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19 UNITED STATES DISTRICT COURT  
20 NORTHERN DISTRICT OF CALIFORNIA  
21 SAN FRANCISCO DIVISION

22 ORACLE CORPORATION, et al.,

23 Plaintiffs,

24 v.

25 SAP AG, et al.,

26 Defendants.  
27  
28

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

**DEFENDANTS' OBJECTIONS TO  
SPECIAL MASTER'S REPORT AND  
RECOMMENDATIONS RE:  
DISCOVERY HEARINGS 1 AND 2**

Date: July 1, 2008  
Time: 9:00 a.m.  
Courtroom: E, 15<sup>th</sup> Floor  
Judge: Hon. Elizabeth D. Laporte

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1 Defendants SAP AG and SAP America (together, “SAP”) and Defendant TomorrowNow,  
2 Inc. (“TN”) object to the Special Master’s February 22, 2008 Report and Recommendation  
3 (“R&R No. 1”) insofar as it recommends that Defendants be required to comply with Oracle’s  
4 request for documents produced to the grand jury. Defendants further object to the Special  
5 Master’s March 19, 2008 Report and Recommendation (“R&R No. 2”) insofar as it recommends  
6 that Oracle’s search for and production of documents in response to Request for Production  
7 (“RFP”) Nos. 25 and 26 be limited to documents that Oracle collected in response to other  
8 requests, despite the admission of Oracle’s counsel that it did not have RFP Nos. 25 and 26 in  
9 mind when it collected those documents.<sup>1</sup>

10 Defendants timely objected to these recommendations. On April 25, 2008, Judge  
11 Hamilton withdrew the referral to the Special Master and referred the case to this Court to  
12 oversee discovery and resolve discovery disputes, including this one. Dkt. 79. On May 7, 2008,  
13 this Court ordered Defendants to resubmit their objections in one consolidated brief by May 16,  
14 2008, and set a hearing date of July 1, 2008. Dkt. 85. This Court reviews the Special Master’s  
15 recommendations *de novo*. Fed. R. Civ. P. 53(f)(4).

### 16 **BACKGROUND**

17 Oracle filed its original complaint against Defendants on March 27, 2007, and its First  
18 Amended Complaint (“FAC”) on June 1, 2007. The FAC alleges copyright infringement and  
19 various other civil claims in connection with Oracle’s PeopleSoft and JDE Edwards products.  
20 Specifically, Oracle alleges that SAP’s subsidiary, TN, in connection with its provision of third  
21 party support services to PeopleSoft and JD Edwards users, engaged in support activities beyond  
22 the scope of those permitted under the users’ agreements with Oracle. FAC (Dkt. 31) ¶¶ 35, 70.

23 At issue here are Oracle’s RFP No. 55 to SAP and No. 84 to TomorrowNow, in which  
24

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25 <sup>1</sup> Defendants’ original objections to R&R No. 2, filed with Judge Hamilton on April 8,  
26 2008 (Dkt. 73), included an additional objection relating to whether Defendants were required to  
27 produce certain documents by April 15, as Oracle contended. As a result of subsequent  
28 procedural developments, including the withdrawal of the reference to the Special Master, the  
referral of the case to this Court for discovery purposes, the setting of a new discovery schedule,  
and the parties ongoing effort, pursuant to this Court’s Order, to develop a proposed joint  
discovery plan, Defendants believe that this issue is now moot. Should Plaintiffs or the Court  
disagree, however, Defendants are prepared to brief that issue on reply.

1 Oracle improperly sought production of “[a]ll documents relating to Department of Justice,  
2 Federal Bureau of Investigation, or other federal, state, or local government agency’s request or  
3 investigation into the allegations in the Complaint and First Amended Complaint, including  
4 without limitation all Documents provided by You to any such agency in response to a request or  
5 investigation of those allegations.” *See* Exhs. 1 and 2.<sup>2</sup> Defendants objected to these requests on  
6 the grounds that they improperly sought, in violation of Fed. R. Crim. P. 6(e), disclosure about  
7 the nature, scope, and purpose of grand jury proceedings. *Id.*

8 On January 28, 2008, Oracle moved to compel Defendants to produce documents  
9 provided to the grand jury. Defendants opposed the motion on February 7, 2008, and a hearing  
10 was held on February 13, 2008. On February 22, 2008, the Special Master issued R&R No. 1  
11 recommending that Oracle’s request for documents Defendants have produced to the grand jury  
12 be granted, concluding that production of the documents provided to the grand jury would not  
13 disclose grand jury material under Rule 6(e) and that the documents are “certainly relevant,” but  
14 noting that the documents would likely be duplicative of documents being produced by  
15 defendants in response to other discovery requests.<sup>3</sup> *See* Exh. 3, at 6. The Special Master thus  
16 assumed the relevance of the requested documents and did not require Oracle to make any  
17 showing of “particularized need” or relevance to obtain the documents.

