D. Ariz. Jan. 16, 2009) (holding expert “not required to conduct independent
 24 testing or firsthand inquiry to satisfy Daubert; he may rely on compiled data or other secondhand
 25 reports”); *cf. Sommerfield v. City of Chicago,* 254 F.R.D. 317, 322 (N.D. Ill. 2008) (discussing
 26 the reliability of business records in the course of discussing the data on which an expert might

27 _____
 28 ⁷ Export of data related to PeopleSoft customers.

⁸ Export of data related to J.D. Edwards EnterpriseOne customers.

1 appropriately rely). Other than noting that Garmus received Appendix L and the SAS
2 spreadsheets from counsel (which is, of course, permissible), Plaintiffs do not challenge the
3 reliability of the data contained within those compilations. *See* D.I. 767 (Garmus Mot.) at 11-12.

4 Plaintiffs' attempted characterization of Appendix L and the SAS spreadsheets as
5 propounding the "view" of counsel is without merit. *See* D.I. 767 (Garmus Mot.) at 12-13. As
6 demonstrated above, the sources used by Garmus in his analysis were comprehensive
7 spreadsheets of objective data; neither source was created by counsel or involved editorial
8 discretion. For example, the SAS spreadsheets were extracted directly from the database in
9 which TN employees (not counsel) inputted customer information; the SAS database was
10 produced to Plaintiffs in this case. Lanier Decl. ¶ 12, Ex. 12 (12/6/07 S. Nelson Tr.) at 82:22-
11 83:1. These spreadsheets of exported data were also separately produced to Plaintiffs during
12 discovery. *See* Lanier Decl. ¶¶ 10-11, Ex. 10 (TN-OR06515453); Ex. 11 (TN-OR06515454).
13 Similarly Appendix L is a factual compilation of contract data that is an appendix to Defendants'
14 damages expert report. It merely lists objective data found in TN's contracts, such as customer
15 names, dates, amounts, and modules. *See* Lanier Decl. ¶ 9, Ex. 9 (Appendix L). The fact that
16 these documents were conveyed to Garmus through counsel is neither relevant nor surprising.
17 Counsel routinely provides materials requested by expert witnesses for use in their analysis, as
18 when, for example, Plaintiffs' counsel provided Pinto with the software that Pinto sized. *See*
19 Lanier Decl. ¶ 5, Ex. 5 (Pinto Tr.) 43:3-5 (regarding the files he sized, Pinto stated "So these
20 [files] came to me from Bingham on hundred meg external drives.").

21 Plaintiffs' authority is inapposite. In the cases excluding experts for relying on summaries
22 provided by counsel, the materials presented real reliability issues not found here. Either the
23 *attorneys* drafted the objectionable summaries, and the selective nature of the included
24 information rendered those summaries unreliable, *see Crowley v. Chait*, 322 F. Supp. 2d 530, 542,
25 546 (D.N.J. 2004) (finding expert's reliance on selected excerpts of 8 out of 150 depositions
26 unreliable); *Sommerfield*, 254 F.R.D. at 322 (finding that a 26-page summary of 2,649 pages of
27 testimony that also entirely excluded other deposition testimony was not reliable because the
28 party had likely been "selective[]" in what was included), or the source of the data was simply

1 unverified. *See Lyman v. St. Jude Med. S.C., Inc.*, 580 F. Supp. 2d 719, 726 (E.D. Wis. 2008).
 2 Counsel did not create the spreadsheets at issue, and similar reliability issues are not present here.
 3 The source of the data is clear, and it is comprehensive in nature, detailing information about *all*
 4 of TN's contracts and operational data related to *all* of TN's customers serviced on the relevant
 5 software suites. Plaintiffs' reliance on *QR Spex* is similarly misplaced, as the excluded expert
 6 relied solely on images from a press release and online articles to determine the underlying
 7 "facts" for his report, which facts were thereafter directly contradicted. *See QR Spex, Inc. v.*
 8 *Motorola, Inc.*, No. CV 03-6284-JFW (FMOx), 2004 WL 5642907, at *9 (C.D. Cal. Oct. 28,
 9 2004). Garmus' opinion does not rely on news articles or similar sources, and the facts
 10 underlying his report have not been directly refuted. *See infra* Section III.C.

