in Linux, and that is a task that the materials we seek are 1 2 particularly relevant in helping us to finish. Thank you, Your Honor. 3 Thank you. Remind me when the hearing 4 THE COURT: on motion to compel is in front of Judge Wells. 5 MR. NORMAND: Is it October 20th or -- I mean 6 December 21st? MR. SHAUGHNESSY: I think it's next Tuesday. 8 9 MR. NORMAND: Next week, Your Honor. MR. MARRIOTT: It's on the 20th, Your Honor. 10 11 THE COURT: 20th? So it's a week from today? MR. NORMAND: Yes. 12 13 THE COURT: Thank you. 14 MR. NORMAND: Thank you. THE COURT: Mr. Marriott? 15 16 MR. MARRIOTT: Thank you, Your Honor. Just to be clear in response to Your Honor's question, the hearing that's 17 set for argument next Tuesday is not the motion that's related 18 to this one. Two arguments are set on different motions, not 19 20 one that bears relationship to the appeal before Your Honor 21 today. THE COURT: Not the motion to compel. 2.2 23 MR. MARRIOTT: A motion to compel, but a different motion to compel and the one in which SCO seeks the same 24

relief from Judge Wells that it seeks from Your Honor by way

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of this motion. That motion has not yet, to my knowledge, 1 2 been set for argument. THE COURT: Do you agree with that, Mr. Normand? 3 MR. NORMAND: I think that's right. MR. MARRIOTT: Thank you, Your Honor. 5 MR. NORMAND: And one further thought, Your Honor, I 6 think the parties have asked the magistrate court, I think 7 we've asked her to schedule, if she could, the argument on 8 that motion before December 22nd, and I don't think we've 10 heard back from her on that. 11 THE COURT: All right. MR. MARRIOTT: To my knowledge that's not true. 12 THE COURT: Which isn't true? 13 MR. MARRIOTT: That we have asked the magistrate 14 15 judge to set arguments for SCO's motion. THE COURT: So you disagree with Mr. Normand that 16 17 you've asked for that? MR. MARRIOTT: Correct, I disagree. 18 MR. NORMAND: Well, I certainly wouldn't have had 19 that conversation with Mr. Marriott, and if I'm incorrect, I 20 apologize, but I would have had a conversation with Mr. 21 22 Shaughnessy. MR. SHAUGHNESSY: Yeah, my recollection is that at 23 24 most that would have been something that would have been included in the motion papers, but there has been no separate 25

communication from the magistrate judge setting that particular motion hearing that I'm aware of.

THE COURT: All right. Go ahead.

MR. MARRIOTT: Thank you, Your Honor. I have three points -- two main points, Your Honor, and then I'd like to respond, if I may, to some of the assertions made by SCO in its reply papers and in its argument today. Before I do that though, I'd like to come, if I might, to a matter which is raised by a question of Your Honor to Mr. Normand and which is absent from discussion in SCO's papers and that's the discussion of the burden that SCO bears on this motion, an issue I think critical to the resolution of the appeal.

To prevail, as Mr. Normand I believe suggests, for the first time hearing this argument on this appeal, SCO must establish that Magistrate Judge Wells acted contrary to law and that she committed clear error. And that the Tenth Circuit cases -- Your Honor, what that means, as a practical matter, as I know Your Honor is aware, is that this Court should not interfere with Magistrate Judge Wells' determination unless Your Honor comes to a decision based on what the Tenth Circuit describes as the entire set of evidence, and if Your Honor does so based upon a definite and a firm conviction of mistake. The standard is not that Your Honor might have done it differently, not that Your Honor thinks there might be an error or suspects it. The question

is whether Your Honor has a conviction that a mistake was made, and not just a conviction, Your Honor, but a definite and a firm conviction under the cases of the Tenth Circuit.

With that backdrop, Your Honor, let me come, if I may, to the first of the points I'd like to make.

THE COURT: But if I understood part of his argument, it was that she, at least with respect to some of these matters, she really didn't consider them or rule on them, and with those, there might be a different standard.