18 Also at issue are Defendants’ RFP Nos. 25 and 26 to Oracle. These requests seek  
19 documents concerning communications between Oracle and current or former TN employees  
20 regarding TN. Such documents are relevant to a number of defenses, including consent, laches,  
21 and statute of limitations. *See* Exh. 4. Oracle objected to these requests on relevance and burden  
22 grounds. *Id.* On February 19, 2008, after an extensive meet and confer effort, Defendants moved

23 <sup>2</sup> All referenced exhibits are attached to the Declaration of Jason McDonell (“McDonell  
24 Decl.”) filed herewith.

25 <sup>3</sup> As discussed below, Defendants are not refusing to produce any particular document  
26 solely on the ground that it was provided to the grand jury. In fact, Defendants have agreed to  
27 produce documents responsive to Oracle’s other requests for production even though they may be  
28 duplicative of documents Defendants provided to the grand jury. Defendants recognize that  
production of documents to the grand jury does not cast a veil of secrecy over the documents such  
that they could not be produced if relevant and responsive in this civil case. But in the specific  
requests at issue, it is clear that Oracle is not seeking the documents provided to the grand jury for  
their own intrinsic value, but rather to determine what information the grand jury has sought and  
obtained. That is the basis for Defendants’ objection to RFP Nos. 55 and 84.

1 to compel. Oracle opposed the motion, and a hearing was held on March 4, 2008. On March 19,  
2 2008, the Special Master issued R&R No. 2 recommending that Oracle's production in response  
3 to these requests be limited to documents located in the files of employees from whom Oracle has  
4 collected documents in response to other requests. *See* Exh. 5, at 6-7. In making this  
5 recommendation, the Special Master ignored Defendants' concern that the employees from whom  
6 Oracle has collected documents for other purposes are not necessarily the employees likely to  
7 have documents responsive to these requests. *See* Exh. 6, at 92:25-93:15. As Oracle's counsel  
8 admitted, it did not have these requests in mind when it identified the group of employees from  
9 whom it would collect documents. *Id.* at 97:7-9 ("We've never represented that we identified  
10 these custodians in an effort to respond to this request. We said no to this request."). The Special  
11 Master's recommendation is based on his view that the requests are overbroad, but his  
12 recommendation ignores TN's reasonable proposals for narrowing the requests. *See* Exh. 5, at 6-  
13 7; Exh. 6 at 86:16-87:18.

#### 14 SUMMARY OF ARGUMENT

15 The Special Master's recommendation that Defendants be required to produce to Oracle  
16 all documents subpoenaed by and produced to a federal grand jury is erroneous for three reasons.  
17 First, Oracle's request clearly seeks grand jury information protected by Federal Rule of Criminal  
18 Procedure 6(e). Production of all documents subpoenaed and reviewed by the grand jury would  
19 reveal the nature, scope, and purpose of a secret grand jury investigation, "[a]nd it is clear that  
20 such things as scope and direction of the grand jury investigation constitute 'matters occurring  
21 before the grand jury' and are therefore protected from disclosure by the provisions of Rule 6(e)."  
22 *In re John Doe Grand Jury Proceedings*, 537 F.Supp. 1038, 1044 (D.R.I. 1982) (internal citations  
23 omitted). Second, if allowed to stand, the Special Master's ruling would eviscerate the rule of  
24 grand jury secrecy not only for this litigation, but for any civil suit where a party is involved in  
25 grand jury proceedings. Third, the Special Master had no objectively reasonable basis to  
26 conclude, and Oracle wholly failed to demonstrate, that all of the documents requested and  
27 reviewed by the grand jury are actually relevant to Oracle's claims in the civil lawsuit.

28 As to the Special Master's limitation on discovery of Oracle's communications with

1 current or former TN employees, the recommendation is both arbitrary and prejudicial. It is  
 2 arbitrary because it ignores the representation by Oracle's counsel that the documents to be  
 3 produced were not collected in connection with RFP Nos. 25 and 26 and may have little or no  
 4 relevance to those requests, and ignores TN's reasonable proposals to address Plaintiffs' and the  
 5 Special Master's overbreadth concerns. It is prejudicial because the documents sought are  
 6 relevant and necessary to key defenses in the case and the arbitrary nature of the Special Master's  
 7 recommendation significantly reduces or eliminates Defendants' opportunity to discover them.

