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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' OPPOSITIONS TO
PLAINTIFFS' MOTIONS IN LIMINE**

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

FILED PURSUANT TO D.I. 915

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1 **I. OPPOSITION TO PLAINTIFFS’ MOTIONS IN LIMINE NOS. 1 AND 2 –**
 2 **“IMPLIED BUT UNPLED ADVICE OF COUNSEL DEFENSE” AND**
 3 **“SELECTIVE ATTORNEY/CLIENT COMMUNICATIONS”**

4 The Court should deny Plaintiffs’ Motions in Limine Nos. 1 and 2 because both simply
 5 rehash the same “sword and shield” arguments that were defeated on August 28, 2008 when
 6 Magistrate Judge Laporte denied Plaintiffs’ motion to compel similar privileged documents. *See*
 7 D.I. 136 (Pls.’ Mot. to Compel Production of Clawed Back Documents); D.I. 170 (Order Granting
 8 in Part Pls.’ Mot. to Compel Production of Clawed Back Documents) at 2:11-23. These motions
 9 are an attempted end run around Magistrate Judge Laporte’s previous order.

10 **A. Magistrate Judge Laporte Ruled Against Plaintiffs on This Very Issue.**

11 In their Motions in Limine Nos. 1 and 2, Plaintiffs recycle defeated arguments to claim
 12 that Defendants are improperly using the attorney-client privilege as both a sword and a shield
 13 with respect to the legality of TomorrowNow, Inc.’s (“TN”) business model and a directive
 14 issued by the SAP AG Executive Board (the “Board Directive”). However, just as before,
 15 Defendants have asserted the attorney-client privilege only as a shield and not as a sword.
 16 Defendants repeat the same representation they made two years ago: Defendants will not
 17 affirmatively use the advice of counsel as a defense or justification for any of their actions related
 18 to this lawsuit. *See* D.I. 151 (Defs.’ Opp. to Pls.’ Mot. to Compel Clawed Back Documents) at
 19 3:8-10, 9:12-14, 14:15-19. All of the documents and testimony Plaintiffs cite as examples of
 20 Defendants’ alleged selective attorney-client privilege waiver are simply non-privileged data and
 21 testimony that Defendants produced in response to Plaintiffs’ numerous discovery requests, and
 22 are akin to the data and testimony on which Magistrate Judge Laporte previously ruled. *See* D.I.
 23 170 (Order Granting in Part Pls.’ Mot. to Compel Production of Clawed Back Documents).
 24 Defendants’ production of that data and testimony does not represent an affirmative act by
 25 Defendants to put the substance of their attorneys’ advice into play in this lawsuit. In fact, as
 26 Plaintiffs themselves acknowledge in their motions, Defendants have never put forward any sort
 27 of advice of counsel defense in any pleading in this case.

28 **B. Defendants Are Not Relying on an Advice of Counsel Defense.**

Plaintiffs claim that Defendants selectively waived the attorney-client privilege “through

1 documents and testimony that *imply* favorable legal advice” regarding the legality of TN’s
2 business model. D.I. 737 (Pls.’ Mots. in Limine) at 3 (emphasis added). Even though the
3 premise of Plaintiffs’ argument rests solely on an *implication* they themselves create, Plaintiffs
4 seek to exclude certain documents and testimony on the grounds that Defendants have not pled
5 advice of counsel as an affirmative defense and instead allegedly are using the attorney-client
6 privilege as both a sword and a shield. Plaintiffs assert that Defendants introduced favorable
7 information relating to legal advice regarding TN’s business model but claimed attorney-client
8 privilege and refused to allow cross-examination regarding the substance of that advice.

9 “The privilege which protects attorney-client communications may not be used as both a
10 sword and a shield.” *Chevron Corp. v. Pennzoil Co.*, 974 F.2d 1156, 1162 (9th Cir. 1992). The
11 test set forth in *Hearn v. Rhay* is widely used to evaluate whether a litigant impliedly waived the
12 attorney-client privilege through his or her own affirmative conduct. 68 F.R.D. 574, 581 (E.D.
13 Wash. 1975). The factors considered are: “(1) assertion of the privilege was a result of *some*
14 *affirmative act, such as filing suit, by the asserting party*; (2) through this affirmative act, the
15 asserting party put the protected information at issue by making it relevant to the case; and (3)
16 application of the privilege would have denied the opposing party access to information vital to
17 his defense.” *Id.* (emphasis added).

18 Plaintiffs contend that Defendants “waived” or “disclosed” privileged information, but the
19 only disclosures to which they point are the same type of non-privileged information that is
20 routinely disclosed on a privilege log without waiving privilege (*e.g.*, the parties and persons
21 involved, dates, general descriptions regarding nature of advice, etc.). As a result, the documents
22 and testimony Defendants produced are not privileged. Prior to production, Defendants reviewed
23 the documents and determined there was no privileged basis for withholding the documents or
24 unredacted portions thereof. Likewise, the deposition transcripts attached to Plaintiffs’ motion
25 show Defendants’ counsel’s close supervision in real time during the depositions to serve as a
26 gatekeeper, permitting testimony regarding non-privileged matters and providing the witnesses
27 instructions not to testify in a manner that would reveal privileged information.

28 With regard to the specific documents and testimony at issue in Plaintiffs’ motion,

1 Plaintiffs first seek to exclude a risk report prepared by Luka Mucic, a non-lawyer employee of
2 SAP AG, containing analysis and conclusions about TN from Arlen Shenkman, a non-lawyer
3 employee of SAP America. *See* D.I. 738-4 (Ex. D to the Declaration of Thomas S. Hixson in
4 Support of Pls.’ Mot. in Limine (“Hixson Decl.”)). On its face, this document is a business risk
5 assessment and does not contain legal advice. Defendants produced this document because it was
6 responsive to Plaintiffs’ requests, and it is not privileged.

7 Plaintiffs also seek to exclude e-mails sent by TN account executives Spencer Phillips and
8 Eric Osterloh to customers, which state that SAP’s attorneys concluded TN’s business model was
9 legal, but do not provide the substance or details of any advice sought or received from counsel.
10 *See* D.I. 738-12 and 738-14 (Exs. L and N to Hixson Decl.). These non-privileged e-mails were
11 between TN employees and third parties and were produced in response to Plaintiffs’ discovery
12 requests. Similarly, Plaintiffs seek to exclude an article posted on <eweek.com> where a non-
13 SAP employee discusses the legality of TN’s business model. *See* D.I. 738-15 (Ex. O to Hixson
14 Decl.). Plaintiffs introduced this non-privileged, publicly available document as a deposition
15 exhibit at Seth Ravin’s first deposition in 2009. *See* Declaration of Tharan Gregory Lanier
16 (“Lanier Decl.”) ¶ 1, Ex. 1 (5/21/09 Ravin Tr.) at 172:18-173:4.

17 Plaintiffs provide no example of Defendants’ affirmative assertions of any defenses or
18 justifications in this case of TN’s business model by using their attorneys’ advice. As indicated in
19 the deposition transcripts attached to Plaintiffs’ motions in limine, Defendants and their witnesses
20 properly invoked the attorney-client privilege when Plaintiffs asked them questions seeking
21 revelation of discussions regarding legal advice sought or received from counsel.

22 It is Plaintiffs, through their incessant questioning into matters they clearly know are
23 privileged, who have attempted to inject into this case the substance of legal advice sought or
24 received from Defendants’ counsel. And to the extent that Plaintiffs have learned collateral, non-
25 privileged information regarding advice sought or received by Defendants, it is simply the result
26 of Plaintiffs’ affirmative acts and tireless probing that continue to knock at and around the
27 privilege door so that Plaintiffs can gain as much information in discovery as they can. Although
28 Plaintiffs have thoroughly circled the outside perimeters of Defendants’ privileged information,

1 Defendants have remained steadfast in maintaining the integrity of the privilege.¹

2 The cases on which Plaintiffs rely are easily distinguishable. The only similarity between
3 *Columbia Pictures Television, Inc. v. Krypton Broad. of Birmingham, Inc.*, 259 F.3d 1186 (9th
4 Cir. 2001) and this case is that *Columbia* involved allegations of copyright infringement. In that
5 case, however, the defendant argued that he continued his infringing activities on the advice of his
6 attorney. Defendants have not made and will not make that argument. In *Cox v. Administrator*
7 *U.S. Steel & Carnegie*, 17 F.3d 1386 (11th Cir. 1994), one of the defendants argued in pleadings,
8 including a motion to dismiss, that it believed in the legality of the policies that were disputed in
9 the lawsuit, affirmatively placing its attorneys' advice at issue. Defendants have not put forth that
10 argument in any of their pleadings filed with this Court. Moreover, Plaintiffs even make the self-
11 defeating admission that Defendants have never pled an advice-of-counsel affirmative defense.
12 See D.I. 737 (Pls.' Mot. in Limine) at 4.