MR. MARRIOTT: That is certainly SCO's contention,
Your Honor. In fact, my first point is that Magistrate Judge
Wells considered SCO's request. And as a result, the standard
here, Your Honor, is whether or not she committed clear error
or whether or not she acted contrary to law and we, of course,
respectfully submit that she did not.

THE COURT: And you disagree with his suggestion that she might not have considered this or at least part of this?

MR. MARRIOTT: I disagree with that, Your Honor. The crux of SCO's contention on this appeal is, as this dialogue suggests, that Magistrate Judge Wells failed to address SCO's argument that IBM should be required to produce all documents related to the development of the claims, and that simply, as I believe, the record demonstrates incorrect. SCO filed a motion to compel, Your Honor, before Magistrate

Judge Wells and it filed that motion on December 2nd, 2005, and in the motion it asked Magistrate Judge Wells to require IBM to produce all documents related to the development of Linux, and in support of that motion SCO made two arguments. The first argument was that IBM had violated orders of the court in not producing this information because according to SCO, Magistrate Judge Wells had already ordered IBM several times to produce the information.

SCO's argument in the alternative was that irrespective of Magistrate Judge Wells' orders, she should require IBM to produce all documents related to the development of Linux. In response to SCO's motion, which had two prongs, IBM filed a brief in opposition. In our opposition papers, Your Honor, we laid out for the court, Magistrate Judge Wells, that we did not understand her orders to require IBM to have produced the information SCO seeks. And second, we laid out, in even greater detail and greater length, our response to the argument raised by SCO that we should be required in any event to produce all documents related to the development of Linux.

And I refer Your Honor to pages 10 through 16 of our opposition papers below, which are devoted to the sole question presented by this appeal, which is whether, as SCO contends, Magistrate Judge Wells overlooked the argument set out in SCO's opening brief and in IBM's opposition papers.

SCO filed a reply and that argument was heard. The transcript of that argument, Your Honor, spans 70 pages. At the outset of the argument Magistrate Judge Wells said, for the record, at page 6 of the transcript, that she had considered the parties' submissions, including the briefs submitted by SCO and IBM about whether, irrespective of the court's orders, IBM should be required to produce all information related to the development of Linux.

Following Magistrate Judge Wells' indication that she reviewed the submissions of the parties, counsel for SCO argued that IBM should be required to produce the materials at issue on this appeal for two reasons, one, because they were supposedly required by prior orders of the court and, two, because SCO contended they were in any event required. And I refer Your Honor to page 25 of the transcript below. In opposition IBM argued that it had not violated orders of the court, and that in any event, we should not be required to produce the information SCO seeks on this appeal.

And with respect to the latter point, I refer Your
Honor to pages 48 through 50 of the transcript below, that in
reply SCO argued again that IBM should be required in any
event to produce the information at issue. SCO refers to this
portion of the transcript in its papers and that appears at
page 55 by SCO's own description.

Following arguments from counsel, Magistrate Judge

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Wells then said, again for the record, at page 57 of the transcript, that she had considered the parties' arguments.

Prominent among those arguments was whether, one, IBM violated the Court's orders and, two, whether independent of the Court's orders, IBM should be required to produce documents from all Linux developers relating to development of Linux.

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Following that statement, Magistrate Judge Wells ruled from the bench and from the bench she said in substance two things. One, IBM did not misinterpret the Court's orders, and the Court had not previously ordered IBM to produce, as SCO contended, all documents related to the development of Linux. Second, Magistrate Judge Wells denied the motion. She denied SCO's request that IBM be required to produce all documents related to the development of Linux, and I refer Your Honor particularly to page 3 of Magistrate Judge Wells' order.