### ARGUMENT

#### **I. The Special Master Erred in Recommending Production to Oracle of Documents Provided to the Grand Jury**

##### **1. The Special Master's Conclusion that Discovery of Documents Produced to a Grand Jury Does Not Violate Rule 6(e) is Erroneous**

13 The Special Master recommends that Defendants be required to comply with Oracle's  
 14 request for "[a]ll documents relating to Department of Justice, Federal Bureau of Investigation, or  
 15 other federal, state, or local government agency's request or investigation into the allegations in  
 16 the Complaint and First Amended Complaint."<sup>4</sup> Exh. 3, at 6. The Special Master's conclusion  
 17 that this request does not seek grand jury materials prohibited from disclosure by Rule 6(e) is  
 18 incorrect.

19 Rule 6(e) protects the secrecy of grand jury proceedings. It defines the circumstances  
 20 under which a court may authorize disclosure of grand jury matters, (Rule 6(e)(3)(E)), and lists  
 21 the persons who are prohibited from disclosing matters occurring before a grand jury, (Rule  
 22 6(e)(2)). In doing so, Rule 6(e) reflects important and long-established policies preventing  
 23 disclosure of matters occurring before a federal grand jury. Nondisclosure serves to: (1) prevent  
 24 the escape of prospective indictees; (2) ensure the grand jury of unfettered freedom in its  
 25 deliberations; (3) impede the subornation of perjury and tampering of witnesses by targets of the  
 26 investigation; (4) encourage forthrightness in witnesses without fear of retaliation; and (5) act as a

27 <sup>4</sup> Oracle also sought all communications between the Defendants and the grand jury or  
 28 the Department of Justice, but the Special Master has not recommended compliance with this part  
 of the request. *See* Exh. 6, at 143:12-144:25.



1 shield for those who are exonerated by the grand jury. *United States v. Dynavac*, 6 F.3d 1407,  
2 1411 (9th Cir. 1993); *see also United States v. Sells Engineering, Inc.*, 463 U.S. 418, 424 (1983)  
3 (discussing the “long-established policy that maintains the secrecy of grand jury proceedings in  
4 the federal courts”).

5 If “any of the policies underlying grand jury secrecy may be adversely affected by a  
6 disclosure, Rule 6(e) should apply.” *United States v. Benjamin*, 852 F.2d 413, 418 (9th Cir.  
7 1988), *overruled on other grounds by United States v. Spillone*, 879 F.2d 514, 520 (9th Cir.  
8 1989). Under Rule 6(e)(3)(E)(i), a court may authorize disclosure of matters occurring before a  
9 grand jury “preliminarily to or in connection with a judicial proceedings” but only if the party  
10 seeking disclosure demonstrates a particularized need for the material sought. *Id.* at 419; *Sells*  
11 *Engineering*, 463 U.S. at 443 (private party seeking disclosure of grand jury matters must make a  
12 strong showing of particularized need).

13 The “touchstone of Rule 6(e)’s applicability is whether the disclosed materials would  
14 ‘elucidate the inner workings of the grand jury.’” *Benjamin*, 852 F.2d at 417. Although  
15 disclosure of business records independently generated and sought for legitimate purposes for  
16 their own sake ordinarily does not compromise the secrecy of grand jury proceedings, disclosure  
17 of “*which* documents were subpoenaed by the grand jury may disclose the grand jury’s  
18 deliberative process.” *Dynavac*, 6 F.3d at 1412 n.2 (emphasis in original). Further, even when  
19 documents are sought for their own sake, disclosure may, when the documents are “considered in  
20 the aggregate and in their relationship to one another, make possible inferences about the nature  
21 and direction of the grand jury inquiry.” *Id.* (quoting *In re Grand Jury Proceedings*, 851 F.2d  
22 860, 865 (6th Cir. 1988)).

23 The Special Master’s ruling ignores these principles and misconstrues the essence of  
24 Oracle’s requests for documents. Oracle does not ask for documents relevant to particular claims  
25 or allegations it asserts in the civil lawsuit. Rather, Oracle wants to know which specific  
26 documents the grand jury subpoenaed and which specific documents Defendants produced in  
27 response to the subpoena. It freely admitted as much at the hearing with the Special Master.  
28

1 See Exh. 7 at 94:3-95:22;<sup>5</sup> see also McDonell Decl. ¶ 9 (citing Oracle’s January 28, 2008 motion  
2 to compel)(“Since the government is investigating Defendant’s conduct as it relates to Oracle’s  
3 claims [Oracle presumes], materials related to that investigation, and particularly whatever  
4 materials Defendants have provided to the government, are relevant”; and the only way for Oracle  
5 to know whether Defendants have produced the same documents to the government that they  
6 have produced to Oracle is to “compare and contrast Defendants’ . . . production[s]”).