13 C. **Defendants Have Not Selectively Waived the Attorney-Client Privilege**
14 **Regarding the Board Directive.**

15 Plaintiffs' Motion in Limine No. 2 fails for the same reasons as their Motion in Limine
16 No. 1. The only instances Plaintiffs cite in support of their "sword" assertion are Defendants'
17 production of non-privileged documents and testimony in response to Plaintiffs' discovery
18 requests, which, as a matter of law, are not affirmative acts by Defendants. See *Insurance Co. of*
19 *the State of Penn. v. City of San Diego*, No. 02cv693 BEN (CAB), 2008 WL 926558, at *2 (S.D.
20 Cal. Apr. 4, 2008) (holding no waiver of attorney-client privilege in insurance dispute, where
21 defendant's produced documents showed attorney involvement in lawsuit investigation);
22 *Quiksilver, Inc. v. Kymsta Corp.*, 247 F.R.D. 579, 583-84 (C.D. Cal. 2007) (holding no waiver of
23 attorney-client privilege in trademark dispute, where deponent testified that counsel provided
24 legal advice regarding a marketing campaign without providing information on substance of that
25 advice); *Genentech, Inc. v. Insmad Inc.*, 236 F.R.D. 466, 469 (N.D. Cal. 2006) (holding no waiver

26 ¹ In their deposition designations, Defendants designated testimony in which Plaintiffs
27 asked Defendants' witnesses questions about legal advice and the witnesses then invoked the
28 attorney-client privilege. These designations were appropriately qualified in the preamble cover
filing that attached Defendants' designations and are simply included as context for the parties
and the Court to use to the extent that Plaintiffs challenge Defendants' privilege assertions.

1 of attorney-client privilege in patent dispute, where deponent testified that counsel provided legal
2 advice regarding patent without providing information on substance of that advice).

3 Throughout this litigation, Plaintiffs served several interrogatory requests and requests for
4 production, seeking documents and information regarding the steps Defendants took to protect
5 Plaintiffs' intellectual property.² One step was a directive issued by the SAP AG executive board
6 to TN, ordering TN to remove all local customer environments from its systems. Like the Rules
7 of Engagement document (which was the subject of Magistrate Judge Laporte's August 2008
8 ruling), the Board Directive was an SAP business decision. *See* Lanier Decl. ¶ 2, Ex. 2 (9/26/08
9 Kagermann Tr.) at 341:5-342:7. Chris Faye, an SAP employee and in-house lawyer, notified TN
10 of the Board Directive. *See* Lanier Decl. ¶ 3, Ex. 3 (10/22/08 Faye Tr.) at 64:11-65:21. The
11 existence, content and facts surrounding communication of the Board Directive—information that
12 Defendants produced—are not privileged. The legal advice that SAP AG's executive board
13 sought regarding that decision is privileged, and Defendants properly withheld that information.

14 Plaintiffs depict the depositions of Faye and Tim Crean (also an SAP employee and in-
15 house lawyer), both of whom provided legal advice regarding the Board Directive, as attempts by
16 Defendants to inject SAP's attorneys' advice into this lawsuit. Plaintiffs noticed and took those
17 depositions presumably because they knew from the non-privileged information Defendants
18 produced that both witnesses could give relevant, non-privileged testimony. *See* Lanier Decl.
19 ¶¶ 4-6, Ex. 4 (8/25/08 Amended Notice of Deposition of Christopher Faye); Ex. 5 (1/7/09
20 Amended Notice of Deposition of Tim Crean); Ex. 6 (2/25/09 Amended Notice of Deposition of
21 SAP AG and SAP America Pursuant to Fed. R. Civ. P. 30(b)(6) re: Project Blue). Defendants
22 designated Faye as SAP's Rule 30(b)(6) fact witness on the subject of the Board Directive and
23 Project Blue (TN's name for the project to implement the Board's directive), primarily because
24 Faye is the SAP employee with the most personal knowledge regarding the non-privileged
25 information responsive to Plaintiffs' deposition notice. Regardless, responding to a deposition
26 notice and/or designating an individual—even a lawyer—as a Rule 30(b)(6) witness do not

27 ² *See, e.g.,* Lanier Decl. ¶¶ 7-8, Ex. 7 (7/28/08 Pls.' 2nd Set of Reqs. for Prod. of
28 Documents to Defs., Req. No. 1); Ex. 8 (7/28/08 Pl. Oracle Corp.'s 3rd Set of Interrogatories to
TN and 2nd Set of Interrogatories to Defs. SAP AG and SAP America, Interrogatory No. 4).

1 constitute affirmative acts by Defendants under the test set forth in *Hearn v. Rhay*.

2 That Faye and Crean are in-house attorneys at SAP does not advance Plaintiffs' argument.
3 The Board Directive was a business decision on which some in-house attorneys provided advice.
4 In-house attorneys frequently provide advice on their company's business decisions, a fact
5 Magistrate Judge Laporte noted during the hearing on Plaintiffs' previous motion to compel
6 production of Defendants' privileged documents related to the Rules of Engagement (SAP rules
7 regarding working with TN). *See* Lanier Decl. ¶ 9, Ex. 9 (D.I. 176, 8/28/08 Hrg. Tr.) at 71:4-10;
8 *cf. In re Wells Fargo Residential Mortgage Lending Discrimination Litig.*, No. C 08-1930 MMC
9 (JL), 2009 WL 1578920, at *3 (N.D. Cal. June 4, 2009) (holding no waiver of attorney-client
10 privilege when bank relied on fair lending procedure documents as affirmative defense even
11 though documents were drafted with assistance of counsel). Were disclosure of business advice
12 or the general fact that Defendants sought and received legal advice (without, of course, revealing
13 the subject of that legal advice) enough to force a waiver of the attorney-client privilege whenever
14 the business purposes of a particular decision came into question during litigation or other legal
15 proceedings, this would unreasonably constrain corporate rule-making and self-policing.

16 Defendants also have neither revealed the substance of Faye and Crean's advice about the
17 Board Directive nor argued that Defendants' reliance in good faith on that advice is a defense to
18 Plaintiffs' claims in this case. *See, e.g., Sasser v. Amen*, No. C 99-3604 SI, 2001 WL 764953, at
19 *3-4 (N.D. Cal. July 2, 2001) (holding no waiver of attorney-client privilege concerning
20 production of letter containing legal advice where defendant never made any legality or good
21 faith arguments based on contents of letter); *Laser Indus., Ltd. v. Reliant Tech., Inc.*, 167 F.R.D.
22 417, 446 (N.D. Cal. 1996) (finding waiver of attorney-client privilege unlikely where statements
23 allegedly effecting a waiver do not disclose contents of a specific communication between client
24 and attorney). Both witnesses simply offered their recollection of the events surrounding the
25 Board Directive and, following Defendants' counsels' timely and proper instructions at their
26 depositions, either refused to answer or otherwise limited their answers when Plaintiffs' questions
27 would have required them to disclose privileged information. Because Defendants are not
28 offering their attorneys' advice on the Board Directive as a defense to their conduct related to this

1 lawsuit, Defendants' counsels' instructions and Faye's and Crean's corresponding refusal to
 2 answer or limiting of their answers on the basis of the attorney-client privilege were proper. No
 3 waiver occurred, no sword has been wielded, and the privilege has remained a shield.

4 **II. OPPOSITION TO PLAINTIFFS' MOTION IN LIMINE NO. 3 – "CUSTOMER**
 5 **STATEMENTS IN AT RISK REPORTS"**

6 The Court should deny Plaintiffs' Motion in Limine No. 3 for four reasons: (1) Plaintiffs'
 7 assertions, in open court and through their damages expert Paul C. Meyer, confirm the probative
 8 value of the At Risk report; (2) the customer statements are adoptive admissions and not hearsay;
 9 (3) the statements are offered for other non-hearsay purposes including the customer's state of
 10 mind, notice and in support of Defendants' mitigation of damages defense; and (4) Meyer relied
 11 on the At Risk report, and thus, it is admissible to explore the bases of his opinions.