11 Finally, the gravamen of Plaintiffs' lengthy section on this topic appears to be Plaintiffs'
 12 belief that Garmus' opinions are incorrect. *See* D.I. 767 (Garmus Mot.) at 12. However, the test
 13 for reliability under *Daubert* "is not the correctness of the expert's conclusions but the soundness
 14 of his methodology." *Stilwell*, 482 F.3d at 1191 (citing *Daubert v. Merrell Dow Pharms., Inc.*, 43
 15 F.3d 1311, 1318 (9th Cir. 1995)).

16 **C. Materials Plaintiffs Believe Garmus Should Have Reviewed Are Not Relevant**
 17 **to His Analysis.**

18 Plaintiffs cite a slew of "evidence" they assert contradicts Garmus' opinions on the
 19 specific modules TN did not service and that Plaintiffs contend Garmus should have considered.
 20 D.I. 767 (Garmus Mot.) at 13-18. Although Plaintiffs' argument overlooks the larger point that
 21 Pinto should have at least considered the issue of what TN actually needed to use to service its
 22 customers, the argument is also incorrect. The sources identified by Plaintiffs do not prove what
 23 Plaintiffs assert and are not relevant to Garmus' analysis.

24 Plaintiffs identify the following evidence purporting to "contradict" Garmus' opinions
 25 listing the modules TN did not use: (1) a press statement and other high level statements
 26 regarding SAP's positions on liability; (2) excerpts from Plaintiffs' expert Kevin Mandia's report
 27 regarding certain software copies at TN; (3) an instant message discussing at the release level (not
 28 the module level) the software a TN employee claimed to be using "in a shed behind [his] house";

1 (4) high level statements regarding the presence of downloaded fixes and updates on TN's
2 computers (statements such as "TN used information downloaded from the Oracle Websites to
3 help support customers in competition with Oracle."); (5) libraries of documentation—not
4 software—on TN's systems; and (6) advertising statements by TN employees regarding the
5 potential services that TN might be able to provide (not what TN actually did provide). D.I. 767
6 (Garmus Mot.) at 13-18.

7 This "evidence" is irrelevant to Garmus' opinions because it does not relate to his central
8 point: that the only *modules* Pinto should have sized were those modules TN actually would have
9 *used* to support its customers. For example, high level statements by SAP in the press or in its
10 trial brief regarding liability-related litigation decisions say nothing about which modules TN
11 used to support its customers; neither do high level statements that TN downloaded unspecified
12 "information" from Oracle's websites. Analogously, evidence regarding libraries of
13 documentation does not establish the modules of software that TN was actually using. So, too,
14 statements TN made in its advertising describing the software and releases TN *could* service say
15 nothing about the specific modules TN *did* service. Having the capability to do something and
16 actually doing it are two different things; accordingly, Garmus reviewed records of what TN
17 actually did. *See* Lanier Decl. ¶¶ 9-11, Ex. 9 (Appendix L); Ex. 10 (TN-OR06515453); Ex. 11
18 (TN-OR06515454).

19 Similarly, statements regarding which software release levels a TN employee claimed to
20 be running "in a shed behind [his] house" do not speak to the modules TN actually serviced. D.I.
21 767 (Garmus Mot.) at 14-15. While Defendants do not believe TN ever had these releases, a
22 statement regarding the installation of "8.12" *release level* of J.D. Edwards EnterpriseOne says
23 nothing about which *modules* from 8.12 were installed, and it is the *modules* that TN did not use
24 that Garmus discusses. *Id.* Plaintiffs wish for the reader to assume all modules were installed,
25 but the instant message cited provides no evidence of this. *See id.* Indeed, as Garmus notes, in
26 his considerable industry experience, most users do not utilize all of the capability for any given
27 release level. *See* Lanier Decl. ¶ 3, Ex. 3 (Garmus Report) at 10.

28 Finally, evidence of unspecified stray copies of installation CDs or backup environments

1 again says little to nothing about what modules TN needed and actually used to service its
2 customers, and thus, says nothing about which modules Pinto should size. *See* D.I. 767 (Garmus
3 Mot.) at 14; D.I. 768-6 (Ex. F to Alinder Decl. in Support of the Garmus Mot.) at 61, 72.
4 Plaintiffs are certainly free to disagree that the relevant analysis for an FPA estimate in this matter
5 asks which modules TN would have used to service its customers, but this disagreement does not
6 change Garmus' opinion that this was the proper approach.