7 Oracle repeatedly concedes that it does not want the documents produced to the grand jury  
8 for their own intrinsic value, but because it wants to know: “the manner in which the Defendants  
9 produced those documents to the government,” “whether TN’s production to date includes  
10 documents also provided to the government,” and how Defendants “cataloged their production to  
11 the government.” McDonell Decl. ¶ 9. In other words, Oracle wants to know what the grand jury  
12 is investigating and what its investigation has revealed thus far—precisely the information  
13 protected by Rule 6(e).

14 Oracle’s admissions should be dispositive. As the Ninth Circuit instructed in *Dynavac*,  
15 “[I]f a document is sought for its own sake rather than to learn what took place before the grand  
16 jury, and if its disclosure will not comprise the integrity of the grand jury process, Rule 6(e) does  
17 not prohibit its release.” 6 F.3d at 1411-12. Thus, if a document is *not* sought for its own sake,  
18 production should *not* be compelled. Oracle, by its own—and repeated—admissions, is not  
19 seeking the documents in question for their own sake, nor have the Defendants declined to  
20 produce any documents sought for its own intrinsic value to Oracle’s case. In such a situation,  
21 *Dynavac* instructs that the request to compel production should be denied.

22 Oracle’s request also attempts “to learn what took place before the grand jury.” *Dynavac*,  
23 6 F.3d at 1411. The Special Master’s decision failed to recognize this, concluding that documents  
24 produced by Defendants to the grand jury do not reveal “anything done by a grand jury . . . or any  
25 information regarding grand jury witnesses, testimony or proceedings.” Exh. 3, at 6. This

26 <sup>5</sup> For example, at the Hearing, counsel for Oracle indicated:

27 MS. HOUSE: You’ve got to understand Rule 6(e) – this is a backstop for us. We’re  
28 allowed to check against – this is pretty serious stuff, and we’re allowed to check against what  
they have produced to us, and the historical documents that they have produced to the  
government. Exh. 7 at 94:17-21.

1 conclusion is incorrect. A request for, and disclosure of, documents provided to a grand jury  
2 pursuant to a subpoena “can reveal a great deal about the nature, scope and purpose of a secret  
3 grand jury proceedings,” and the nature and scope of grand jury proceedings are protected from  
4 disclosure under Rule 6(e). See *In re John Doe Grand Jury Proceedings*, 537 F. Supp. at 1044-45  
5 (“an examination of all documents subpoenaed and reviewed by the grand jury can reveal a great  
6 deal about the nature, scope, and purpose of a secret grand jury investigation . . . [a]nd it is clear  
7 that such things as scope and direction of the grand jury investigation constitute ‘matters  
8 occurring before the grand jury’ and are therefore protected from disclosure by the provisions of  
9 Rule 6(e)”); *In re Sulfuric Acid Antitrust Litigation*, 2004 WL 769376 \*1-2 (N.D. Ill. April 9,  
10 2004) (request for production seeking all documents produced by defendants in connection with  
11 grand jury investigation denied as seeking production of matters occurring before the grand jury  
12 in violation of Rule 6(e)); *Board of Ed. Of Evanston Twp. High School Dist. No. 205 v. Admiral  
13 Heating & Ventilation, Inc.*, 513 F.Supp. 600, 605 (N.D. Ill. 1981) (plaintiff’s document request  
14 for all documents submitted by defendants to the grand jury effectively sought disclosure of  
15 “grand jury proceedings” and plaintiff failed to show particularized need).

16 The Special Master’s decision is also inconsistent with established Ninth Circuit law.  
17 Although the Special Master’s analysis is not set out in his ruling, he appears to have concluded  
18 that a request for documents produced to a grand jury can never impinge upon the rule of grand  
19 jury secrecy. For example, he concludes that “Defendants are not being requested to produce . . .  
20 any information regarding grand jury witnesses, testimony, or proceedings. What is at issue are  
21 simply documents . . . not anything that discloses what was done within the grand jury.” Exh. 3, at  
22 6.<sup>6</sup> However, in *Dynavac*, the Ninth Circuit criticized this type of analysis, holding that a “per se

23 <sup>6</sup> The Special Master’s conclusion that documents are “per se” not grand jury materials  
was foreshadowed at the February 13, 2008, hearing:

24 JUDGE LEGGE: I have a difficult time with the claim that information requested from a  
25 third party about what is said to a grand jury is grand jury protection [sic]. Rule 6 exists primarily  
26 to protect what goes on within the grand jury: what witnesses are called; what the witness said;  
27 who took the Fifth or who didn’t take the Fifth; what they are going to do next; the deliberations;  
28 their arguments with one another; the arguments the US attorneys make to them, and their  
response to the US attorneys.