12 **A. The At Risk Report's Relevance.**

13 A customer's reasons for not renewing support contracts with Plaintiffs are central to this
 14 case. Specifically, Plaintiffs claim that TN's customers would have continued to purchase Oracle
 15 support services had TN not existed, while Defendants claim that a large percentage of those
 16 customers would have left Oracle even had TN not existed. The At Risk report, a report of
 17 information regarding customers "at risk" of not renewing Oracle support services, is the single
 18 most comprehensive compilation of customers' reasons for leaving Oracle. Given that there are
 19 358 customers at issue, the parties' ability to rely on this compilation is particularly important.

20 The At Risk report should be admitted in its entirety because of its probative value. *See*
 21 Fed. R. Evid. 807 (statement is admissible if "the statement is more probative on the point for
 22 which it is offered than any other evidence which the proponent can procure through reasonable
 23 efforts"). Plaintiffs' attorneys confirmed the probative value of the At Risk report early in this
 24 case, initially arguing that it was so great that Defendants' damages discovery should be limited.
 25 *See* Lanier Decl. ¶ 10, Ex. 10 (2/13/08 Hearing Transcript) at 153:22-154:11 ("[T]he notion that
 26 we need to go any farther afield than this incredibly detailed document . . . is highly premature.").
 27 Plaintiffs' attorney further explained:

28 MS. HOUSE: Moreover, I think it is very important that you understand that one

1 of the key documents that we're going to be producing—we call it internally, or
 2 Oracle calls it internally, an “at-risk report.” . . .

3 [I]t is actually a vibrant electronic . . . document that is sort of a historical
 4 compilation of all of the losses to third parties . . . has detailed notes about every
 5 single one of those customers that was lost, and what was the perception about
 6 why they were lost . . .

7 JUDGE LEGGE: What is it called?

8 MS HOUSE: Third-party risk analysis. And this is a document that is not specific
 9 to the 69 customers; has enormous detail about all customers lost to all third
 10 parties. This is a gift.

11 . . . This is something that is an internal Oracle document, that is – goes a very
 12 long way in compiling, and in one unit . . . the various customers that were
 13 actually in play; what happened to them; what kind of financial losses on a one-
 14 year period were associated with those customers.

15 Lanier Decl. ¶ 10, Ex. 10 (2/13/08 Hrg. Tr.) at 152:24-154:3. One month later, Plaintiffs again
 16 went to great lengths to explain the probative value of the At Risk report in an effort to limit other
 17 discovery:

18 JUDGE LEGGE: Define it for me, would you?

19 MR. HOWARD: It's a compilation, Oracle's compilation of all of the different
 20 reasons that customers give for leaving Oracle when they go to TomorrowNow or
 21 other third-party support providers, and that's not limited to the 69. It's all of the
 22 information that Oracle has in that form relating to those customers. . .

23 JUDGE LEGGE: That's pretty darn comprehensive.

24 MR. HOWARD: It is very comprehensive.

25 Lanier Decl. ¶ 11, Ex. 11 (3/4/08 Hrg. Tr.) at 105:13-24.

26 Plaintiffs' damages expert agreed that the report is relevant and probative. In his report,
 27 Meyer wrote, “Oracle established a *formal* ‘At Risk’ reporting process for sales personnel to
 28 report support renewal customers that they felt were ‘at risk’” of not renewing” (emphasis added).

29 Lanier Decl. ¶ 12, Ex. 12 (Meyer Report) ¶ 88. Additionally, he relied upon the At Risk report—
 30 without any qualification about the customer statements—to form his opinions. *Id.* ¶ 381
 31 (“Where applicable, the results of my analysis were compared, by customer, to Oracle or
 32 PeopleSoft contemporaneous reports of support renewals lost or at risk of being lost (“At Risk”
 33 reports).”) Thus, Meyer's reliance upon the document confirms its probative value and

1 admissibility under Rule 703 of the Federal Rules of Evidence.

2 Indeed, even in their motion, Plaintiffs effectively acknowledge the indicia of reliability of
3 the report, including the customer statements within the report. *See* D.I. 737 (Pls.’ Mots. in
4 Limine) at 14 (At Risk report designed and maintained by Oracle’s Director of North American
5 Support Sales, “updated and modified over time,” and “distributed internally within Oracle”).

6 **B. Customer Statements in the At Risk Report Are Adoptive Admissions.**

7 Plaintiffs have “manifested an adoption or belief in [the] truth” of the customer statements
8 in the At Risk report; thus, they are adoptive admissions. *See* Fed. R. Evid. 801(d)(2)(B). For
9 example, when the creator of the report (Rick Cummins, Oracle’s Director of North American
10 Support Sales) was asked about the *very type of statement* that Plaintiffs now seek to exclude (an
11 email sent from a customer in the notes section of the At Risk report, (Lanier Decl. ¶ 13, Ex. 13
12 (Defs.’ Ex. 311)), he testified that he relied upon the customer statements. *See* Lanier Decl. ¶ 14,
13 Ex. 14 (4/21/09 Cummins Tr.) at 234:1-15 (“Q. And you relied on that for keeping track of
14 customers that were at risk of cancelling support. A. Yes.”).³ Cummins also confirmed that the
15 notes section was a critical part of the report. *See* Lanier Decl. ¶ 15, Ex. 15 (9/16/08 Cummins
16 Tr.) at 225:2-4 (“I was most reliant on the notes column.”). Indeed, support sales representatives
17 were warned that “[t]his data is provided to Oracle executives and needs to be accurately,
18 succinctly, and regularly updated.” Lanier Decl. ¶¶ 15-16, Ex. 16 (Defs.’ Ex. 217) at
19 ORCL00130710; Ex. 15 (9/16/08 Cummins Tr.) at 216:13-23. Indeed, a multitude of documents
20 confirm Oracle’s routine use and reliance upon the customer statements.⁴

21 ³ Plaintiffs argue that an email from Cummins to Robert Lachs shows that “[s]ometimes
22 customers gave inaccurate information to Oracle. . . .” D.I. 737 (Pls.’ Mots. in Limine) at 15
23 (citing D.I. 738-26 (Ex. Z to the Hixson Decl.)). This document actually *confirms* that Oracle
made sure that it accurately updated the At Risk report. *See* D.I. 738-26 (Ex. Z to the Hixson
Decl.) (Cummins requested that “‘at risk’ is updated appropriately to reflect this one this week”).

24 ⁴ Information in the At Risk report, including customer statements, was regularly
25 distributed within Oracle in native form, (Lanier Decl. ¶¶ 17-18, Ex. 17 (Defs.’ Ex. 61)
26 (“Attached is the latest third party risk analysis.”); Ex. 18 (Defs. Dep. Ex. 58) (same)) and as
27 portions adopted and incorporated into emails, reports and presentations. *See* Lanier Decl. ¶¶ 15,
28 19-23, Ex. 15 (9/16/08 Cummins Tr.) at 212:4-213:25 (stating that At Risk report used for
information in updates regularly sent to Juergen Rottler); Ex. 19 (9/23/08 Cummins Tr.) at
316:19-317:8 (stating that Cummins sent out At Risk report monthly); Ex. 20 (Defs.’ Ex. 299) at
ORCL00188697 (incorporating and adopting part of At Risk report in PeopleSoft and Siebel
Q207 YTD Cancellation Review); Ex. 21 (Defs.’ Ex. 334) at ORCL00131374 (incorporating and
adopting “Notes” section of At Risk report in North America Support Review); Ex. 22 (Defs.’ Ex.

1 Oracle's routine use of and reliance upon the customer statements far exceed the use and
 2 reliance other courts have held "manifest[] an adoption or belief in [the] truth" of a statement.
 3 *Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 454 F. Supp. 2d 966, 973 (C.D. Cal. 2006)
 4 ("To the extent other content is incorporated into these emails, and to the extent [Plaintiffs']
 5 agent[s] express[] approval thereof, the incorporated content is admissible as vicarious
 6 adoptions."); *see also Sea-Land Serv., Inc. v. Lozen Int'l, LLC*, 285 F.3d 808, 821 (9th Cir. 2002)
 7 (forwarding memo written by another employee to opposing party "manifested an adoption" of its
 8 truth); *Tracinda Corp. v. Daimler-Chrysler AG*, 362 F. Supp. 2d 487, 500 (D. Del. 2005) ("An
 9 adoptive admission can be found in the circumstances where a party forwards a document to
 10 another in response to a request for information contained in the document.").

