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UNITED STATES DISTRICT COURT  
 SOUTHERN DISTRICT OF CALIFORNIA

11 Infovision Software, Inc., a California corporation,

12 Plaintiff,

13 v.

14 OCLC (UK) Ltd., an English Company,

15 Defendant.

Case No. 09-CV-2714-H (JMA)

**DEFENDANT'S AMENDED  
 OPPOSITION TO MOTION FOR  
 PRELIMINARY INJUNCTION TO  
 MAINTAIN THE STATUS QUO**

Date: February 8, 2010  
 Time: 10:30 a.m.  
 CTRM: 13

Hon. Marilyn L. Huff

[Complaint Filed: December 3, 2009]

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1 Defendant OCLC (UK) Ltd. ("Defendant" or "OCLC") hereby opposes  
2 the Motion for Preliminary Injunction to Maintain the Status Quo filed by Plaintiff  
3 Infovision Software, Inc. ("Plaintiff" or "Infovision").  
4

5 The motion should be denied because:  
6

- 7 1. Plaintiff breached the agreement, not OCLC;  
8
- 9 2. Any injunction entered should apply on to the two most recent  
10 end-users and only until three years after their software was installed;  
11
- 12 3. The obligation to provide maintenance and support for the  
13 software at issue when Plaintiff stopped paying the Annual License Fees; and  
14
- 15 4. Plaintiff's customer list is not a protectable trade secret.  
16

17 **I.**

18 **INTRODUCTION AND BACKGROUND**

19 In September 2008, Defendant OCLC purchased the assets of an  
20 Australian company, InfoVision Technology Pty Ltd. ("IVT"). Among the assets  
21 purchased was certain software known as Amlib Library Management Software  
22 ("Amlib"). Amlib is used by libraries to catalogue inventories of books and track  
23 the borrowing of books by the libraries' patrons. Upon the asset purchase, OCLC  
24 replaced IVT as the licensor. Pursuant to the License Agreement that is the subject  
25 of this litigation (Exhibit "A" to the Declaration of Bruce Elliott), Plaintiff  
26 Infovision was the exclusive distributor of Amlib in North America. Crocco  
27 Declaration at ¶¶ 2-3.  
28

1 Under the License Agreement, Plaintiff was to pay to OCLC 30% of  
2 the Annual License Fees received by Plaintiff from the end-users. The fees would  
3 be paid quarterly. IVT (now OCLC) was required to provide "Back up Support" for  
4 the end-users of the software. Elliott Declaration, Exhibit "A," ¶¶ 23.1-23.10, 24.1,  
5 24.2, 26.1-26.4, 27 and 28.

6  
7 Plaintiff did not pay the Annual License Fees due June 30, 2009. The  
8 amount then-owed to OCLC was approximately **\$62,000** (the exact amount depends  
9 on receiving information from Infovision). After a series of letters and emails in  
10 2009, Defendant OCLC terminated the contract due to Plaintiff's failure to pay,  
11 effective December 14, 2009. Crocco Declaration at ¶ 7. OCLC also nominated its  
12 parent company as a replacement distributor. See Horning Declaration at ¶ 2 and  
13 Exhibit "C."

14  
15 In this action, Plaintiff claims that it has no obligation to pay the  
16 Annual License Fees, but also claims that OCLC must continue to maintain and  
17 support Amlib and the end-users. Plaintiff claims that OCLC has not properly  
18 supported the end-users and has not addressed alleged deficiencies in the software.  
19 OCLC disputes that it has not properly supported the software and end-users.

20  
21 Plaintiff filed this action on December 3, 2009, seeking declaratory and  
22 injunctive relief. Plaintiff seeks a declaration that OCLC has breached and that  
23 Plaintiff has not breached, and thus Plaintiff has no obligation to pay OCLC its  
24 percentage of the Annual License Fees.

25  
26 Immediately after filing the instant action, Plaintiff sought, *ex parte*, a  
27 temporary restraining order. If entered, the order would have prohibited OCLC  
28 from directly contacting the end-user libraries. This Court denied the *ex parte*

1 application (docket entry #5), noting that the contract at issue contains an alternative  
2 dispute resolution clause, a choice of law clause, and a choice of forum clause that  
3 directs the parties to litigate in the State of Victoria, Australia. The application was  
4 denied without prejudice, leaving open the possibility of a noticed motion for a  
5 preliminary injunction.