That is what Rule 6 is about.

MS. BOERSCH: Correct.

1 approach, which never classifies documents as 'matters occurring before the grand jury'" is  
2 "under-inclusive." 6 F.3d at 1412 (rejecting per se approach).<sup>7</sup> Instead, *Dynavac* adopted the  
3 "effect" test, which instructs lower courts to determine whether "disclosure of a particular  
4 requested item will reveal some secret aspect of the inner workings of the grand jury" before  
5 compelling production of those documents. *Id.* at 1413.

6 The Special Master's recommendation misapplies *Dynavac* in a second respect. Not only  
7 does it ignore the framework established by the Ninth Circuit for analyzing the issues presented in  
8 this case, it also concludes the result reached in *Dynavac* controls here. Exh. 3, at 6.<sup>8</sup> It does not.  
9 Significant factual differences lie between this case and *Dynavac*. In *Dynavac*, the Court required  
10 production of documents provided to the grand jury where the party holding the documents was  
11 refusing to produce the documents *solely* on the grounds that they had been provided previously  
12 to a grand jury. 6 F.3d at 1410. Here, Defendants are not declining to produce any relevant  
13 document merely on the grounds that the document was provided to the grand jury. Instead,  
14 Defendants object to Oracle's request because it seeks grand jury information rather than  
15 particular documents for their own intrinsic value. *See Sulfuric Acid*, 2004 WL 769376 at \*5  
16 (issue was not whether defendants could withhold a relevant document just because it was  
17 produced to the grand jury, but whether plaintiffs were entitled to seek documents merely because  
18 they were produced to the grand jury). If Oracle propounds a legitimate discovery request to

19 \_\_\_\_\_  
(continued...)

20 JUDGE LEGGE: And I don't think a person supplying information to a grand jury – that  
21 information is cloaked by a grand jury privilege.

22 Exh. 7, at 98:16-99:4.

23 <sup>7</sup> The *Dynavac* court's rejection of the per se approach cuts both ways. The Ninth Circuit  
24 instructed lower courts to reject both the "under-inclusive" per se approach of never considering  
25 documents "grand jury material" and the "over-inclusive" per se approach of always considering  
documents "grand jury material." Defendants are careful to note that they are not advocating an  
over-inclusive approach, either. Civil parties may compel disclosure when the document is  
"sought for its own sake," (*Dynavac*, 6 F.3d at 1411), but that simply is not the case here.

26 <sup>8</sup> Although Oracle relied on it and the Special Master cited it, *United States v. Reyes*, has  
27 no bearing on the issues presented here. 239 F.R.D. 591 (N.D.Cal. 2006). That case addressed a  
28 subpoena served upon third party law firms pursuant to Federal Rule of Criminal Procedure 17(c),  
and, in particular, whether the law firms could quash the subpoena by asserting attorney client  
privilege. The case did not involve grand jury materials and the moving party was not seeking  
documents produced to a grand jury. *Id.* at 602-04.

1 Defendants for particular documents, those documents will be, and in fact many already have  
2 been, produced to Oracle regardless of whether they have also been provided to the grand jury.

3 Moreover, the grand jury proceedings in *Dynavac* had concluded and an indictment had  
4 been returned, so there was no fear of compromising an ongoing grand jury investigation. 6 F.3d  
5 at 1410-11. Here, the grand jury investigation is ongoing. To Defendants' knowledge, no  
6 charges have been brought against anyone. Allowing Oracle to determine who the grand jury is  
7 investigating and what documents the grand jury considers important to its investigation would,  
8 therefore, compromise the integrity of the grand jury. More troubling, however, is that doing so  
9 would also subject individuals and entities that the grand jury may be investigating to  
10 unnecessary and unfair scrutiny by a civil litigant and the public before any determination is made  
11 as to whether any wrong has been done.

