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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 DENYING
PLAINTIFFS' MOTION NO. 5: TO
EXCLUDE EXPERT TESTIMONY
OF STEPHEN GRAY**

1 Having considered Plaintiffs' Motion No. 5: To Exclude Testimony of Defendants' Expert
2 Stephen Gray, the Defendants' Opposition to Plaintiffs' Motion No. 5: To Exclude Testimony of
3 Defendants' Expert Stephen Gray, the memoranda and declarations in support, and exhibits
4 attached thereto:

5 IT IS HEREBY ORDERED THAT: Plaintiffs' motion is DENIED.

6 **DISCUSSION**

7 Plaintiffs seek to exclude the proffered expert opinion of Stephen Gray from trial. Rule
8 702 permits experts qualified by "knowledge, experience, skill, expertise, training, or education"
9 to testify "in the form of an opinion or otherwise" based on "scientific, technical, or other
10 specialized knowledge" if that knowledge will "assist the trier of fact to understand the evidence
11 or to determine a fact in issue." *See* Fed. R. Evid. 702. The trial court acts as a "gatekeeper" to
12 ensure that expert testimony is "reliable" and "relevant to the task at hand." *Daubert v. Merrell*
13 *Dow Pharms, Inc.*, 509 U.S. 579, 589-90, 597 (1993); *see also Kumho Tire Co. v. Carmichael*,
14 526 U.S. 137, 147-48 (1999) (holding that the gate keeping function created by *Daubert* applies
15 to evaluating technical experts). Rule 702 is applied consistent with "the 'liberal thrust' of the
16 Federal Rules and their 'general approach of relaxing the traditional barriers to 'opinion
17 testimony.'" *See Daubert*, 509 U.S. at 588; *see also* Fed. R. Evid. 702 Advisory Committee's
18 notes (confirming that "rejection of expert testimony is the exception rather than the rule").

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 The scope of testimony for rebuttal experts is narrow compared to that of initial experts.
27 *See* Fed. R. Civ. P. 26(a)(2)(C). Rebuttal experts are intended to provide context and insight into
28 the opposing experts' opinions. *See Scientific Components Corp. v. Sirenza Microdevices, Inc.*,

1 No. 03 CV 1851 (NGG) (RML), 2008 WL 4911440, at *2 (E.D.N.Y. Nov. 13, 2008) (noting that
2 rebuttal experts should provide background information to illustrate their opinions related to the
3 initial expert's analysis); *Crowley v. Chait*, 322 F. Supp. 2d 530, 551 (D.N.J. 2004) ("Rebuttal
4 evidence is properly admissible when it will 'explain, repel, counteract or disprove the evidence
5 of the adverse party.'") (emphasis added). Rebuttal experts also respond to the conclusions
6 drawn by the opposing party's expert. *See, e.g., Long Term Capital Holdings v. U.S.*, No. 3:01
7 CV 1290 (JBA), 2003 WL 21518555, at *2 (D. Conn. May 15, 2003). Put another way, the
8 purpose of the testimony of a rebuttal expert witness is to "poke holes" in the theories of the
9 opposing party's expert. *See, e.g., Minebea Co., Ltd. v. Papst*, No. Civ. A. 97-0590 (PLF), 2005
10 WL 1459704, at *6 (D.D.C. June 21, 2004).

11 Additionally, the Court must evaluate the proposed evidence under Rule 403, which
12 requires that evidence be excluded where its probative value is substantially outweighed by the
13 risk of unfair prejudice, confusion of the issues, and potential to mislead to the jury. *See Fed. R.*
14 *Evid.* 403; *Daubert*, 409 U.S. at 595.

15 Moreover, Rule 26(a)(2)(B) of the Federal Rules of Civil Procedure governs the
16 disclosure of expert reports. Rule 26(a)(2)(B)(ii) requires an expert to disclose all of the sources
17 the expert considered in performing his analysis, which refers to all documents provided to an
18 expert for his review, not just those documents on which he relied to conduct his analysis. *See,*
19 *e.g., Fidelity Nat'l Title Ins. Co. of N.Y. v. Intercounty Nat'l Title Ins. Co.*, 412 F.3d 745, 751 (7th
20 Cir. 2005) ("A testifying expert must disclose and therefore retain whatever materials are given
21 him to review in preparing his testimony, even if in the end he does not rely on them in
22 formulating his expert opinion, because such materials often contain effective ammunition for
23 cross-examination.").