11 **C. Customer Statements Reveal Existing State of Mind.**

12 The customer statements reveal Oracle's customers' then existing mental condition. *See*
 13 Fed. R. Evid. 803(3). The statements may be admitted to show customer motive, opportunity and
 14 intent to terminate Oracle support services for reasons other than TN. *See Callahan v. A.E.V.,*
 15 *Inc.*, 182 F.3d 237, 252 (3d Cir. 1999) (reversing district court and concluding "statements of a
 16 customer as to his reasons for not dealing with a supplier are admissible for this limited purpose,
 17 i.e., the purpose of proving customer motive") (citation omitted).⁵

18 **D. Meyer Relies on the At Risk Report.**

19 The At Risk report is admissible under Rule 705 of the Federal Rules of Evidence to
 20 explore the underlying facts and data relied upon by Plaintiffs' damages expert Meyer. *See*
 21 Lanier Decl. ¶ 12, Ex. 12 (Meyer Report) at ¶ 381. Defendants can introduce the entire At Risk
 22 report to explore the basis of his opinions. *See* Fed. R. Evid. 705.

23
 24 (continued...)

25 309) at ORCL00126452 (incorporating and adopting portions of At Risk report in email about
 26 "notable PSFT cancellations"); Ex. 23 (Defs.' Ex. 214) (incorporating and adopting sections of At
 27 Risk report in email about customer calls). In fact, Oracle personnel made "[p]roactive customer
 visits to key customers identified 'At Risk.'" Lanier Decl. ¶ 24, Ex. 24 (Defs.' Ex. 63) at
 ORCL00088229.

28 ⁵ Similarly, the customer statements may be admitted to show Oracle notice of its
 malcontented customers and, correspondingly, on the need to take steps to mitigate its damages.

1 In sum, the customer statements are admissible under Rules 703, 705, 801(d)(2), 803(3),
 2 and 807 of the Federal Rules of Evidence because they are reliable and accurate recordings of
 3 Oracle's customer's then existing mental conditions. *Cf., e.g., BoDeans Cone Co., L.L.C. v.*
 4 *Norse Dairy Sys., L.L.C.*, 678 F. Supp. 2d 883, 906-07 (N.D. Iowa 2009) (rejecting argument to
 5 exclude "double hearsay" customer statements in a business record because of Rules 801(d),
 6 803(3), 803(6) and 807 of the Federal Rules of Evidence).⁶

7 **E. Procedural Errors Also Justify Denying Motion in Limine No. 3.**

8 Plaintiffs' motion should also be denied for procedural reasons. Plaintiffs have not
 9 provided a copy of the At Risk report to review, instead electing to cherry pick a few excerpts
 10 from it. *See* D.I. 738-24 (Ex. X to the Hixson Decl.). Moreover, buried in a footnote, Plaintiffs
 11 request that an entire group of *unidentified* other documents should also be excluded. *See* D.I.
 12 737 (Pls.' Mots. in Limine) at 17 n.3. The Court cannot exclude evidence that has not been
 13 identified, let alone shown, to Defendants or the Court.

14 **III. OPPOSITION TO PLAINTIFFS' MOTION IN LIMINE NO. 4 – "EVIDENCE OF**
 15 **SETTLEMENT DISCUSSIONS"**

16 The Court should deny Plaintiffs' Motion in Limine No. 4 because Rule 408 ("Rule 408")
 17 of the Federal Rules of Evidence does not bar evidence of compromise negotiations when used to
 18 establish failure to mitigate damages or to contest whether punitive damages are appropriate.

19 Plaintiffs seek to preclude Defendants from introducing evidence of informal settlement
 20 discussions that occurred in November 2007, separate and apart from the Court-ordered
 21 mediation process. *See* D.I. 737 (Pls.' Mots. in Limine) at 17-18. Plaintiffs rely on Rule 408,
 22 which states that evidence of compromise negotiations is not admissible "when offered to prove
 23 liability for, invalidity of, or amount of a claim that was disputed as to validity or amount, or to
 24 impeach through a prior inconsistent statement or contradiction." Fed. R. Evid. 408. Although
 25 Plaintiffs properly cite the language of this rule, they fail to appreciate its meaning. Rule 408
 26 does not entirely disallow evidence of compromise negotiations; rather, it prohibits this evidence

27 _____
 28 ⁶ For this reason, the cases Plaintiffs cite in their Motion are inapposite because they do
 not consider the multiple other reasons the customer statements are admissible.

1 if offered for one of the enumerated purposes; it does not bar admission for other purposes. *See*
2 *id.*; *Abbott Diabetes Care Inc. v. Roche Diagnostics Corp.*, No. C05-03117 MJJ, 2007 WL
3 4166030, at *3 (N.D. Cal. Nov. 19, 2007).

4 Rule 408 “is designed to ensure that parties may make offers during settlement
5 negotiations without fear that those same offers will be used to establish liability should
6 settlement efforts fail. When statements made during settlement are introduced for a purpose
7 unrelated to liability, the policy underlying the Rule is not injured.” *Rhoades v. Avon Prods.*, 504
8 F.3d 1151, 1161-62 (9th Cir. 2007). Evidence does not violate Rule 408 if it is introduced for
9 non-liability purposes, such as proving that a third party is “necessary,” showing when particular
10 conduct occurred, or revealing a conflict of interest. *See Iskander v. Rodeo Sanitary Dist.*, No.
11 95-16914, 1997 WL 469636, at *1 (9th Cir. Aug. 18, 1997); *In re Bay Area Material Handling,*
12 *Inc.*, No. 94-15815, 1996 WL 29262, at *3 (9th Cir. Jan. 25, 1996); *Sulit v. Slep-Tone Entm’t*, No.
13 C06-00045 MJJ, 2007 WL 4169762, at *3 n.1 (N.D. Cal. Nov. 20, 2007).

14 Evidence relating to the November 2007 settlement discussion is relevant both to
15 Defendants’ argument that Plaintiffs failed to mitigate damages and to contest Plaintiffs’ theory
16 that punitive damages are appropriate in this case. With regard to mitigation, evidence of
17 settlement negotiations that proves that a party “may have incurred more damage than necessary”
18 does not raise Rule 408 concerns and does not render the evidence inadmissible on Rule 408
19 grounds. *CIT Group/Equip. Fin., Inc. v. Taylor*, No. C-91-1848 SBA (PJH), 1991 U.S. Dist.
20 LEXIS 18171, at *12-14 (N.D. Cal. Dec. 16, 1991) (Hamilton, J.). “[S]everal courts have ruled
21 that *Rule 408 does not exclude evidence of settlement negotiations if relevant to mitigation of*
22 *damages.*” *Mastec N. Am., Inc. v. Coos County*, No. 04-278-AA, 2007 WL 2027011, at *8 (D. Or.
23 July 6, 2007) (emphasis added). Plaintiffs appear to argue that the Court should grant this motion
24 in limine because allowing settlement negotiation evidence for purposes of proving failure to
25 mitigate would render all rejected settlement proposals admissible. *See D.I. 737 (Pls.’ Mots. in*
26 *Limine)* at 17-18. Plaintiffs’ argument fails for several reasons: (1) it ignores case law that
27 allowed settlement evidence for this specific purpose; (2) it erroneously assumes all settlement
28 discussions implicate mitigation; and (3) it fails to explain why the Court should be concerned

1 with setting a precedent that allows for the introduction of relevant and admissible evidence.

2 With regard to punitive damages, courts allow evidence of compromise negotiations
 3 where introduced to show a party's state of mind, intent or knowledge. *See Smith v. Genstar*
 4 *Capital LLC*, No. C 01-3936MMC, 2001 WL 1658315, at *2 (N.D. Cal. Dec. 20, 2001) (holding
 5 that Rule 408 is not implicated where "defendants rely on the statement to establish their state of
 6 mind and lack of notice"); *Cazares v. Pacific Shore Funding*, No. CV04-2548DSF(SSX), 2006
 7 WL 149106, at *11 (C.D. Cal. Jan. 3, 2006) (holding that Rule 408 does not bar admission of
 8 settlement agreements that illustrate a defendant's "intent or knowledge"). Courts in the Eighth
 9 and Tenth Circuits specifically held that the "other purposes" exception under Rule 408 includes
 10 the purposes of proving willfulness and assisting the jury in making punitive damages
 11 determinations. *See Bradbury v. Phillips Petroleum Co.*, 815 F.2d 1356, 1364 (10th Cir. 1987);
 12 *Itron, Inc. v. Benghiat*, No. Civ.99-501 (JRT/FLN), 2003 WL 22037710, at *9-10 (D. Minn. Aug.
 13 29, 2003). Thus, Rule 408 does not prohibit Defendants from offering evidence that will tend to
 14 disprove willfulness for the purpose of opposing punitive damages.

