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**IN THE UNITED STATES DISTRICT COURT**

**DISTRICT OF UTAH, CENTRAL DIVISION**

THE SCO GROUP, INC., a Delaware  
corporation,

Plaintiff,

vs.

NOVELL, INC., a Delaware corporation,

Defendant.

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AND RELATED COUNTERCLAIMS.

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Case No. 2:04CV00139

**NOVELL'S MOTION IN LIMINE  
NO. 1 TO EXCLUDE EVIDENCE  
AND ARGUMENT CONCERNING  
CLAIMS NOT INCLUDED IN SCO'S  
APPEAL OR THE TENTH  
CIRCUIT'S LIMITED MANDATE**

Judge Ted Stewart

Novell moves to preclude SCO from presenting evidence or argument on claims not included in SCO's appeal or the Tenth Circuit's mandate. The Tenth Circuit reversed and remanded for trial on copyright ownership and SCO's related claim for specific performance of Novell's alleged duty to transfer copyrights to SCO. SCO did not appeal — and the Tenth Circuit did not reverse — the judgment on SCO's slander of title claim or the copyright ownership portions of its unfair competition and covenant of good faith claims. Thus, SCO should be precluded from presenting evidence or argument on those claims.

## **I. BACKGROUND**

SCO asserted four separate claims related to ownership of the UNIX copyrights in its operative Second Amended Complaint (Dkt. No. 96, ¶¶ 91, 108, 99 & 122):

- (1) Novell slandered SCO's title by falsely stating that Novell owns the copyrights;
- (2) Novell breached the APA by failing to specifically perform its obligation to transfer the UNIX copyrights to SCO;
- (3) Novell breached the implied covenant of good faith under the APA and TLA by denying that it owns the copyrights; and
- (4) Novell engaged in unfair competition by falsely claiming ownership of the UNIX copyrights.

Judge Kimball ruled on summary judgment<sup>1</sup> that “Novell is the owner of the UNIX and UnixWare copyrights.” (Ex. 5 at 62.) Judge Kimball held that this ruling entitled Novell to summary judgment on all four claims above. (*Id.* at 62, 63, 65, 99.) On specific performance, Judge Kimball emphasized that “[n]either the original APA nor Amendment No. 2 entitle SCO to obtain ownership of the UNIX and UnixWare copyrights.” (*Id.* at 62.) On unfair competition and good faith, Judge Kimball granted summary judgment on the additional ground that SCO had failed to present evidence that Novell's public statements were “objectively unreasonable” or

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<sup>1</sup> Judge Kimball's summary judgment ruling and final judgment, the Tenth Circuit's opinion, and SCO's appeal briefs are reproduced as exhibits hereto.

“based on anything but its good faith interpretation of the contracts.” (*Id.* at 64-65.) In November 2008, Judge Kimball entered a final judgment dismissing “SCO’s claims for Slander of Title (Count I) and Specific Performance (Count III),” as well as “SCO’s claims for Breach of Contract (Count II)...and Unfair Competition (Count V), insofar as these claims are based on ownership of pre-APA UNIX and UnixWare copyrights.” (Ex. 1 at 1.)

In its opening brief, SCO asked the Tenth Circuit to reverse the rulings that “Santa Cruz did not acquire the UNIX and UnixWare copyrights under the APA” and that “SCO is not entitled to specific performance, requiring the transfer of those copyrights now,” as well as several unrelated claims (Ex. 3 at 70); but it did *not* seek reversal of the judgment on its slander of title claim, or the copyright ownership portions of its unfair competition and covenant of good faith claims (which were barely even mentioned). (*See id.* at 2, 4, 11, 31, 51, 70.) The Tenth Circuit remanded with a mandate closely tracking SCO’s request for relief:

For the foregoing reasons, we **AFFIRM** the district court’s judgment with regards to the royalties due Novell under the 2003 Sun-SCO Agreement, but **REVERSE** the district court’s entry of summary judgment on (1) the ownership of the UNIX and UnixWare copyrights; (2) SCO’s claim seeking specific performance; (3) the scope of Novell’s rights under Section 4.16 of the APA; (4) the application of the covenant of good faith and fair dealing to Novell’s rights under Section 4.16 of the APA. *On these issues*, we **REMAND** for trial [emphasis added].

*SCO Group, Inc. v. Novell, Inc.*, 578 F.3d 1201, 1227 (10th Cir. 2009) (reproduced as Ex. 2).

Novell initially interpreted this remand as not necessarily barring retrial of other claims. Novell moved for relief from the judgment on its claim for SVRX royalties, as that judgment was based on the copyright ownership ruling that the Tenth Circuit reversed. This Court denied that motion, holding that the Tenth Circuit “remanded this matter to the Court for trial on those four specific issues identified in the mandate,” and that “[b]ecause of the specific nature of the mandate, the Court is not free to explore matters outside of it.” (Ex. 6 at 4.)

## II. ARGUMENT

This Court ruled that the Tenth Circuit's mandate limits the trial to the four specific issues identified in its mandate. The mandate includes (1) copyright ownership; (2) specific performance; (3) Novell's rights under Section 4.16, which concerns SVRX licenses (and not copyright ownership); and (4) applying the covenant of good faith to those rights. The mandate does not include SCO's slander of title claim or the copyright ownership portion of its unfair competition and good faith claims because SCO did not appeal, and the Tenth Circuit did not reverse, the judgment on these claims. The Tenth Circuit remanded for trial on copyright ownership in connection with SCO's claim for specific performance and not in connection with any other claim. Copyright ownership is an essential element of SCO's specific performance claim, as this claim requires SCO to prove that the contract entitled SCO to ownership, but Novell failed to sign the necessary transfer documents.

SCO may argue that the judgment on its slander of title claim should be vacated because it was based on the copyright ownership ruling that the Tenth Circuit reversed. However, this Court has already rejected that argument in the context of Novell's Rule 60(b)(5) motion:

[SCO] could have easily argued to the Tenth Circuit that, if this Court's decision concerning the ownership of the copyrights was reversed, the decision concerning [slander, unfair competition, and good faith] should similarly be reversed. [It] did not. The Court cannot ignore [SCO's] decision not to address this issue on appeal. (Ex. 6 at 4 [substituting SCO for Novell, *mutatis mutandis*].) *See also SCO Group*, 578 F.3d at 1226 ("An issue or argument insufficiently raised in a party's opening brief is deemed waived").

Under the Tenth Circuit's mandate and this Court's recent ruling, SCO should be precluded from presenting any evidence or argument on the slander of title, unfair competition, and good faith claims that were not included in SCO's appeal or the limited mandate.

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Respectfully submitted,

By:     /s/ Sterling A. Brennan      
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