12 The production of all documents subpoenaed and reviewed by a grand jury would reveal  
13 grand jury matters because, as the cases cited above suggest, knowledge of *which* documents the  
14 grand jury has subpoenaed says much about the nature and scope of the grand jury's  
15 investigation. This principle is also illustrated in cases discussing the work product privilege.  
16 For example, it is well settled that the selection and compilation process of documents by counsel  
17 in preparation for litigation "falls within the highly protected category of opinion work product."  
18 *Sporck v. Peil*, 759 F.2d 312, 315-316 (3d Cir. 1985) (reversing district court decision that the  
19 selection process of documents was not protected). In *Sporck*, the Third Circuit held that the  
20 selection process of defense counsel in grouping certain documents together out of the thousands  
21 produced for litigation was entitled to protection under the work product doctrine.<sup>9</sup> *Id.* The so-  
22 called *Sporck* rule informs the issue here. Just as counsel's selection of documents reveals

23 <sup>9</sup> California federal district courts follow the *Sporck* rule. *See, e.g., U.S. ex. rel. Bagley v.*  
24 *TRW*, 212 F.R.D. 554, 564 (C.D.Cal. 2003) (affirming earlier order that "the selection of  
25 documents does convey information about an attorney's mental impressions or strategy pertaining  
26 to a case, and therefore constitutes opinion work product, although the extent to which it does  
27 varies from case to case."); *accord Central Valley Chrysler-Jeep v. Witherspoon*, 2006 WL  
28 2600149, \*3 (E.D.Cal. September 11, 2006). This Court has also recognized the *Sporck* rule:  
"While individual fact documents may itself be discoverable, circumstances exist where the  
'selection and compilation of documents by counsel ... in preparation for pretrial discovery' may  
reveal an attorney's thought processes and fall within the protection of the work product  
doctrine." *Plumbers & Pipefitters Local 572 Pension Fund v. Cisco Systems, Inc.*, 2005 WL  
1459555, \*6 (N.D.Cal. June 21, 2005) (citing *Sporck*, 759 F.2d 312).

1 matters protected from disclosure by the work product privilege, the grand jury's selection of  
2 documents to review reveals grand jury matters protected from disclosure under Rule 6(e).

3 In sum, compliance with Oracle's request for all documents subpoenaed by the grand jury  
4 would reveal matters occurring before the grand jury, in violation of Rule 6(e), and the Special  
5 Master's recommendation to the contrary should be overturned.

6 **2. The Special Master's Ruling Will Eviscerate Grand Jury Secrecy**  
7 **in Any Grand Jury Investigation Involving Parties to Civil Litigation**

8 The Special Master's ruling, if allowed to stand, will eviscerate the rules of grand jury  
9 secrecy in any investigation involving the parties to a civil dispute. As the district court in  
10 *Admiral Heating* warned: "Grand jury confidentiality would be emasculated if a party seeking  
11 discovery of its proceedings could do so by routinely obtaining that information from potential  
12 (or as in this case actual) defendants." 513 F.Supp. at 604. Carried to its logical extreme, the  
13 Special Master's ruling here opens the door to the grand jury room any time there is a pending  
14 civil action involving the same or similar conduct. For example, the Special Master's ruling  
15 would allow the subject or target of a grand jury investigation who is also a civil litigant to  
16 compel victims (or witnesses) to disclose evidence of the alleged crime that they have provided to  
17 the grand jury. Subjects or targets of grand jury investigations who have not committed any  
18 crime and who are never charged with a crime could be tarred and feathered by an overzealous  
19 civil litigant who will now have access to the grand jury room. The Special Master's  
20 recommendation allows any civil litigant to use the grand jury to obtain evidence that has  
21 traditionally, and for sound reasons, been kept secret. By compelling Defendants to produce the  
22 same documents they provided to a federal grand jury, without any showing of relevancy to  
23 Oracle's civil claims or of a particularized need, the Special Master has effectively propped wide  
24 open a door that demands to be guarded more closely.

25 District courts are responsible for securing the integrity of grand jury proceedings. This is  
26 accomplished, in part, by protecting the identity and testimony of victims, witnesses, and the  
27 subjects of grand jury investigations. See *Admiral Heating*, 513 F. Supp. at 604 (district court has  
28 a duty in following 6(e) to protect individuals and corporations who may have provided

1 information to grand jury from public scrutiny). One of the purposes of protecting the secrecy of  
2 grand jury proceedings is to encourage witnesses to testify freely by promising that their  
3 testimony or what evidence they provide to the grand jury will remain confidential. *See State of*  
4 *Texas v. United States Steel Corp.*, 546 F.2d 626, 629 (5th Cir. 1977) (one purpose of grand jury  
5 secrecy is “the desire to create a sanctuary, inviolate to any intrusion except on proof of some  
6 special and overriding need, where a witness may testify, free and unfettered by fear of  
7 retaliation”). The Special Master’s recommendation, however, would allow a civil litigant to  
8 compel witnesses to disclose those grand jury matters with no showing of need, and thus it  
9 threatens to undermine the willingness of witnesses to come forward and testify freely and  
10 truthfully. A witness who knows his testimony would be routinely available in civil litigation,  
11 “may well be less willing to speak for fear that he will get himself into trouble in some other  
12 forum.” *Sells Engineering*, 463 U.S. at 432.