15 **IV. OPPOSITION TO PLAINTIFFS' MOTION IN LIMINE NO. 5 – "EVIDENCE**
 16 **NOT IN INTERROGATORY RESPONSES"**

17 The Court should deny Plaintiffs' Motion in Limine No. 5 to exclude evidence not in
 18 interrogatory responses because it lacks merit, as Defendants' disclosures provide ample notice of
 19 the evidence on which Defendants' license defense will rely and comport with Defendants'
 20 obligations under the Federal Rules of Civil Procedure (the "Rules").

21 **A. Evidence of License Agreements Should Not Be Excluded.**

22 Plaintiffs move under Rule 37(c)(1) of the Federal Rules of Civil Procedure ("Rule 37") to
 23 exclude evidence of agreements that Defendants will argue authorized TN's allegedly infringing
 24 conduct. Plaintiffs base their sanctions request on the claim that Defendants failed to
 25 "supplement" their response to Interrogatory No. 4 ("Rog. 4")⁷ with information linking each

26 _____
 27 ⁷ Rog. 4 asks Defendants to "[i]dentify all 'agreements between Plaintiffs and their
 28 customers and/or former customers' on which you base the contentions made in Your Answer's
 Affirmative Defenses, including but not limited to Identifying which terms of those agreements
 form the basis of Your contentions." D.I. 737 (Pls.' Mots. in Limine) at 19.

1 allegedly infringing download or copy of software to the specific license(s) authorizing that
 2 download or copy.⁸ See D.I. 737 (Pls.' Mots. in Limine) at 19-20. Plaintiffs' request is
 3 inconsistent with the Rules and with the parties' burdens at trial.

4 First, Defendants gave an appropriate and complete response by identifying 27 illustrative
 5 Oracle customer licenses (not four, as Plaintiffs state) for the various software lines at issue and
 6 citing the representative terms on which their license defense will rely.⁹ See Lanier Decl. ¶ 25,
 7 Ex. 25 (12/4/09 TN's 7th Am. and Supp. Resp. to OUSA's 1st Set of Rogs., Resp. to Rog. 4) at
 8 19-26. Such citation to exemplars, in this case to the "thousands of license agreements and
 9 related contract documents for the hundreds of customers at issue," (D.I. 737 (Pls.' Mots. in
 10 Limine) at 21) is permitted and considered complete under the Rules. See *Dong Ah Tire &*
 11 *Rubber Co. v. Glasforms, Inc.*, No. C 06-3359 JF (RS), 2008 U.S. Dist. LEXIS 90708, at *11-12
 12 (N.D. Cal. Oct. 29, 2008) (holding that plaintiff adequately responded to interrogatory requesting
 13 that it "(1) identify every document and thing relating to any complaint Glasforms has received in
 14 the past five years" by producing "a sample of these materials to defendants"). Defendants are
 15 not required to undertake the burden of mapping each of the alleged millions of downloads and
 16 thousands of copies of software applications on TN's computers to the thousands of license
 17 agreements at issue—that is Plaintiffs' job. See D.I. 737 (Pls.' Mots. in Limine) at 21; *Baxter*
 18 *Healthcare Corp. v. Fresenius Med. Care Holding*, No. C 07-1359 PJH (JL), 2008 U.S. Dist.
 19 LEXIS 104329, at *5, 8-9 (N.D. Cal. Dec. 15, 2008) (holding that once defendant identified
 20 documents responsive to interrogatory, it was not required "to prepare massive charts correlating

21
 22 ⁸ If Plaintiffs deemed Defendants' discovery responses incomplete, they were required to
 23 move to compel. See Fed. R. Civ. P. 37(a); *Atkinson v. Kofoed*, No. CIV S-06-2652 RRB EFB P,
 24 2008 WL 508410, at *1 (E.D. Cal. Feb. 22, 2008) ("The remedy when a party fails to respond to
 25 properly served, timely discovery requests and refuses to correct the omission through informal
 26 means is to file a motion to compel pursuant to Rule 37(a)."). Instead, Plaintiffs attempt to
 27 circumvent the rule by requesting Rule 37(c)(1) sanctions for Defendants' alleged failure to
 28 "supplement" per Rule 26(e)(1). Plaintiffs' failure to timely move to compel by the December 11,
 2009 deadline alone justifies denying this motion in limine. See *Walker & Zanger, Inc. v.*
Paragon Indus., No. C-04-1946 VRW (JCS), 2006 WL 1581969, at *3 (N.D. Cal. June 6, 2006);
Compana, LLC v. Aetna, Inc., No. C05-0277RSL, 2006 WL 1319456, at *1-2 (W.D. Wash. May
 12, 2006) (holding that "the sanction of exclusion [was] not warranted" where party had not
 timely filed motion to compel).

⁹ Contrary to Plaintiffs' assertion, Defendants supplemented their response after April 15,
 2010 to include Siebel agreements. *Id.* at 23-26.

1 the thousands of documents” to “each distinct—and potentially infringing—version” of accused
2 product); *Dong Ah Tire & Rubber Co.*, 2008 U.S. Dist LEXIS 79172, at *5, 8-9 (holding that
3 plaintiff was not required to specifically identify documents showing “each instance of insulating
4 rod failure,” where it had identified responsive documents and “answering the question would
5 require the responding party to engage in burdensome or expensive research”).

6 Second, no supplementation was required because Defendants did not learn that “in some
7 material respect the disclosure or response [was] *incomplete or incorrect . . .*” (Fed. R. Civ. P.
8 26(e)(1)(A) (emphasis added)) and because the licenses on which Defendants will rely at trial will
9 be consistent with the exemplars identified in their response.¹⁰ *See Dodson v. Morgan Stanley*
10 *DW, Inc.*, Case No. C 06-5669 RJB, 2007 U.S. Dist. LEXIS 85535, at *34 (W.D. Wash. Nov. 8,
11 2007) (noting that although “Rule 26(e) imposes a duty upon a party to supplement corrective or
12 incomplete information, it does not impose a duty to supplement information that is consistent”).
13 That Plaintiffs never requested that Defendants supplement their response prior to the close of
14 discovery confirms that the response was sufficient. *See id.* at *10.

15 The authority on which Plaintiffs rely to support exclusion confirms that Defendants did
16 not violate Rule 26(e)(1). In those cases, courts held that exclusion sanctions were appropriate
17 where failure to timely produce relevant information prejudiced the other party. *See Cambridge*
18 *Elects. Corp. v. MGA Elecs., Inc.*, 227 F.R.D. 313, 321-24 (C.D. Cal. 2004) (excluding declaration
19 for failure to disclose declarant as a witness before fact discovery closed and not providing
20 information in response to interrogatory); *Yeti by Molly Ltd. v. Deckers Outdoor Corp.*, 259 F.3d
21 1101, 1105-07 (9th Cir. 2001) (excluding expert, whose report was filed 28 days before trial,
22 because late disclosure hampered plaintiffs’ ability to respond to opinion); *Licciardi v. TIG Ins.*
23 *Group*, 140 F.3d 357, 361-62, 364, 367 (1st Cir. 1998) (holding expert’s undisclosed opinion
24 should have been excluded and noting “this is an extreme case, both in the prejudice wrought and
25 the apparent deliberateness of the behavior”). Defendants provided a detailed roadmap of their
26 license defense; Plaintiffs cannot credibly contend that they will be “forced to guess which

27 ¹⁰ To the extent Plaintiffs suggest that Defendants had a separate obligation to disclose
28 during the meet and confer process the specific agreements on which Defendants plan to rely at
trial, Plaintiffs cite no authority for this novel proposition.

1 sentences in which agreements and for which customers” Defendants will rely upon at trial. D.I.
 2 737 (Pls.’ Mots. in Limine) at 21. Indeed, Plaintiffs appear familiar enough with the license
 3 agreements to proclaim that “[n]one . . . authorized SAP TN’s conduct.” *Id.* Because Defendants
 4 complied with Rule 26(e)(1), sanctions under Rule 37(c)(1) are not warranted.¹¹ *See Brown v.*
 5 *Chertoff*, No. 406CV002, 2009 U.S. Dist. LEXIS 691, at *15 (S.D. Ga. Jan. 6, 2009).