7 **D. Concerns Regarding Evidence Garmus Considered Go To Weight, Not**
8 **Admissibility, of His Opinions.**

9 To the extent Plaintiffs contend that Garmus could have *also* considered certain materials,
10 that is an issue of weight not admissibility. Plaintiffs do not directly challenge the reliability of
11 the data contained in either Appendix L or the SAS spreadsheets, but merely assert that Garmus
12 should have looked at *more* materials. D.I. 767 (Garmus Mot.) at 13-18. Courts routinely hold
13 that such concerns affect the *weight* of expert opinion, not its *admissibility*, and can be properly
14 addressed during cross-examination. *See Bazemore*, 478 U.S. at 400 (“Normally, failure to
15 include variables [in an analysis] will affect the analysis’ probativeness, not its admissibility.”);
16 *Hemmings*, 285 F.3d at 1188 (“objections to the inadequacies of a study [such as the failure to
17 consider all possible variables] are more appropriately considered an objection going to the
18 weight of the evidence rather than its admissibility”); *Jones*, 861 F.2d at 662-63 (holding that,
19 where expert was testifying based on over 30 years of experience, “the weaknesses in the
20 underpinnings of the expert’s opinion go to its weight rather than its admissibility. On cross-
21 examination, the opposing counsel is given the opportunity to ferret out the opinion’s weaknesses
22 to ensure the jury properly evaluates the testimony’s weight and credibility.”) (citations omitted);
23 *Microfinancial, Inc. v. Premier Holidays Int’l, Inc.*, 385 F.3d 72, 81 (1st Cir. 2004) (holding that
24 objection regarding scope of expert’s investigation went to weight, not admissibility, of testimony,
25 even where an expert only looked at bank records supplied by plaintiff and was not informed by
26 the activity taking place in all of the relevant accounts); *EEOC v. Morgan Stanley & Co.*, 324 F.
27 Supp. 2d 451, 458-60 (S.D.N.Y. 2004) (holding that questions about whether expert considered
28 the proper variables, sample size, or information went to weight not admissibility of that opinion,

1 and thus such questions were better left to juries). All of Plaintiffs' concerns about which
2 materials Garmus did and did not review can be addressed during cross-examination.

3 **E. Plaintiffs' Arguments Attacking Clarke's Reliance on Garmus Lack Merit.**

4 Finally, Plaintiffs' argument that Defendants' damages expert, Stephen K. Clarke, should
5 be prohibited from relying on Garmus fails for two reasons.

6 First, Plaintiffs' motion confuses Garmus with one of Defendants' other experts,
7 misstating how Clarke utilized Garmus' opinions. In their motion, Plaintiffs assert that Clarke
8 "relies on Garmus' erroneous and unreliable opinions on the scope of [TN]'s infringing use to
9 reduce Oracle's damages by excluding customers from damages who Garmus identified as
10 having no infringing use." D.I. 767 (Garmus Mot.) at 19. Plaintiffs are incorrect. Garmus does
11 not opine regarding customers with "no infringing use"; Defendants' expert Stephen Gray does.
12 *See* Lanier Decl. ¶ 16, Ex. 16 (Clarke Report) at 216-17 ("I understand Defendants' expert, Mr.
13 Gray, analyzed Mr. Mandia's report and analysis regarding the conclusions referenced above and
14 *Mr. Gray* determined that even assuming Mr. Mandia is correct *the accused conduct does not*
15 *apply to all of TomorrowNow's customers.* Accordingly, I have excluded them from the
16 disgorgement analysis") (emphasis added), 224 (same statement regarding exclusion of
17 certain customers from Clarke's lost profits analysis), 248 ("Analysis [by Gray] shows there were
18 numerous customers that were not the recipient or beneficiary of any of the accused activity
19 identified by Mr. Mandia."), 248 n.1117. Clarke's reliance on Garmus is limited to providing a
20 high level critique of Meyer's cost approach. *See, e.g., id.* at 58 (relying on Garmus to state only
21 that Meyer "should have reduced his Value of Use" based on the fact that TN only used a subset
22 of the software to service its customers).