6  
7 Thereafter, Plaintiff filed the instant Motion for Preliminary Injunction  
8 to Maintain the Status Quo, seeking essentially the same relief as sought in the  
9 *ex parte* application for a temporary restraining order.

10  
11 **II.**

12 **THIS COURT SHOULD NOT ORDER PRELIMINARY RELIEF IN**  
13 **A MATTER THAT SHOULD BE DECIDED IN AUSTRALIA**

14 This is the wrong court for this matter to be heard. The License  
15 Agreement provides a clear and unambiguous choice of forum clause: "The parties  
16 stipulate that the proper forum, venue and court for any legal action arising from or  
17 in connection with this Agreement shall be the state courts of Victoria, Australia."  
18 (*See* License Agreement at ¶ 22.) This mandatory choice of forum clause is broad  
19 and binding. It states clearly that in the event of legal proceedings, the state court in  
20 Australia *shall* be the proper forum.

21  
22 Plaintiff suggests in its moving papers that OCLC may waive venue.  
23 Not true. Concurrent with this Opposition, Defendant OCLC has filed a motion to  
24 dismiss this action for lack of venue or, alternatively, on the ground of *forum non*  
25 *conveniens*. *See Argueta v. Banco Mexicano, S.A.*, 87 F.3d 320, 324 (9<sup>th</sup> Cir. 1996)  
26 (motion to dismiss under Rule 12(b)(3)); *Heinz v. Grand Circle Travel*,  
27 329 F.Supp.2d 896, 901-02 (W.D. KY 2004) (motion to dismiss for *forum non*  
28

1 *conveniens* granted where forum selection clause specifies a foreign country).<sup>1</sup> As  
2 is discussed in OCLC's concurrently-filed motion to dismiss for lack of venue  
3 and/or *forum non conveniens*, the proper forum is in Australia.

4  
5 As will be demonstrated below, this Court should decline to enter  
6 preliminary relief pending litigation in a foreign country. Plaintiff will suffer no  
7 harm and Plaintiff cannot show a likelihood of success on the merits. A preliminary  
8 injunction is not warranted.

9  
10 **III.**

11 **A PRELIMINARY INJUNCTION SHOULD NOT BE ENTERED**

12 A. **Standards for Issuance of a Preliminary Injunction**

13  
14 To prevail on a motion for a preliminary injunction, the moving party  
15 must show:

- 16  
17 • A likelihood of success on the merits;  
18 • A likelihood of irreparable harm to the moving party in the absence  
19 of preliminary relief;  
20 • That the balance of the equities tips in the moving party's favor;  
21 and  
22 • That issuance of an injunction is in the public interest.

23  
24 *Winter v. Natural Resources Defense Council, Inc.*, 129 S.Ct. 365, 374 (2008).

25  
26  
27 <sup>1</sup> Plaintiff's references to venue being proper in this Court for contract actions  
28 and tort actions are mooted by the forum selection clause.

1 As will be shown below, and regardless of the standard used, Plaintiff  
2 has not satisfied the requirements for issuance of a preliminary injunction.

3  
4 B. Plaintiff Would Suffer No Irreparable Harm and Cannot Show a Likelihood  
5 of Success on the Merits because Defendant's Obligation to Support the  
6 Software Expires Three Years After An End-User's Installation.

7  
8 While Plaintiff is correct that this Court has the power to enter  
9 preliminary relief in a matter that should be litigated elsewhere, this Court should  
10 decline to exercise this power. Such an injunction, if entered, should expire in  
11 March 2010 as to the second-to-last end-user and in September 2007 as to the most  
12 recent end-user.

13  
14 In support of its argument that OCLC should not be allowed to contact  
15 the end-user libraries for three (3) years beyond termination of the agreement,  
16 Plaintiff cites to the last full sentence of paragraph 4.3 of the License Agreement.  
17 Plaintiff argues that OCLC may appoint a new distributor only in the event that  
18 Plaintiff is then supporting fewer than 25 end-users. But, this portion of the  
19 paragraph is inapplicable. Plaintiff admits—indeed, affirmatively argues—that it  
20 has more than 25 end-users. Plaintiff argues by negative implication, that because it  
21 has more than 25 end-users, OCLC may not appoint a new distributor, the end-user  
22 licenses may not be assigned and the obligation to support the software may not  
23 terminate. Plaintiff's logic fails under the express terms of the agreement.