6 Finally, requiring Defendants to identify a specific license that authorizes each instance of
 7 accused conduct does not comport with the parties’ respective burdens of proof. A valid
 8 copyright license is an affirmative defense to infringement. *See Rano v. Sipa Press, Inc.*, 987
 9 F.2d 580, 585 (9th Cir. 1993); *Bourne v. Walt Disney Co.*, 68 F.3d 621, 631 (2d Cir. 1995). Once
 10 a defendant identifies a relevant license, the copyright owner must prove that the copying was
 11 unauthorized; it is not the defendant’s burden to show that the copying was authorized by the
 12 identified agreement. *See Bourne*, 68 F.3d at 631, *Realnetworks, Inc. v. DVD Copy Control Ass’n*,
 13 641 F. Supp. 2d 913, 945 (N.D. Cal. 2009). Plaintiffs do not dispute that TN’s access to and use
 14 of its customers’ Oracle software and support materials is governed by customer licenses with
 15 Oracle. *See* D.I. 418 (Fourth Amended Complaint) ¶ 53; Lanier Decl. ¶ 26, Ex. 26 (12/4/09 Pls.’
 16 5th Am. and Supp. Resp. to TN’s 1st Set of Rogs., 2nd Supp. Resp. to Rog. No. 10) at 64-66.
 17 Thus, it is Plaintiffs’ burden—not Defendants’—to prove that TN’s allegedly infringing conduct
 18 exceeded the scope of each applicable license. *See RealNetworks*, 641 F. Supp. 2d at 945.

19 **B. Evidence of Customer Credentials Used to Download Software and Support**
 20 **Materials Should Not Be Excluded.**

21 Plaintiffs also move to preclude Defendants from presenting evidence “that purports to tie
 22 specific downloads by SAP TN to particular license agreements.” Plaintiffs’ motion is based only
 23 on the unsupported assertion that Defendants contended during discovery that it is impossible to
 24 determine the customer credentials used to download a particular item from Oracle’s support
 25 websites. *See* D.I. 737 (Pls.’ Mots. in Limine) at 19.

26 ¹¹ Plaintiffs also ask that evidence of implied agreements be excluded because Defendants’
 27 response to Rog. 4 did not identify such agreements. *See* D.I. 737 (Pls.’ Mots. in Limine) at 21.
 28 Rog. 4 does not seek information regarding implied agreements; rather, Interrogatory No. 2, to
 which Defendants gave a detailed response, does. *See* Lanier Decl. ¶ 25, Ex. 25 (12/4/09 TN’s 7th
 Am. and Supp. Resp. to OUSA’s 1st Set of Rogs., Resp. to Rog. 2) at 9-17.

1 Defendants have never taken this position. Defendants acknowledged that there is “no
2 known *technical* way to specifically tie a downloaded item on TomorrowNow’s systems to a
3 Customer Connection ID and password,” in that “the downloaded files neither contain any
4 physical electronic tagging in the file itself, nor any file-based metadata associated with each file
5 that provides both the exact username and password that was used to download each file.” Lanier
6 Decl. ¶ 27, Ex. 27 (11/23/09 Defs.’ Resp. to Pls.’ 5th Set of RFAs to Defs., Resp. to Req. No. 1)
7 at 7 (emphasis added). In other words, an individual downloaded file—once downloaded—does
8 not have a technical “fingerprint” that reflects the customer ID and password used to obtain it.

9 However, throughout the case, Defendants have always maintained that, for most of the
10 relevant timeframe, TN’s typical procedure was to download materials for a customer using that
11 customer’s Customer Connection ID and password and to store those downloads in a customer-
12 specific folder. *See id.* at 7-8; Lanier Decl. ¶ 28, Ex. 28 (12/4/09 TN’s 8th Am. and Supp. Resp.
13 to Oracle Corp.’s 1st Set of Rogs, Resp. to Rogs. 3, 7, 12, 16) at 11-20, 24-27, 55-57, 73-77; D.I.
14 334 (Defs.’ Opp. to Pls.’ Mot. to Compel) at 7 n.9. Based on this practice, and by reviewing
15 TN’s business records that contain the customer credentials each customer provided and the
16 materials to which each customer represented it was entitled, one can reconstruct which customer
17 credentials likely were used to obtain a download. In fact, as Plaintiffs are aware, Defendants
18 undertook this analysis to identify the likely customer credentials used to download certain
19 software and support materials identified in the First Amended Complaint. *See* Lanier Decl. ¶ 28,
20 Ex. 28 (TN’s 8th Am. and Supp. Resp. to Oracle Corp.’s 1st Set of Rogs, Resp. to Rogs. 10 and
21 13) at 34-42, 57-71.

22 Former TN Vice President Shelley Nelson’s testimony, on which Plaintiffs rely, actually
23 confirms that TN was able to determine the likely credentials used to obtain certain downloads.
24 *See* D.I. 738 (Hixson Decl.) ¶ 34, Ex. BB at 570:2-23; *see also* Lanier Decl. ¶ 29, Ex. 29 (12/6/07
25 S. Nelson Tr.) at 153:11-154:22. To the extent that Plaintiffs take issue with the type of evidence
26 on which Defendants will rely to tie downloads to customer credentials, that is a matter of
27 evidentiary weight, not a basis on which to exclude evidence. *See Knight v. Deere & Co.*, No.
28 2:08-cv-01903-GEB-EFB, 2010 U.S. Dist. LEXIS 56736, at *14-15 (E.D. Cal. May 11, 2010)

1 (noting that “a motion in limine should not be used to resolve factual disputes or weigh
2 evidence”); *C & E Servs., Inc. v. Ashland Inc.*, 539 F. Supp. 2d 316, 323 (D.D.C. 2008) (same).

3 Because Defendants have never contended that it is impossible to determine the customer
4 credentials used to download a particular item or group of items from Oracle’s support websites
5 and, in fact, have identified the types of evidence that can be used to make this determination,
6 Plaintiffs have no basis on which to move to exclude evidence that would tie specific downloads
7 to customer credentials or, ultimately, to particular license agreements.

8 **V. OPPOSITION TO PLAINTIFFS’ MOTION IN LIMINE NO. 6 – “HEARSAY
9 CONCERNING LOCKHEED MARTIN”**

10 The Court should deny Plaintiffs’ Motion in Limine No. 6 because the statements of
11 PeopleSoft employee Gregory Stevenson are admissible under Rules 803(d)(2)(C) and (d)(2)(D)
12 of the Federal Rules of Evidence, while the related TN statements are admissible under Rules
13 804(b)(1) and 807, as well as for various non-truth purposes. Plaintiffs specifically seek to
14 exclude: (1) an email from Seth Ravin to Shelley Nelson and Andrew Nelson recounting Ravin’s
15 conversation with Stevenson during which Stevenson said “he was going to let Lockheed Martin
16 know that there were no issues with them sending [TN] the CDs” (D.I. 738-30 (Ex. DD to
17 the Hixson Decl.) (“Ravin email”)); (2) an email from Andrew Nelson stating that a senior
18 PeopleSoft executive (clearly Stevenson) referred the customer to TN (D.I. 738-32 (Ex. FF to the
19 Hixson Decl.) (“Nelson email”));¹² (3) Ravin’s deposition testimony about the conversation with
20 Stevenson (D.I. 738-30 (Ex. EE to the Hixson Decl.) (“Ravin testimony”)); and (4) Shelley
21 Nelson’s deposition testimony about the Ravin-Stevenson exchange (D.I. 738-30 (Ex. BB to the
22 Hixson Decl.) (“Nelson testimony”)).

23 ***The deposition testimony:*** Plaintiffs contend that the Ravin and Nelson testimony is
24 hearsay because it is deposition testimony. However, “a party may use the deposition of a
25 witness at a hearing or trial if the court finds ‘that the witness is more than 100 miles from the
26 place of hearing or trial.’” *Nationwide Life Ins. Co. v. Richards*, 541 F.3d 903, 914 (9th Cir. 2008)

27 ¹² In the Ravin email, Lockheed Martin wrote to Stevenson stating “Lockheed Martin has
28 contacted the supplier you recommended” D.I. 738-30 (Ex. DD to the Hixson Decl.) at TN-
OR00614960.

1 (quoting Fed. R. Civ. P. 32). Ravin is a Nevada resident (*see* Lanier Decl. ¶ 30, Ex. 30 (3/31/09
 2 Hrg. Tr.) at 7:19-8:1, and Shelley Nelson lives in Texas. *See* Lanier Decl. ¶ 29, Ex. 29 (12/6/07 S.
 3 Nelson Tr.) at 241 (deposition errata sheet signed and notarized in Texas). Thus, their deposition
 4 testimony is admissible. *See* Fed. R. Evid. 804(b)(1).