23 Second, as demonstrated above, Garmus' opinions regarding the proper scope of an FPA
24 analysis and about the modules used by TN to service customers are admissible. Therefore,
25 Clarke's limited reliance on these opinions is permissible. That Plaintiffs disagree with Garmus'
26 interpretation of the facts—and thereby those of Clarke based on Garmus'—is of no event. *See,*
27 *e.g., Micro Chem.*, 317 F.3d at 1392 (upholding introduction of expert testimony regarding a
28 reasonable royalty calculation where "the trial court properly did not rule inadmissible [a party's

1 expert] damages testimony simply because it was based on [that party's] version of the contested
2 facts.”).

3 **VI. GARMUS' EXEMPLAR FUNCTION POINT COUNTS ARE RELEVANT AND**
4 **PROPER REBUTTAL OPINIONS**

5 Plaintiffs' criticisms of Garmus' exemplar function point counts, which comply with
6 IFPUG guides, are without merit. Garmus' counts are proper rebuttal opinions and are relevant to
7 demonstrate the correct procedure for an FPA.

8 In response to Pinto's improper FPA, which fails to apply proper IFPUG standards,
9 Garmus performed two exemplar function point counts to demonstrate the correct process. *See*
10 Lanier Decl. ¶ 3, Ex. 3 (Garmus Report) at 27-28. He analyzed user documentation for one
11 PeopleSoft module and one J.D. Edwards module and performed the recognized IFPUG steps to
12 develop accurate function point counts. *See id.* These counts took him, a Certified Function
13 Point Specialist, less than two days each to complete. *See* Lanier Decl. ¶ 7, Ex. 7 (Garmus Tr.)
14 31:24-32:2; 43:25-44:2. Plaintiffs now seek to exclude these counts as irrelevant and improper
15 rebuttal opinions, but Plaintiffs are incorrect in both respects.

16 First Garmus' counts are relevant under Federal Rules of Evidence 702, 401, and 403
17 because they provide an example to the Court and jury of what steps would have been included in
18 a proper FPA, in comparison to Pinto's faulty approach. Moreover, these counts demonstrate
19 Garmus' expertise in the subject area, and conversely, Pinto's lack of expertise. Because
20 Garmus' counts are exemplars of the proper methodology, it is of no moment that the modules he
21 used were not contained in the same release levels sized by Pinto. Moreover, Plaintiffs'
22 suggestion that Garmus' exemplar counts are irrelevant because they provide a “size” and not a
23 “cost” of software is both immaterial and baffling. In order to do an FPA, one first must size the
24 application, as Pinto himself states. *See* Lanier Decl. ¶ 2, Ex. 2 (Pinto Report) 7-8 (“I created an
25 estimated cost of development for JD Edwards EnterpriseOne and PeopleSoft applications, using
26 *Function Point Analysis*. This method of analysis is focused on assessing *the size* of a software
27 product, in normalized terms that are directly related to the amount of business functionality
28 provided to the end-user of the application.”). That size is then used to develop the estimated cost.

1 *See id.* Thus, if the size is improperly estimated, the estimated cost will also be incorrect. To
2 argue that a rebuttal expert may not opine about the flaws in one portion of an expert's
3 methodology because that portion is not the final output is illogical.

4 Second, Garmus' exemplar counts are not improper "affirmative" opinions as Plaintiffs
5 suggest. *See* D.I. 767 (Garmus Mot.) at 20-22. Expert opinions are proper "rebuttal" opinions
6 when the rebuttal expert opines on the same "subject matter" as the affirmative expert. *See* Fed.
7 R. Civ. P. 26(a)(2)(C) (expert opinion is rebuttal "if the evidence is intended solely to contradict
8 or rebut evidence *on the same subject matter* identified by another party under Rule 26(a)(2)(B)")
9 (emphasis added); *Garcia*, 2004 WL 5644436, at *2 ("Rule 26(a)(2)(C) only requires that rebuttal
10 expert testimony serve to contradict or rebut evidence on the *same subject matter*.")) (emphasis in
11 original). In this case, Pinto claims to use FPA. Lanier Decl. ¶ 2, Ex. 2 (Pinto Report) at 8.
12 Garmus opines that Pinto does not properly perform FPA and demonstrates what Pinto should
13 have done. *See* Lanier Decl. ¶ 3, Ex. 3 (Garmus Report) at 27-28. Such an opinion clearly
14 concerns the "same subject matter"—FPA—as Plaintiffs' expert opinion, and thus constitutes
15 proper rebuttal opinion. *See MMI Realty Servs.*, 2009 WL 649894, at *2 (finding that a rebuttal
16 expert is "free to support his opinions with evidence not cited in [affirmative] expert reports so
17 long as he rebuts the 'same subject matter' identified in those reports" and holding that the
18 rebuttal expert's discussion of categories and guidelines not found in affirmative report were
19 proper to refute affirmative experts' overall analysis) (citing Fed. R. Civ. P. 26(a)(2)(C)(ii)).