24  
25 Plaintiff ignores the controlling portion of the same paragraph in the  
26 agreement. Paragraph 4.3 states explicitly what is to happen in the event the  
27 distributor has *25 or more* end-users upon termination of the contract:



1           **Both [OCLC] and Distributor recognise that Distributor**  
 2           **will have an obligation to support its End Users for a**  
 3           **minimum period of three (3) years from the date of**  
 4           **acceptance by End User of the Licensed Product.** The  
 5           Period of this obligation may continue after the  
 6           termination of this Agreement. Where the Distributor is at  
 7           the date of termination supporting 25 or more End-Users  
 8           or [OCLC] fails to appoint a new Distributor, [OCLC] will  
 9           continue to provide information to enable the Distributor  
 10          to provide First Line Support as described in Clause 24.1  
 11          and continue to provide Backup Support as described in  
 12          Clause 24.2 **for a minimum period of three (3) years from**  
 13          **the earlier of the date of the last installation or the**  
 14          **termination of this Agreement, provided always that**  
 15          **Annual Licence Fees shall be payable during this period.**

16          ...

17          (Emphasis added.)

18                   The License Agreement obliges Defendant OCLC to support the  
 19          software for a three year period. But this period starts at the *earlier* of the  
 20          termination of the contract and the installation of the software for the end-user (*i.e.*,  
 21          when the end-user became an Amlib customer and the software was installed). The  
 22          first sentence of paragraph 4.3 also supports this ("... an obligation to support its  
 23          End Users for a minimum period of three (3) years from the date of acceptance by  
 24          End User of the Licensed Product").

25                   The Amlib software was installed for an end-user in March 2007.  
 26          OCLC believes that another end-user may have been installed in September 2007.  
 27          *See* Crocco Declaration at ¶¶ 8-9 and Exhibit "A." Thus, if this Court is inclined to  
 28          enter a preliminary injunction, it should expire about one month later, in March  
 29          2010, as to the second-to-last end-user and in September 2010 as to the most recent  
 30          end-user. The obligation to support end-users who were installed prior to March  
 31          2007 expired on the three year anniversary of their installation.

1           This clause also contemplates a replacement distributor. It says that  
2 "Backup Support" must be provided "Where the Distributor is at the date of  
3 termination supporting 25 or more End-Users *or [OCLC] fails to appoint a new*  
4 *Distributor*, [OCLC] will continue to provide information to enable the Distributor  
5 to provide First Line Support . . ." (Emphasis added.) Plaintiff's hoped-for  
6 negative implication (that because a replacement distributor may be appointed if  
7 there are 25 or fewer end-users, such a replacement may not be appointed and the  
8 contractual obligations assigned if there are 25 or more end-users) fails under the  
9 clear language of the operative clause. Plaintiff is supporting 25 or more end-users.  
10 And, OCLC did nominate a replacement distributor. *See* Horning Declaration at ¶ 2  
11 and Exhibit C.

12  
13           Plaintiff has not shown or even argued that there would be any harm to  
14 Plaintiff if OCLC contacts the library customers for whom the support obligation  
15 has already expired, and as to those two remaining end-users, there is no harm  
16 alleged in OCLC contacting them so shortly before the expiration of the three year  
17 support obligation.

18  
19 C.   Plaintiff Will Not Succeed on the Merits Because the Contract Terminated  
20       When Plaintiff Stopped Paying the Annual License Fees.

21  
22           Paragraph 4.3 of the License Agreement is also clear that the  
23 requirement of OCLC to continue to support the end-users is contingent upon  
24 continued payment of the Annual License Fees ("... provided always that Annual  
25 License Fees shall be payable during this period.").

26  
27           It is undisputed that Plaintiff stopped paying OCLC its percentage of  
28 the annual fees on June 30, 2009. *See* Elliott Declaration at ¶ 11; Crocco

1 Declaration at ¶ 7. Thus, Defendant OCLC's obligation to support the software  
2 terminated due to Plaintiff's failure to pay the Annual License Fee.

3  
4 Note that Plaintiff never claims that the end-users have stopped paying  
5 Plaintiff. Rather, it appears that Plaintiff continues to collect from the end-users  
6 without Plaintiff paying OCLC its portion of the Annual License Fees, resulting in a  
7 windfall to Plaintiff.