5 The Stevenson statements, within both the deposition testimony and the emails, are
 6 admissions of a party-opponent per Rule 801(d)(2) of the Federal Rules of Evidence (“Rule
 7 801(d)(2)”). Plaintiffs argue that Stevenson’s statements are not admissions under Rule
 8 801(d)(2)(C) because there is no evidence he was authorized to make them. However, all of the
 9 objective indications are that Stevenson *was* authorized. He was in direct communication with a
 10 major customer, fielding and responding to questions about the customer’s permission to provide
 11 CDs to TN. *See* D.I. 738-30 (Ex. DD to the Hixson Decl.). In addition, there is an independent
 12 basis for finding his statements to be admissions: Stevenson was clearly acting within the scope of
 13 his employment within the meaning of Rule 803(d)(2)(D). Stevenson’s email to TN was sent
 14 from his PeopleSoft email address and closes with an electronic signature attesting that the
 15 message was authored by Stevenson as part of PeopleSoft’s “Customer Care.” D.I. 738-30 (Ex.
 16 DD to the Hixson Decl.) at TN-OR00614959-961. In another email, Stevenson is identified as an
 17 Applications Sales Manager.¹³ *See* Lanier Decl. ¶ 31, Ex. 31 (ORCL00347112-7114). His email
 18 to TomorrowNow, and the context of the email, demonstrate that he was acting within the scope
 19 of his employment. *See Sea-Land Serv.*, 285 F.3d at 821 (email whose electronic “signature”
 20 attested that the message was authored by employee was admission of party-opponent).

21 The statements are also admissible because they are “offered to prove [Defendants’] lack
 22 of willfulness, not for truth of the matters asserted.” *United States v. Harris*, 942 F.2d 1125, 1130
 23 (7th Cir. 1991) (reversing district court’s exclusion of letters written by third-party to defendant);
 24 *Vinieris v. Byzantine Maritime Corp.*, 731 F.2d 1061, 1064 (2d Cir. 1984) (“Because these are the
 25 crucial issues in the instant case, the trial court should have followed a liberal policy in admitting
 26 evidence directed towards establishing the [defendant’s] subjective state of mind.”). Plaintiffs

27 ¹³ Joe Janney, copied on the email sent to Stevenson (D.I. 738-30 (Ex. DD to Hixson
 28 Decl.)), is later identified as a Regional Manager. *See* Lanier Decl. ¶ 32, Ex. 32
 (ORCL00323912-3915).

1 claim Defendants committed willful copyright infringement. *See* D.I. 418 (Fourth Amended
 2 Complaint) ¶ 126. The Ravin and Nelson testimony concerning their understanding that
 3 PeopleSoft was on notice of and had consented to TN’s access to its customers’ PeopleSoft
 4 software rebuts Plaintiffs’ claim of willfulness.

5 Similarly, these statements are offered “as background operative facts to show subsequent
 6 actions” *United States v. Demopoulos*, 506 F.2d 1171, 1175-76 (7th Cir. 1974) (affirming
 7 admission of telephone conversation between witness and unidentified caller). Here, the
 8 operative fact sought to be proved is the objective permission TN received from PeopleSoft. *See*
 9 *United States v. Hatcher*, 496 F.2d 529, 530 (9th Cir. 1974) (“Testimony as to the statements was
 10 not offered to prove their truth but merely to prove that they were made.”). Likewise, these
 11 statements are offered to prove that they were made by a PeopleSoft employee as a background to
 12 show TN’s subsequent actions.

13 ***The emails:*** Importantly, Plaintiffs’ motion regarding the Ravin email is directed *only* to
 14 the topmost email in the chain (dated 04/22/04 at 9:45 AM) and not to the other emails in the
 15 chain. *See* D.I. 737 (Pls.’ Mots. in Limine) at 21:20-25; D.I. 738-30 (Ex. DD to the Hixson Decl.)
 16 at TN-OR00614959. The other emails in the chain are unchallenged and admissible, regardless
 17 of any challenge, for a number of reasons, including for the non-hearsay purpose of establishing
 18 Plaintiffs’ notice of TomorrowNow’s business model and, as such, in support of statute of
 19 limitations, laches and waiver defenses.¹⁴

20 The Ravin and Nelson emails fall within a hearsay exception under Rule 807 of the
 21 Federal Rules of Evidence because: (i) the evidence goes to material facts;¹⁵ (ii) this is the most
 22 probative evidence regarding the issue; and (iii) the general purposes of the rules and the interests
 23 of justice will best be served by the admission. *See* Fed. R. Evid. 807; *Williamson v. Cook*
 24 *Composites and Polymers Co.*, No. CV 08-8069 AHM (VBKx), 2009 U.S. Dist. LEXIS 120457,
 25 at *5-6 n.2 (C.D. Cal. Dec. 7, 2009) (admitting emails between coworkers as non-hearsay

26 ¹⁴ The emails establish that, years before the litigation, PeopleSoft was on notice that
 27 “TomorrowNow’s standard procedure is to get a copy of [clients’] PeopleSoft Demo software
 28 CD’s in order to install a ‘demo support environment’ at TomorrowNow” D.I. 738-31 (Ex.
 EE to the Hixson Decl.); *see also* D.I. 738-30 (Ex. DD to the Hixson Decl.).

¹⁵ *See* Fed. R. Evid. 401.

1 evidence of state of mind and under the residual hearsay exception). These emails are prime
2 evidence and go to the issues of consent, waiver and willfulness. They prove that PeopleSoft was
3 aware of TN's business model, consented to it and even referred customers to TN. *See* D.I. 727
4 (Defs.' Trial Brief) at 18-20. Plaintiffs' claim that these emails are prejudicial is without merit
5 because these emails do not suggest decision on an improper basis.¹⁶ Moreover, the probative
6 value of this evidence outweighs any prejudice. *See Harris*, 942 F.2d at 1130-31 (reversing
7 district court's exclusion of letters, despite Rule 403 concerns because they "were too important
8 to . . . be excluded . . . [because] [t]he alternative . . . is to strip [the defendant] of evidence that
9 we believe was essential to a fair trial").

10 Despite Plaintiffs' vague assertions otherwise, the emails are trustworthy. They were
11 written years before litigation in the regular course of business between employees who would
12 want to communicate accurately to each other in the fulfillment of their job responsibilities. *See*
13 *United States v. Morgan*, 385 F.3d 196, 209 (2d Cir. 2004) (finding no error in the district court's
14 admission of a letter because the author would have little reason to be untruthful under the
15 circumstances in which the letter was written). Additionally, the Nelson and Ravin depositions
16 confirm the information in the emails, enhancing the trustworthiness of the emails.

17 Plaintiffs' argument that the evidence should be precluded because TN did not preserve
18 Ravin's emails after his termination is unpersuasive. A motion in limine is neither the time nor
19 place for what amounts to a sanctions motion. *See, e.g., Hsieh v. Peake*, No. C 06-5281 PJH,
20 2008 U.S. Dist. LEXIS 23649, at *59-60 (N.D. Cal. Mar. 25, 2008) (Hamilton, J.) ("[A]ny Rule
21 37 motion should have been directed to the magistrate judge to whom the court referred all
22 discovery disputes."); *Mannick v. Kaiser Found. Health Plan, Inc.*, No. C 03-5905 PJH, 2006 U.S.
23 Dist. LEXIS 38430, at *54 (N.D. Cal. June 9, 2006) (Hamilton, J.) ("[A] motion to exclude
24 evidence as a discovery sanction must be brought within the applicable time limits as a separate
25 motion, as provided under Federal Rule of Civil Procedure 37 and the Civil Local Rules of this
26 court."). Moreover, Plaintiffs have not shown that Defendants were under any obligation to

27 ¹⁶ "Unfair prejudice' within its context means an undue tendency to suggest decision on
28 an improper basis, commonly, though not necessarily, an emotional one." Fed. R. Evid. 403,
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1 preserve Ravin's emails, since he left TN years before this lawsuit was filed.