20 Moreover, courts routinely find that expert opinions are properly "rebuttal" opinions when
21 the expert engages in a type or form of analysis not performed by the affirmative expert and, for
22 instance, that analysis demonstrates a "flaw" or potential defect in the affirmative expert's
23 methodology. *See Humphreys*, 2006 U.S. Dist. LEXIS 47822, at *17-18 (holding that expert
24 opinion on mitigation was rebuttal, even when affirmative expert had not examined issue of
25 mitigation, because rebuttal expert "expose[d] a potential flaw in [affirmative expert's] method");
26 *In re REMEC Inc. Sec. Litig.*, 702 F. Supp. 2d 1202, 1220 (S.D. Cal. 2010) (finding opinion was
27 properly "rebuttal" opinion despite expert conducting a type of analysis affirmative expert had not
28 undertaken because rebuttal expert's calculation rebutted whether affirmative expert properly

1 complied with the governing standards in its damages analysis). Therefore, although Pinto
2 himself fails to perform proper FPA counts following the IFPUG guidelines, Garmus acts well
3 within his role as a rebuttal expert by pointing out this flaw in Pinto's methodology and
4 demonstrating how a proper analysis is done.

5 Further, Plaintiffs' cases regarding rebuttal opinions either support the admissibility of
6 Garmus' opinions or are inapposite. In *IBM Corp. v. Fasco Indus., Inc.*, No. C-93-20326 RPA,
7 1995 WL 115421, at *3 (N.D. Cal. Mar. 15, 1995), the court only excluded rebuttal experts who
8 sought to give testimony on *subject matters* never discussed by affirmative expert, but expressly
9 *admitted* testimony of experts who critiqued the theories of affirmative experts. Garmus'
10 opinions are admissible on these same grounds. Plaintiffs' two other cases on this issue are
11 inapposite, as both concern experts providing late-disclosed opinions intended to be admitted in
12 the party's case in chief. See *In re Ready-Mixed Concrete Antitrust Litig.*, 261 F.R.D. 154, 159
13 (S.D. Ind. 2009) (addressing only a supplemental report that impermissibly offered new, more
14 detailed damages opinions intended to be part of plaintiffs' affirmative damages case); *Burnham v.*
15 *United States*, No. CV-07-8017-PHX-DGC, 2009 WL 2169191, at *4 (D. Ariz. July 20, 2009)
16 (expert presented a late-disclosed accident reconstruction intended to be a part of plaintiff's case-
17 in-chief regarding causation).

18 Additionally, Plaintiffs' complaint that Garmus' opinions required hiring an undisclosed
19 expert is irrelevant to the admissibility of Garmus' opinions and serves only to demonstrate
20 Pinto's own weaknesses. Plaintiffs had to hire Stephen Neuendorf, a Certified Function Point
21 Specialist, not because Garmus opined on FPA, but because Pinto lacked certification. Had Pinto
22 the proper credentials (*i.e.*, were he a Certified Function Point Specialist), he could have analyzed
23 Garmus' exemplar counts himself and Plaintiffs would not have had to hire another expert—an
24 expert Plaintiffs then failed to disclose. See Lanier Decl. ¶ 5, Ex. 5 (Pinto Tr.) at 53:2-10 (“Q.
25 Are you a certified function point specialist? A. I am not. Q. Were you at any time a certified
26 function point specialist? A. No. Q. Including at the time you prepared your function point
27 analysis in the report, right? A. That’s correct.”)