Moreover, Your Honor, at the close of the hearing,
Magistrate Judge Wells said, does anyone have any other issues
they would like to raise with the Court, in response to which
SCO's counsel said at page 70, no. Following the hearing, at
the direction of Magistrate Judge Wells, IBM prepared for the
Court's signature a form of order, which IBM's counsel
discussed with counsel for SCO. The parties disagreed as to
one element of that order, an issue not relevant to the
present appeal. That issue was then elevated to Magistrate

Judge Wells. We held a teleconference, in which Mr.

Shaughnessy and Mr. Normand participated, to resolve the disagreement about that issue. Magistrate Judge Wells resolved that issue, again not relevant here, in IBM's favor. But at no point during the meet and confer following the hearing and at no point during the teleconference with Magistrate Judge Wells did SCO ever say that they had an issue with Magistrate Judge Wells' order because she had failed to consider the second of their arguments in connection with their motion to compel.

The suggestion here that Magistrate Judge Wells was somehow required to parse the papers of the parties and in her ruling from the bench itemize every single argument refuted is, respectfully, not supported in the case law. I would respectfully submit, Your Honor, that one cannot read the orders of Magistrate Judge Wells below in context and reach any other conclusion than that she fully understood SCO's argument, she said twice on the record that she had considered them, and she's ruled on them immediately after hearing from counsel from SCO and counsel for IBM, and at no point did SCO suggest that somehow an argument of apparently enormous importance was missed by Magistrate Judge Wells, and respectfully, Your Honor, I would submit that just didn't happen.

The second point which I'd like to make is that not

only did Magistrate Judge Wells consider the issue presented by this appeal, but she properly resolved it. She didn't abuse her discretion. She didn't act contrary to law, and she didn't commit clear error. Magistrate Judge Wells ruled that there should be reasonable limits in effect placed on discovery, and she implemented those limits and she did it properly here. That decision stands, Your Honor, we submit, for at least four independent reasons: One, the information at issue there and now here is not relevant, was not relevant and in any event not necessary, two, requiring IBM to produce that information would pose an undue burden on IBM; three, the request comes too late in the day; and, four, contrary to what Mr. Normand suggests here today, it is simply not conceivable, Your Honor, that the Court could require that Magistrate Judge Wells or Your Honor today could require IBM to produce the information that SCO seeks without requiring an adjustment of the Court's schedule.

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Now, I don't intend in any great depth, Your Honor, to discuss each of those four I think independent bases for Magistrate Judge Wells' decision. They are set out in our papers and I'm happy to address any questions Your Honor may have about them. Let me say briefly this with respect to them: As Your Honor has now heard, I'm sure more than you wish, Linux is an operating system that is an open operating system. It has been and is being developed in the public

view. There are millions, an equivalent of millions of pages of paper available to SCO and to anybody else who wants to look at it on the Internet, and in our papers, Your Honor, we cite the Court to the Web sites in which you could find for yourself, if you so desire, more information than you'd ever like about the development of Linux.

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In addition to that which is publicly available,
Your Honor, we have produced from the files of IBM, contrary
to what SCO suggests, a very substantial number of documents
relating to the development of Linux. In the three -- nearly
three years since this lawsuit has been pending, IBM has
produced documents from 236 custodians. By comparison, SCO
has produced documents from approximately 66 custodians.

Contrary to what Mr. Normand said here this morning, IBM has
not limited its production to the documents related to the
development of Linux to the files of the 20 Linux developers.

IBM has produced documents from the files of the company, from
the files of individuals relating to the development of Linux,
the number of individuals to whom have been produced Linux
development documents, Your Honor, is approximately 80. It is
not limited, as SCO suggests in its papers here, to 20.

The idea, Your Honor, and Mr. Normand suggests at the last hearing in an effort to put this dispute behind us, in an effort to reach a compromise, IBM offered to produce documents from an additional 20 developers to be selected by

SCO, so that we would avoid disputes about whether we properly selected the people, whether we were trying, as Mr. Normand suggests, to pull a fast one.