13 Finally, the Special Master’s ruling not only emasculates grand jury secrecy, it also  
14 “threatens to subvert the limitations” placed on litigants by the federal rules of civil procedure,  
15 limitations that “exist for sound reasons – ranging from fundamental fairness to concern about  
16 burdensomeness and intrusiveness.” *Sells Engineering*, 463 U.S. at 433. The Special Master’s  
17 ruling allows Oracle to ignore the requirements of the civil discovery rules by simply piggy-  
18 backing on the work of a grand jury.

19 **3. The Special Master’s Conclusion That Oracle’s Requests Seek**  
20 **Relevant Documents is Erroneous**

21 The Special Master also erred in concluding that the documents Oracle requests “are  
22 certainly relevant, because they specifically refer to documents relating to the allegations in this  
23 case.” Exh. 3, at 6. Given the rules of grand jury secrecy, neither the Special Master, Oracle, nor  
24 Defendants know whether, much less how, any of the grand jury’s requests for documents relate  
25 to Oracle’s allegations in the civil lawsuit. While Defendants know what documents they have  
26 been asked to produce, they cannot know, without speculation, whether or to what extent the  
27 government’s investigation relates to the allegations Oracle makes in the civil lawsuit. Neither  
28 the government nor the grand jury will reveal the nature, scope, or direction of its investigation.

1 While Oracle contends that “Defendants themselves publicly disclosed that the government’s  
2 investigation is addressed to the conduct Oracle alleges in the Complaint,” (McDonnell Decl. ¶10),  
3 a review of the public statements Oracle cites shows this contention to be wrong. *See* SAP July 3,  
4 2007 Press Release, available at [www.tnlawsuit.com](http://www.tnlawsuit.com) (“The United States Department of Justice  
5 has requested that SAP and TomorrowNow provide certain documents. SAP and TomorrowNow  
6 intend to fully cooperate with the request.”).

7 For the same reasons, Oracle’s request is overbroad. Oracle has asked for “all”  
8 documents produced to the grand jury. Its request is not limited to documents that are also  
9 responsive to Oracle’s civil discovery requests or even to documents that are relevant to Oracle’s  
10 allegations, and Oracle has not adduced any evidence to demonstrate that “all” documents  
11 requested by the grand jury are relevant to Oracle’s current claims. Some documents produced to  
12 the grand jury may be relevant, but it hardly follows from that assumption that all of those  
13 documents are relevant. The government may be investigating conduct different from that  
14 alleged by Oracle, it may be investigating entities other than those accused by Oracle, and it may  
15 be investigating individuals who have not been singled out by Oracle in the civil suit. The mere  
16 fact that the government began its investigation concurrently with Oracle’s initiation of this civil  
17 lawsuit does not demonstrate that everything relevant to the criminal investigation is  
18 presumptively relevant to the civil lawsuit. The Special Master’s assumption of relevance thus  
19 lacks any objectively reasonable basis.

20 **II. The Special Master Erred in Limiting Oracle’s Production in Response**  
21 **to RFP Nos. 25 and 26.**

22 **1. The Special Master’s Recommendation is Arbitrary and Prejudicial.**

23 At the March 4 hearing on Defendants’ motion to compel documents responsive to RFP  
24 Nos. 25 and 26, Oracle’s counsel represented that it would search for responsive documents  
25 among the documents it had collected for other requests, but would make no other effort to find  
26 responsive documents. Exh. 6, at 94:1-7 (“As a compromise, we said that the custodians we have  
27 identified and collected from that we already have where there is no incremental expense and  
28 effort required to go out and collect material, we’ll search them and we’ll produce if there’s