28 Regarding Plaintiffs' arguments that Defendants somehow seek to “silence” Pinto's

1 analysis through Defendants' Motion in Limine to exclude testimony by or about Neuendorf
2 based on Plaintiffs' failure to disclose him, Plaintiffs are fundamentally incorrect; Defendants
3 seek only to require Pinto and Plaintiffs to play by the rules. Plaintiffs could have disclosed
4 Neuendorf to Defendants, but failed to do so. *See* Lanier Decl. ¶ 1, Ex. 1 (Pls.' Supp. Initial
5 Expert Disclosures) at 1-3. To provide expertise where Pinto lacks it, Plaintiffs could have
6 sought leave to add another expert witness to their disclosures or to extend expert discovery, but
7 Plaintiffs did not do this either. Rather, Plaintiffs waited until two days before Pinto's deposition
8 to provide mention of Neuendorf. *See* Lanier Decl. ¶ 14, Ex. 14 (ORCLX-PIN-000108 marked as
9 Defs.' Dep. Ex. 2052) at Table 1 (served on 5/17/10). Pinto then relied on Neuendorf's analysis
10 to form "surrebuttal" opinions about Garmus, which analysis Pinto only disclosed at his
11 deposition, the validity of which Defendants are unable to test. *See* D.I. 768-5 (Ex. E to the
12 Alinder Decl. in Support of the Garmus Mot.) at 8-9. Because Plaintiffs did not designate
13 Neuendorf as an expert, Defendants could not question him or explore the accuracy of his
14 analysis; even Pinto admitted that he could not verify whether Neuendorf's work was accurate.
15 *See* Lanier Decl. ¶ 5, Ex. 5 (Pinto Tr.) at 69:11-24 (Pinto did not "have an independent view on
16 whether [Neuendorf's estimate is] accurate or not."). Defendants have been prevented from
17 exploring or rebutting Neuendorf's analysis in any meaningful way; Defendants rightfully seek to
18 exclude this testimony. *See* D.I. 728 (Defs.' Mots. in Limine) at 14-15.

19 **VII. GARMUS DID NOT OFFER A LEGAL OPINION REGARDING PROHIBITED**
20 **"SAVED DEVELOPMENT COSTS" DAMAGES**

21 Plaintiffs argue that Garmus offers an impermissible legal opinion criticizing Pinto's
22 calculation of saved developments costs, but Plaintiffs are wrong. Garmus does not opine on the
23 availability of saved development costs as a legal matter, but rather discusses whether, given the
24 facts in this case, a software estimation expert would have estimated the cost of entire software
25 suites as a practical matter.

26 First, Garmus does not render a "legal" opinion. Plaintiffs assert that Garmus opines on
27 the "appropriate" damages measures in this matter, but Plaintiffs cite a misleading fragment of a
28 sentence, ignoring the context of Garmus' actual statement. Specifically, Garmus wrote:

1 In the Pinto Report, Mr. Pinto purported to estimate “what it would have cost [the
2 Defendants] to independently develop certain software applications.” If – for the sake of
3 argument – the Defendants actually were to independently develop all four of the Oracle
4 suites of products recited in the Pinto Report to support TomorrowNow’s (TN) customers
5 (as proposed by Mr. Pinto), the newly developed software essentially would have to be an
6 exact replica of the four, recited Oracle suites of products (especially for the purpose of
7 providing most tax updates, bug fixes, etc.). The probability that a software-development
8 project as proposed by Mr. Pinto would result in the creation of four exact replicas of the
9 four Oracle suites of products is essentially zero (i.e., it is essentially impossible). In my
10 opinion, determining the cost for independently developing the four underlying
11 application suites is not appropriate for the case in question.