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SCO identified the 20 developers. We produced documents from those developers. That exercise, Your Honor, took 60 days, and it didn't take 60 days at a leisurely pace. Those were an intense 60 days with a lot of people involved, reviewing a lot of documents to determine whether they were responsive or privileged to prepare those for production, and yet what SCO asks for today, they ask Your Honor to require us to produce and to find more -- importantly, Magistrate Judge Wells acted contrary to law in ruling as she did -- documents from hundreds of additional Linux developers. If you just take the metric, Your Honor, of what it took to produce documents from the files of the 20, which was 60 days, on weekends, on a very late night review basis, we would be doing the production, the discovery that they request for over a year. The suggestion that there is not somehow undue burden associated with that is I think simply incorrect.

The evidence of record is what matters to the determination of this appeal, Your Honor, and though SCO suggests that the Court should look beyond the evidence that was presented to Magistrate Judge Wells. The deposition of Mr. Frye, which they cite in their reply papers, which in any event it doesn't support their contention, is beyond the scope

of the record. The evidence of the record at the time Magistrate Judge Wells ruled indicated by Mr. Frye's sworn testimony, they've had a chance to depose him for over two days, that the production of these materials would impose a substantial undue burden on IBM. There's not any question that the IBM lawyers were involved with Mr. Frye in the preparation of his declaration. He's not a lawyer. Mr. Frye isn't actually doing the preparation of materials to be produced. He's not doing the review, so obviously there was some interchange between counsel and Mr. Frye as to the contents of his declaration. And if you read SCO's excerpts from that declaration as they appear in their reply brief, I would suggest they don't in any way support the notion suggested by SCO here today, that Mr. Frye's declaration was somehow an attempt to pull a fast one.

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Mr. Frye testified that the effort would require, as is obviously the case, and common sense would suggest, a production from the files of hundreds of people. If a production is done right and the people are visited with and they are interviewed and it is determined whether they have documents and they pass them along and they are carefully reviewed for privilege and for responsiveness, that is a substantial exercise, and it is not one that, we respectfully submit, that could be accomplished here, except by imposing undue burden on IBM, and we think Magistrate Judge Wells got

it just right when she limited the issue we have here, the discovery of question.

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We're not talking, Your Honor, about a world in which there is all the discovery or no discovery. Magistrate Judge Wells in the exercise of her discretion drew a line. Magistrate Judge Wells appreciated that there were enormous volumes of information available publicly on Linux. She understood the scope of IBM's production of Linux because we made it, I think, clear. She understood that IBM had produced on the order of magnitude that we're talking about here and she drew lines, I think reasonably, to provide SCO with what it needs without imposing on IBM undue burden.

Furthermore, Your Honor, contrary to what SCO suggests here today, we do contend that SCO delayed for bringing this motion to Magistrate Judge Wells' attention. If you believe SCO, Mr. Normand reiterated it here this morning, SCO has been seeking the documents at issue since the summer of 2003, since the beginning of this case. Magistrate Judge Wells rejected, and Mr. Normand does not dispute, Magistrate Judge Wells rejected in her October 12 order the idea that SCO's earlier motion to compel sought the information that is at issue on this appeal.

What that means is, Your Honor, SCO didn't bring a motion to compel the production of the materials it now says are at the core of the case, without which it claims it can't

fairly proceed until approximately two and a half years after the case began, months before the close of fact discovery, and about ten days before the final deadline for the disclosure of the allegedly misused materials.

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And let me pause for just a second on that issue. As Mr. Normand says today, if the materials at issue are as important as they are, then how can it be, Your Honor, they are not going to be used to supplement the alleged misuse of That tells you a lot about the supposed importance of these materials. They're not going to be used he says today, except in perhaps in a substantial way to amend the disclosures that are required to be made on December 20th as to what's at issue in the case. If all Mr. Normand wishes to know is something particular from IBM about the code already identified as allegedly misused, there are other ways by which SCO can find that information, and indeed they have propounded a 30(b)(6) notice on IBM to discover information such as the supposed significance of the information IBM is contributing, the very thing that Mr. Normand suggests now today. They were required the production of at least a million -- we don't know exactly how many documents are at issue here, Your Honor, but I think it's quite clear based on our experience it's going to be a million pages of paper, and to require that and the effort that would be involved to get it done, there are other ways to get the same information, it respectfully makes no

sense.