8  
9 Plaintiff claims that OCLC breached the agreement by not properly  
10 supporting the software. But Plaintiff is strikingly vague about these purported  
11 breaches. Plaintiff claims little more than "the software [has] not worked properly"  
12 and that Defendant has "failed to provide the maintenance and support" required  
13 under the License Agreement. *See* Elliott Declaration at ¶ 11. No specifics are  
14 given. No supporting documents are provided.

15  
16 Plaintiff also complains that OCLC failed to provide software updates.  
17 Elliott Declaration at ¶ 12. However, ¶ 24.2(b) of the License Agreement only says  
18 that "software upgrades" will be provided "as released by [OCLC] from time to  
19 time." This paragraph is too vague to support a claim of breach. Further, the  
20 License Agreement only obligates OCLC to provide updates that are also available  
21 to other customers in Australia (¶ 23.5) and additional functionality need only be  
22 made in OCLC's discretion (¶ 23.9).

23  
24 OCLC provided the services to the end-users in accordance with the  
25 License Agreement. At least one of the "breaches" claimed by Plaintiff were  
26 actually requests for modifications to the software that OCLC was never obligated  
27 to provide under the License Agreement. Because Plaintiff never provided OCLC  
28 with a list of specific issues, OCLC does not know how many more are in fact

1 requests for new functionality. Any updates provided to customers and distributors  
2 in and outside Australia were also available to Plaintiff. Crocco Declaration at ¶ 6.

3  
4 Because Plaintiff breached the agreement, OCLC had the right to  
5 terminate, which it did. Plaintiff's exclusive distributorship thus terminated, and  
6 there is no basis on which OCLC should now be prohibited from contacting the end-  
7 users. They are no longer Plaintiff's customers. They are licensees of OCLC's  
8 software, and OCLC has every right to contact them.

9  
10 D. Plaintiff's Customer List does not Qualify as a Trade Secret.

11  
12 Plaintiff claims that its customer list is a protected trade secret. While  
13 it is true that a customer list may in certain instances qualify as a trade secret, it  
14 cannot form the basis for entry of a preliminary injunction under the facts of this  
15 case.

16  
17 As Plaintiff acknowledges, the identities of the end-users has already  
18 been disclosed to OCLC. The License Agreement requires disclosure (¶ 26.4). The  
19 list is clearly not secret.

20  
21 The License Agreement does not require that this information remain  
22 confidential or that the customers not be contacted in the event of termination of the  
23 exclusive distributorship. Other provisions of the agreement require that certain  
24 information remain secret (*see e.g.*, ¶¶ 8.1-8.4). If the parties intended that the  
25 customer list never be used post-termination, they could have and presumably would  
26 have said so in the contract.

1 Further, Plaintiff's argument would render meaningless the language in  
2 paragraph 4.3 of the agreement contemplating the appointment of a replacement  
3 distributor. The obligation to continue to support the software post termination  
4 applies where the distributor is supporting 25 or more end-users or where upon  
5 termination OCLC fails to appoint a replacement distributor. Under Plaintiff's  
6 argument—that the customer list must remain confidential and not be used—OCLC  
7 could replace the distributor but not be able to tell the new distributor who its new  
8 customers are. The argument is absurd.

9  
10 Clearly the parties intended that any newly-appointed distributor would  
11 be able to contact its newly-acquired customers. Plaintiff's arguments, if adopted by  
12 this Court, would render portions of this arms-length contract (specifically, the  
13 provisions regarding the replacement of a distributor) meaningless. Civil Code  
14 §§ 1636 ("A contract must be so interpreted as to give effect to the mutual intent of  
15 the parties as it existed at the time of contracting, so far as the same is ascertainable  
16 and lawful") and 1638 ("The language of a contract is to govern its interpretation, if  
17 the language is clear and explicit, and does not involve an absurdity"). This Court  
18 should decline Plaintiff's invitation to error.

19  
20 **IV.**

21 **CONCLUSION**

22 Plaintiff breached the License Agreement, not OCLC. Upon Plaintiff's  
23 breach, OCLC properly exercised its right to terminate the agreement and nominate  
24 a replacement distributor. OCLC cannot now be denied the opportunity to work  
25 productively with its new distributor and tell it who its new customers are. If  
26  
27  
28

1 Plaintiff wishes to further litigate, it should do so in Australia, not here. Plaintiff's  
2 motion for a preliminary injunction should be denied.

3  
4 Dated: January 25, 2010

5 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

6  
7 By s/Frank J. Polek  
8 Attorneys for Defendant OCLC (UK) Ltd.  
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