2 **VI. OPPOSITION TO PLAINTIFFS' MOTION IN LIMINE NO. 7 – "EVIDENCE OF**
3 **OTHER LITIGATION"**

4 The Court should grant both Plaintiffs' Motion in Limine No. 7 ("Evidence of Other
5 Litigation") and Defendants' Motions in Limine No. 7 ("To Exclude Evidence and Argument
6 Regarding Investigations by the DOJ and FBI") and No. 8 ("To Exclude Evidence and Argument
7 Regarding the Legality of Rimini Street, Inc.'s Business Model") or, alternatively, grant
8 Defendants' motions and deny Plaintiffs' motion as moot.

9 Both sides request that the Court exclude evidence relating to other litigation. Defendants
10 request exclusion of evidence and argument regarding investigations by the DOJ and FBI and
11 current litigation by the DOJ/FBI against Oracle Corporation. *See* D.I. 728 (Defs.' Mots. in
12 Limine) at 16-19. Defendants also request exclusion of evidence and argument regarding the
13 legality of third party Rimini Street's business model. *See id.* at 19-21. Plaintiffs request
14 exclusion of evidence relating to the same litigation against Oracle Corporation at issue in
15 Defendants' motion. *See* D.I. 737 (Pls.' Mots. in Limine) at 23-24. Plaintiffs also request
16 exclusion of evidence relating to the allegations against them in the Rimini Street litigation. *See*
17 D.I. 737 (Pls.' Mots. in Limine) at 23-24.

18 Both sides agree that evidence relating to these other proceedings would cause unfair
19 prejudice and jury confusion, which is consistent with other district court holdings. *See, e.g.,*
20 *Edwards v. GuideOne Mut. Ins. Co.*, No. 4:09cv35-HTW-LRA, 2010 WL 1416471, at *1 (S.D.
21 Miss. Apr. 7, 2010) (granting motion in limine to exclude testimony regarding other claims or
22 litigation "as such evidence would be irrelevant and would unfairly prejudice the jury"); *Meyer v.*
23 *Christie*, No. 07-2230-CM, 2009 WL 4782118, at *12 (D. Kan. Dec. 8, 2009) (affirming grant of
24 motion in limine to exclude reference to other litigation in which plaintiffs, or any entity with
25 which plaintiffs were associated, had been a party). With regard to the Rimini Street litigation,
26 the danger of unfair prejudice would be dramatically increased if the Court were to grant
27 Plaintiffs' motion alone because Plaintiffs seek to preclude only evidence of Rimini Street's
28 allegations against them, not Plaintiffs' allegations against Rimini Street. Defendants would not

1 only be forced to engage in a mini-trial regarding the business practices of an unrelated third
 2 party, they would be forced to do so with one hand tied against their back because they would be
 3 unable to raise any defenses, allegations or evidence offered by Rimini Street against Plaintiffs.
 4 There is no dispute that evidence of these proceedings is confusing and prejudicial. Thus, the
 5 Court should grant both sides' motions or, alternatively, grant Defendants' motion and deny
 6 Plaintiffs' as moot.

7 **VII. OPPOSITION TO PLAINTIFFS' MOTION IN LIMINE NO. 8 – "UNTIMELY**
 8 **DEPOSITION DESIGNATIONS"**

9 The Court should deny Plaintiffs' Motion in Limine No. 8 because Defendants did not
 10 violate the parties' agreement or the Court's Case Management and Pretrial Order. Plaintiffs'
 11 allegation that Defendants designated deposition testimony after the parties' agreed deadline
 12 misrepresents the agreement's content and purpose.

13 **A. The Parties Intended to Permit Counter and Optional Completeness**
 14 **Designations Through the Court's August 5, 2010 Deadline.**

15 Contrary to Plaintiffs' assertions, the parties' agreement was structured to provide two full
 16 days to finalize the deposition transcript designation process before the designations were due to
 17 the Court. On June 7, 2010, the parties agreed to make initial designations on July 16 and counter
 18 designations on August 2. *See* Declaration of Scott W. Cowan ("Cowan Decl.") ¶ 2. The parties
 19 intended the August 2 deadline to identify only counter designations to the parties' initial
 20 designations, not as a cut-off to any minimal further counter designations needed to respond to
 21 each sides' designations. Providing initial counter designations two full days prior to the actual
 22 court-imposed deadline gave the parties the option to review the other side's counter designations
 23 and make any further counter designations and optional completeness designations prior to filing
 24 the final designations with the Court on August 5. More importantly, any agreement between the
 25 parties did not modify the deadlines contained in the case management and pretrial orders. The
 26 May 5, 2008 Case Management and Pretrial Order governing all pretrial deadlines states:

27 **The parties may not modify the pretrial schedule by stipulation.** A conflict
 28 with a court date set after the date of this order does not constitute good cause.
 The parties are advised that if they stipulate to a change in the discovery schedule,

1 they do so at their own risk. The only discovery schedule that the court will
2 enforce is the one set in this order.

3 *See* D.I. 84 (5/5/08 Case Management and Pretrial Order) at 5. In that Order (as modified by the
4 Stipulated Revised Case Management and Pretrial Order (D.I. 325)), the Court instructed the
5 parties to “[s]erve and file a list of deposition excerpts for witnesses who will not testify in person,
6 (specifying the witness, page and line references) and other discovery responses that will be
7 offered at trial” on August 5, 2010. Because Defendants fully complied with the requirements of
8 both case management and pretrial orders, all counter designations were timely.

9 The irony of Plaintiffs’ arguments is that they had the opportunity—and took the time on
10 August 5—to make additional designations, despite their claim that they could not. In fact,
11 Plaintiffs waited until 4:00 p.m. on August 5 to serve their *initial* designations for two witnesses
12 amounting to 137 new designations. *See* Cowan Decl. ¶ 8. Defendants acted diligently and in
13 less than four hours responded with appropriate counter and optional completeness designations
14 for those 137 new designations. *See id.* Plaintiffs could have taken the initiative and responded
15 to Defendants’ counter and optional completeness designations at any time after they received
16 Defendants’ minimal additional designations at 4:38 a.m. on August 5 (*i.e.*, over 19 hours before
17 the deadline to serve their additional deposition designations) *see id.* ¶ 7; however, they chose not
18 to do so on that day, or on any day since then. Therefore, any prejudice to Plaintiffs is the result
19 of their own failure to timely provide any additional deposition designations they deem necessary.

20 **B. Plaintiffs’ Questionable Designation Practice Created the Need for**
21 **Defendants to Make Further Limited Designations.**

22 A number of Defendants’ counter designations of which Plaintiffs now complain resulted
23 from Plaintiffs’ own questionable designation practices. First, Plaintiffs provided serial
24 supplements and errata to their initial designations on five occasions. *See* Cowan Decl. ¶¶ 4, 6.
25 For example, Plaintiffs waited until the afternoon of August 2—well after the July 16 deadline—
26 to provide changes to initial designations, which included over 66 new designations. *See id.* ¶ 4.

27 Next, Plaintiffs waited until 7:36 p.m. on August 2 to designate testimony from Pat Phelan,
28 a witness for which neither party provided initial designations. *See id.* ¶¶ 3-5. Interestingly,

1 Plaintiffs labeled the testimony as counter designations, even though Defendants had not made
2 any initial designations from Phelan's testimony prior to August 2. *See id.* ¶¶ 3-5. Consequently,
3 the Court should not prevent Defendants from using testimony they designated to counter what
4 are essentially Plaintiffs' initial designations made on August 2, disguised as counter designations.

5 And on August 4, Defendants informed Plaintiffs that Defendants had inadvertently
6 designated deposition testimony of a third party witness, Robert Wasson, and Defendants
7 indicated their intention to withdraw those designations. *See id.* ¶ 6. Plaintiffs, however, refused
8 to withdraw their counter designations to Wasson's testimony and re-classified their designations
9 as "affirmative designations." *Id.* Plaintiffs' decision to reclassify counter designations as initial
10 designations on August 4 permitted Defendants the right under any reading of the parties'
11 agreement to designate testimony to counter those new, initial designations.

12 The Court should not entertain Plaintiffs' claim of prejudice when Plaintiffs waited until
13 late on August 2 and August 4 to make numerous deposition designation additions and changes.
14 Defendants request the Court to deny this motion in limine to exclude the deposition transcript
15 designations, or in the alternative not exclude the designations and allow Plaintiffs to provide
16 additional counter designations in a timely fashion.

17 Dated: August 19, 2010

JONES DAY

18
19 By: /s/ Tharan Gregory Lanier
20 Tharan Gregory Lanier

21 Counsel for Defendants
22 SAP AG, SAP AMERICA, INC., and
23 TOMORROWNOW, INC.
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