So the motion was delayed unduly because there is absolutely no reason that SCO couldn't have brought this motion before. And Mr. Normand talks a lot today about SCO's subjective state of mind. I don't have any idea, Your Honor, what's in SCO's mind. What I can tell you is they claim they propounded requests in 2003. Magistrate Judge Wells makes it perfectly clear in her October 12, '05 order that no prior motion to compel had requested that information. If that's true, the first they requested it was September 2nd of this year, effectively on the eve of the close of fact discovery. That ought to tell you something how supposedly important the information is and that ought to tell you something about whether the motion was unduly delayed.

The idea that they somehow just figured this out in connection with the motion briefing on IBM's motion to reconsider with respect to Magistrate Judge Wells' ruling on AIX is not supported by the record here as we explained to Magistrate Judge Wells, Your Honor, below when this motion was argued in front of her. IBM has throughout the litigation, as has SCO, produced logs which disclose the identity of the individuals from whom IBM has produced documents. SCO propounded interrogatories early in the case asking who made contributions, who were the people who were involved. They've had the lists of people involved in making contributions for a

very long time. At the same time they've had the logs that show from whose files documents were produced. One cannot possibly have those two documents in hand, if they've read them, and not have had it perfectly clear that IBM has not done, as we have not done, a production from the files of everybody in the Linux technology center who might have information relating to the development of Linux.

Again, the contributions are publicly available and to the extent they aren't, we have produced those. IBM has produced a substantial volume of information relating to the development of Linux. And, again, as I said, by our count our production of information related to the development of Linux is somewhere in the order of a million and a half pages of paper.

As I said, Your Honor, it's not conceivable that the relief they request would not -- would not result in a delay in the resolution of this case, and effectively their reply papers say that, and they encouraged Mr. Normand here today by suggesting, despite saying that they won't, that the most that might be required is an amendment to their disclosures of December 20th. Well, that's a deadline, Your Honor. If they're amending their disclosures on December 20th, they're asking for a change in the schedule. If they're proposing depositions into February and March, they're asking for a change in schedules because the schedule at the moment allows

no discovery after January 27, '06 except as it relates to defenses concerning the alleged misuse of material.

The last point, Your Honor, and I think it's not an unimportant point, is that SCO's arguments in its reply papers and some of its arguments today simply distort the record of what has occurred here, and I want to run through just some of those because I think in their aggregate they're not of small significance, especially where Your Honor is reviewing this against the record presented to Magistrate Judge Wells.

SCO contends at page 6 of its reply brief that IBM has not argued that SCO did not diligently pursue court intervention. As I said, that's wrong. Moveover, we said just that at the point which they say we do not disagree at page 10 of our opposition papers. SCO attacks Magistrate Judge Wells' order, Your Honor, on the grounds that she failed to consider the entire record here, but SCO then in its reply papers seeks to take the Court beyond the record. SCO contends that IBM only produced documents from 20. That is not correct, we have reproduced documents related to the developers of Linux. SCO contends that the criteria that IBM used to select the documents that were produced in these 20 were, in the words of its reply at page 7, known only to IBM.

Your Honor, as I've indicated, SCO selected the 20 individuals from IBM to produce documents, not IBM. The criteria is known only to SCO, not to IBM. Moreover, the

parameters of the search were not known only to IBM, they are laid out in Magistrate Judge Wells' order at pages 3 through 4. Under the heading there is no good deed goes unpunished. SCO contends, Your Honor, that IBM has conceded the relevance of the information it seeks by offering at the last hearing, by way of compromise, to search the files of an additional 20. We expressly said on the record in making that offer of compromise, Your Honor, that we disputed the relevance. That's at page 56 of the transcript. We offered a compromise to put the issue to rest, not to give rise to another motion requesting additional documents.