24 **Rule 702: Qualifications.** Here, with regard to qualifications, Gray has over 35 years
25 experience working in the computer software industry. This includes acting as Chief Technology
26 Officer and holding senior management positions at several technology companies; background
27 in systems and software architecture, design, and development; conducting source code
28 comparisons to determine protected expression, including through use of the abstraction-

1 filtration-comparison method; and testifying in multiple copyright cases. Given this experience,
2 the Court finds that Gray is qualified to provide testimony evaluating and rebutting the analysis
3 performed by Plaintiff's technical expert, Kevin Mandia.

4 **Rule 702: Reliability and Relevancy.** Moreover, with regard to reliability and relevancy,
5 Gray is properly rebutting the testimony offered by Mandia by noting the gaps he perceives in
6 Mandia's analysis and pointing out steps he thinks Mandia should have taken as part of his
7 analysis of TomorrowNow's business model. This is a proper subject for rebuttal expert
8 testimony.

9 The Court specifically finds that Appendix 4 is a reliable and relevant form of rebuttal
10 expert testimony. Appendix 4 is a spreadsheet Gray created to assist the jury in understanding
11 which of TomorrowNow's 357 customers may or may not be implicated by the allegations
12 contained in Mandia's report. Thus, Appendix 4 breaks down many of the conclusions Mandia
13 drew in his initial report, gives context to those conclusions, notes the portions of Mandia's
14 analysis where Gray has opined that the analysis is lacking, and specifically contradicts Section X
15 of Mandia's report.

16 The Court also finds that Plaintiffs' criticisms of Gray's opinions where he notes the steps
17 Mandia did not take are without merit. It is typical for rebuttal expert testimony to note the flaws
18 in the initial expert's analysis. Moreover, Gray's identification of the flaws he perceives in
19 Mandia's analysis will assist the jury in evaluating the weight and reliability to be given to
20 Mandia's opinions. Expertise is required for this purpose to understand the enormous quantity of
21 technical evidence that will need to be considered in order to render a verdict in this lawsuit. This
22 Court further finds no evidence that Gray offers his opinion on the parties' burden of proof.

23 Finally, the Court finds that Gray did not offer his own legal opinions and conclusions
24 regarding Plaintiffs' licenses and terms of use or on the propriety of TomorrowNow's business
25 model. Any commentary and opinions by Gray regarding licensing, terms of use, and the
26 propriety of TomorrowNow's business model were made in the context of his criticisms of
27 Mandia's analysis and conclusions. This is proper rebuttal expert testimony.

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Rule 403: Probative Value Outweighs Potential for Unfair Prejudice, Jury Confusion, and Misleading. Gray’s opinions are admissible under Rule 403. The Court finds that they do have probative value because they rebut many of the conclusions made by Mandia. Additionally, there is nothing unfairly prejudicial or misleading in allowing Gray to opine on Mandia’s methodology.

Rule 26(a)(2)(B): Proper Disclosure of Expert Reports. The Court finds Gray properly disclosed his rebuttal opinions in his expert report and exhibits. Based on the report and his deposition testimony, Gray provided Plaintiffs with a list of all the documents and sources he was provided by Defendants and that he generally considered for drafting his report and rendering his conclusions.

CONCLUSION

For the reasons stated above, pursuant to Rules 702 and 403 of the Federal Rules of Evidence and Rule 26 of the Federal Rules of Civil Procedure, Plaintiffs’ Motion is denied and the Court will permit Gray to testify and offer opinions in rebuttal to Mandia, including but not limited to, the following topics:

- (1) rebutting Mandia’s testimony regarding TomorrowNow’s business model through use of Appendix 4;
- (2) testifying regarding the steps Mandia did not take with regard to his analysis of TomorrowNow’s business model; and
- (3) criticizing Mandia’s analysis and conclusions regarding the propriety of TomorrowNow’s business model.

IT IS SO ORDERED.

DATED: _____

By: _____
Hon. Phyllis J. Hamilton