1 communications that we can determine as to a current or former TN employee.”). This approach  
2 does not satisfy Oracle’s obligation to make a reasonable search for documents responsive to  
3 these specific requests. *See, e.g., Kaur v. Alameida*, No. CV-F-05-276-OWW, 2007 U.S. Dist.  
4 Lexis 40138, \* (May 15, 2007 E.D. Cal.) (reminding parties of “their duty under Rule 34 to  
5 conduct a diligent search and reasonable inquiry in [an] effort to obtain responsive documents.”).  
6 As noted above, Oracle’s counsel admits that it did not have these requests in mind when it  
7 decided whose documents it would collect. Exh. 6, at 97:7-9. Nor, as TN’s counsel argued at the  
8 hearing, is there any reason to believe that the employees whose documents were collected for  
9 other requests are the employees likely to have the documents responsive to these requests. *Id.* at  
10 92:25-93:15. Oracle’s proposal is not a reasonable or logical means of satisfying its obligations  
11 under the discovery rules, but rather an arbitrary approach designed to avoid cost or effort by  
12 Oracle rather than to discover relevant and responsive information. The Special Master’s  
13 adoption of this approach in his recommendation is prejudicial to TN. While he did not expressly  
14 preclude TN from revisiting this issue if additional documents are discovered that further  
15 demonstrate the relevance of this line of inquiry, the arbitrary nature of his recommendation  
16 significantly reduces TN’s chances of discovering such documents.

17 **2. The Requested Documents are Relevant and Necessary to TN’s Defenses.**

18 Communications between Oracle and TN are relevant to a number of defenses, including  
19 consent, laches, and statute of limitations. For example, TN has reason to believe that Oracle  
20 employees and, in the past, employees of its PeopleSoft and J.D. Edwards subsidiaries, have  
21 referred Oracle customers to TN for technical support, including through direct communications  
22 with TN. If so, that would be relevant to establish Oracle’s knowledge of, and consent to, the TN  
23 customer support activities at issue in the complaint. In its motion to compel, TN described an  
24 instance in 2004 in which PeopleSoft consented to one of its customers providing software to TN.  
25 Oracle disputed that the software provided to TN is the same as the software materials at issue in  
26 this case. *See, e.g., Exh. 6, at 90:6-91:10.* Even if this were true, however, TN need not make  
27 such a showing to obtain discovery of other similar communications. Information is discoverable  
28 if it is “reasonably calculated to lead to the discovery of admissible evidence.” Fed. R. Civ. P. 26

1 (b)(1). The fact that PeopleSoft knew of, and consented to, the provision of software to TN for  
2 the purpose of providing third-party support to PeopleSoft customers in at least one instance  
3 demonstrates the reasonableness of discovery seeking similar communications. The Special  
4 Master acknowledged as much in his report. Exh. 5, at 6-7 (“At oral argument, it appears that  
5 defendants’ primary interest is in communications which may have expressed plaintiffs’ consent  
6 to defendants to use the information at issue. That is of course a relevant subject matter, if such  
7 documents exist.”).

8 Other kinds of communications between Oracle, or its subsidiaries, and TN are similarly  
9 relevant. For example, a cease and desist letter from PeopleSoft to TN indicates that Oracle has  
10 been aware of TN’s third-party support activities since at least 2002. *See* Exh. 8.  
11 Communications such as these are relevant to TN’s laches and statute of limitations defenses.  
12 Moreover, the existence of such communications between PeopleSoft’s customer support  
13 personnel and TN and PeopleSoft’s legal personnel and TN belie Oracle’s claim, in its opposition  
14 to TN’s motion and at the March 4 hearing, that no one at Oracle would have had any business  
15 purpose for communicating with a TN employee. *See, e.g.*, Exh. 6, 91:10-22.

16 **3. TN Has Proposed Reasonable Ways to Narrow the Requests.**

17 During the meet and confer process and at the March 4 hearing, TN’s counsel proposed  
18 reasonable ways to narrow RFP Nos. 25 and 26. These include limiting the requests to  
19 communications with TN employees, limiting the subject matter to TN’s business activities,  
20 limiting the search to Oracle employees who have reason to communicate with TN, and running  
21 electronic searches on the documents of those employees for specific terms such as  
22 “TomorrowNow.” Exh. 6, at 86:21-87:18. The Special Master ignored these proposals, finding  
23 the “limited relevance” of the requested documents insufficient to support the requests. As the  
24 discussion above demonstrates, however, there are employees and departments at Oracle who  
25 have had reason to communicate with TN, their communications are relevant to TN’s defenses,  
26 and TN should be permitted to discover them. The Special Master’s adoption of Oracle’s  
27 arbitrary proposal is not sufficient to provide TN with this necessary discovery. There are  
28 reasonable search methods that Oracle could use to find these communications and it should be

1 required to do so.

2 CONCLUSION

3 For the foregoing reasons and based on the record herein, the Special Master's  
4 recommendations should be rejected.

5  
6 Dated: May 16, 2008

JONES DAY

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By: /s/ - Jason McDonell  
Jason McDonell

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

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