SCO took the documents, and now we have another motion to compel in front of Judge Wells for the rest, and we have an appeal in front of Your Honor. SCO suggested to Magistrate Judge Wells, Your Honor, that the documents were required because they were critical for taking depositions. That's at page 51 of the transcript below. IBM produced the documents from the 20 and I think in record time. We've provided a date for the deposition of every one of those 20 developers, only to have SCO take some of them but turn around and cancel a substantial number of them who remain and presumably never will be deposed, despite the significant efforts to produce documents from a supposedly critical individual.

It is suggested here today, Your Honor, that we

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produce documents from the files of hundreds, and yet at the same time suggested that only several additional depositions are going to be required. So apparently we are going out to sift through the files of hundreds of people so SCO can only take the depositions of several of those individuals. At page 8 of its reply, SCO says that Magistrate Judge Wells expressly found that the discovery at issue on this appeal was not before the Court, meaning before Magistrate Judge Wells. So it follows, SCO says, that she didn't rule on SCO's request.

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Well, Your Honor, Magistrate Judge Wells did say that this discovery at issue here was not before her, but she was talking about in the 2003 and the 2004 time frame. She wasn't talking about not being before her on the 7th of August, I think it was, when the argument occurred -- 7th of September -- well, forget the date, I frankly don't recall -- where the argument was on this motion. SCO suggests IBM's trying to have it both ways in these papers. It suggests on the one hand we're saying SCO never asked this information, on the other hand we're saying the information is duplicative of SCO's seventh set of requests. We're not trying to have it both ways.

We acknowledge that they say they requested this information from the beginning of the case. The problem is they didn't move to compel that until September 2nd of '05, but what we're saying is, Your Honor, they've never moved to

compel that until now. That makes it too late.

SCO, Your Honor, says that it respects Magistrate
Judge Wells' order. This is at page 2 of their reply papers.
They say they respect Magistrate Judge Wells for the purposes
of this appeal. Mr. Normand said it again today as it relates
to her prior orders. Yet at page 4 of their reply they
suggest that IBM, again, hasn't complied with the orders. At
page 5 of their opening brief, they say that Magistrate Judge
Wells ruled that all Linux documents relevant to this case
were relevant to this case in her January order. She made it
perfectly clear in her order that's on appeal here that that
is not the case.

And SCO says at page 3 of its reply, that the relief that it seeks here follows or flows from Magistrate Judge Wells' earlier orders, again, a proposition expressly rejected by Magistrate Judge Wells. Finally, Your Honor, SCO suggests that it was incongruous for Magistrate Judge Wells to order IBM -- to not require IBM to produce documents from all developers of Linux when she required IBM to produce development documents related to AIX and to Dynix.

Your Honor, Magistrate Judge Wells never required

IBM to produce all documents related to the development of AIX

and Dynix. She asked that IBM produce a central repository,

which we have done, two central repositories, which we've

done, and she ordered IBM to produce documents from

approximately 100 of the 3,000 or so developers who were involved in development of AIX. That's approximately 2 percent of the developers.

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We produced documents from a far greater number of developers who were involved with Linux. So if congruity with the rules of production for AIX is the rule, then, Your Honor, we've already produced it.

In conclusion, Your Honor, respectfully, there is no basis on this record for interfering with Magistrate Judge Wells' determination. She did not act contrary to law. She did not abuse her discretion and we ask Your Honor to overrule the objection. Thank you.

THE COURT: Thank you, Mr. Marriott.

Mr. Normand, you get to reply. I think I have the issues pretty well in mind, so you won't take too long, right?

MR. NORMAND: That's correct, Your Honor.

Standard of review at the bottom, we do think the Magistrate Court made a mistake, so that is the standard of review and that is what we think happened. There is no indication at all in her October 12th order that she addressed these issues, the kinds of issues that are relevant to a motion to compel.

And that was one of Mr. Marriott's lead points. IBM has argued that in her order the Magistrate Judge actually resolved the question of whether IBM should now produce Linux