12 Lanier Decl. ¶ 3, Ex. 3 (Garmus Report) at 1. That is, as an expert in FPA and software valuation,
13 Garmus opines that when a maintenance provider was the intended user of a software product, a
14 reasonable expert does not measure the entire cost of developing that software. *See id.* This is
15 because a maintenance provider would need an *exact* copy of the client’s software to perform
16 maintenance, but, as a practical matter, it would be impossible to develop the exact same
17 software—a fact with which Pinto agrees. Lanier Decl. ¶ 5, Ex. 5 (Pinto Tr.) at 119:20-24 (“Q.
18 Do you believe, in your experience, that it would be possible to undertake a development effort of
19 this magnitude and end up with code that’s identical to the four suites of products? A. No, I don’t
20 believe that would be the case.”). Because Pinto purports to value what TN, a maintenance
21 provider, allegedly improperly used, Garmus states that a calculation of building the entire
22 software was “not appropriate” as a matter of industry norms and logic. Lanier Decl. ¶ 3, Ex. 3
23 (Garmus Report) at 1, 17 (“I also do not agree that the cost of developing entire similar suites of
24 products is appropriate in a situation where an organization is not selling or developing a
25 competing suite of products.”). This is not a legal opinion. *See, e.g., Hangarter v. Provident Life
26 and Accident Ins. Co.*, 373 F.3d 998, 1010, 1016 (9th Cir. 2004) (finding testimony was not a
27 legal opinion where expert opined that conduct deviated from industry standards and customs).⁹

28 Further, Plaintiffs’ cases regarding improper legal opinions are inapposite because they all
discuss experts testifying about the meanings of legal terms or the applicability of legal standards.
See Crow Tribe of Indians v. Racicot, 87 F.3d 1039, 1045 (9th Cir. 1996) (excluding opinion on

⁹ Plaintiffs appear to also take the position that it would “contradict the law” to opine that
“saved development costs” are not an “appropriate” measure of damages here.” D.I. 767
(Garmus Mot.) at 8. This is not the case, as is clearly established by this Court’s Order excluding
“saved development costs” as a measure of damages in this case as a matter of law. D.I. 762
(08/17/10 Order) at 18-23.

1 the legal meaning of a specific term in a compact); *Hebert v. Lisle Corp.*, 99 F.3d 1109, 1115,
 2 1117 (Fed. Cir. 1996) (excluding opinion on incorrect legal standard for “inequitable conduct”);
 3 *Regents of the Univ. of Cal. v. Monsanto Co.*, No. C 04-0634 PJH, 2006 WL 5359055, at *1 (N.D.
 4 Cal. Feb. 7, 2006) (excluding expert from, *inter alia*, opining on “patent principles” and “general
 5 patent law”). Unlike those experts, or Plaintiffs’ expert Professor Douglas Lichtman who offers
 6 impermissible legal opinions concerning the damages available under the Copyright Act (*see* D.I.
 7 776 (Defs.’ Mot. to Exclude Douglas Lichtman)), Garmus does not render such an impermissible
 8 opinion about the meaning of any legal term or standard. Rather, as an expert in the software
 9 estimation field, Garmus merely offers his opinion as to whether any reasonable estimator would
 10 have estimated the cost for entire software suites given the facts at hand.

11 Finally, contrary to Plaintiffs’ assertions, Garmus has not “usurped” the role of the Court
 12 in the matter of “saved development costs” because the Court has already ruled on this issue,
 13 prohibiting Plaintiffs from recovering any such saved development costs for any claim. *See* D.I.
 14 762 (08/17/10 Order) at 18-23. It is both telling and dispositive that Plaintiffs, in their own
 15 motion, identify the costs calculated by Pinto and rebutted by Garmus as “saved development
 16 costs.” D.I. 767 (Garmus Mot.) at 4. As stated above in Section III, argued in Defendants’
 17 Motion to Exclude Paul C. Pinto (D.I. 774), and repeated here now, Pinto’s opinions are
 18 irrelevant in light of this Court’s Order excluding “saved development costs,” rendering moot
 19 further motion practice on Pinto, his opinions, or rebuttal thereto.

20 **VIII. CONCLUSION**

21 For all of the foregoing reasons, the Court should deny Plaintiffs’ motion. Plaintiffs’
 22 motion is moot in light of this Court’s order. Moreover, Plaintiffs’ criticisms of Garmus lack
 23 merit, and, at best, go towards the weight, not the admissibility, of his opinions.

24 Dated: September 9, 2010

JONES DAY

25 By: /s/ Tharan Gregory Lanier
 26 Tharan Gregory Lanier

27 Counsel for Defendants
 28 SAP AG, SAP AMERICA, INC., and
 TOMORROWNOW, INC.