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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION

JEFFREY VERNON MERKEY,

2:05CV0521DAK

Plaintiff,

vs.

UNSERVED DEFENDANT ALAN P.
PETROFSKY'S MEMORANDUM IN
OPPOSITION TO PLAINTIFF JEFFREY
VERNON MERKEY'S EX-PARTE MOTION
TO CONDUCT EXPEDITED DISCOVERY

YAHOO SCOX members atul666
and saltydogmn,
PAMELA JONES a.k.a. GROKLAW.COM
a.k.a. OSRM and GROKLAW.NET,
GREDEL a.k.a. PAGANSAVAGE.COM,
MATT MERKEY a.k.a. MERKEY.NET,
BRANDON SUIT a.k.a. MERKEY.NET,
JOHN SAGE a.k.a. FINCHHAVEN.COM,
MRBUTTLE a.k.a. IP-WARS.NET,
JEFF CAUSEY a.k.a. IP-WARS.NET,
AL PETROFSKY a.k.a. SCOFACRS.ORG,
and DOES 1 through 200,

Magistrate Judge Samuel Alba

Defendants.

Defendant Alan P. Petrofsky, who has not been served any complaint,
summons, motion, or memorandum in this case, nor has he waived any
service, nevertheless submits this memorandum in opposition to
Plaintiff Jeffrey Vernon Merkey's Ex-parte Motion to Conduct Expedited
Discovery.

PRELIMINARY STATEMENT

Let us begin with the obvious overarching issue: it is surely evident to the Court, and to anyone else who reads the papers filed by plaintiff Jeffrey Vernon Merkey ("Merkey"), that the overall impression he makes -- whether it is on account of his true nature or of an affectation -- is that of a raving lunatic.

This disconnect between Merkey and reality has been seen in court before. In the Novell suit against Merkey that figures prominently in the amended complaint (pages 26-32), the court's January 30, 1998 ruling included the following findings of fact (Novell v. Timpanogas Research Group, 46 USPQ.2d at 1204 (Utah 1998), 97-0400339 in Utah County, attached as Exhibit 1):

124. In fact, however, Merkey is not just prone to exaggeration, he also is and can be deceptive, not only to his adversaries, but also to his own partners, his business associates and to the court. He deliberately describes his own, separate reality.

...

129. In a letter from Merkey to Albert on September 12, 1997, Merkey asserted that the "Utah Judicial Commission contacted me Thursday, and relayed that they had reviewed Judge Schofield in Court over video camera, and have initiated an investigation relative to the Court session of September 8, 1997." (Ex. 107).

130. While it may be possible that the Utah Judicial Commission (Conduct Commission?) contacted Merkey, that commission has not obtained a copy of any video of the court session of September 8, 1997. That hearing was court-reported and the only video made was made in accord with Rule 4-201(2)(C), Utah Code of Judicial Administration, for the purpose of the judge's private notes. No copy of that sole copy has been viewed by anyone other than the court. In short, this statement is another example of Merkey's penchant for self-serving, separate reality, dishonesty.

131. While it is human nature for each of us to put our own spin on events which we observe -- indeed the heart of most auto accident cases is the different perceptions of eye-witnesses -- Merkey nonetheless regularly exaggerates or lies in his comments to others about events happening around him. It is as though he is creating his own separate reality. ...

In the instant action, we have such gems as the assertion that I have "conspired with individuals in communist countries", specifically, "the counrty of Checkoslovakia" [sic] (plaintiff's supporting brief, Exhibit 3). Communist Czechoslovakia arises in connection with my redistribution, allegedly in violation of this court's June 22 order, of the old settlement agreement that was attached as Exhibit 2 to the complaint. (For more context, including an email from one of the Court's law clerks and my June 23 email announcing that I had ceased such distribution, see the emails attached as Exhibit 2 to this brief.) The amended complaint attempts to cast the incident as treason:

30. Al Petrofsky and SCOFACFS.ORG is an Internet news website that that distributes and posts both public and sealed court documents and is used to transport sensitive court documents in pending litigations outside of the United States in violation of Federal Court Orders and into the hands of foreign nationals and the enemies of the United States. ...

No reason is given for why this 1998 settlement agreement would be of any interest to our alleged Communist Czechoslovakian Enemies, nor is it explained how they have managed to survive more than a decade since the fall of European Communism and the breakup of Czechoslovakia.[1]

1. For the record: I am not now, nor have I ever been, a member of any Communist Party, foreign or domestic. May God bless America.

As explained later in this brief, there is no apparent reason for Merkey's failure to serve me or most of the other defendants he has named. He has failed to exhibit any genuine effort either to effect service or even to make a proper request for waiver of service. It is not clear whether he ever intends to do so, or if the whole purpose of this case is to appropriate the court and its files as theater and gallery for the exhibition of his unusual art form.

Nevertheless, I have already incurred costs in responding to this ridiculous litigation. These costs will increase substantially if a summons ever is served on me and I then go to the trouble of engaging Utah counsel, filing a response to this wholly meritless complaint, seeking reimbursement of all my costs and fees, and generally being forced to stop viewing the plaintiff as an amusing crackpot and start viewing him as a malicious and dangerous serial perjurer. [2]

2. I should perhaps already view Merkey's ravings as a danger to people's freedom. It is with some alarm that I notice that the minutes of a hearing before this Magistrate Court on June 28 in an unrelated action, USA v. Mooney et al, 2:05-cr-410-TS-SA, indicate that Merkey was called to testify in support of a bid to keep a man imprisoned. I do not know what importance, if any, Merkey's testimony may have had in the Magistrate Court's decision to keep James Mooney in custody for seven more days, but it is disconcerting that a prosecutor could see fit to present to a court any testimony by Merkey. There is clearly no reliable correlation between the words he speaks and the reality in which the rest of us live.

FACTS AND ARGUMENT

The amended complaint names as a defendant "AL PETROFSKY a.k.a. SCOFACFS.ORG". "Al Petrofsky" is an abbreviation of my name that I often use. Although I am not known as "Scofacts.org", it is the internet domain name of a website that I control.

Merkey asserts that my address and location are "unknown" (amended complaint, paragraph 30), and that "the named defendants are evading service" (supporting brief, page 8).

However, as is required for any subdomain of the Com, Net, or Org domains, Scofacts.org has a listed mailing address in the publicly accessible database of domain registration records, which is known as the "WhoIs" database [3]. In other words, as people have long said about telephone directories: "I'm in the book".

Merkey claims to be "one of Utah's preeminent computer scientists" (amended complaint, paragraph 9), and as such he should not have difficulty looking up registered website owners in the public directories of such records. However, I see no evidence that he has

3. See section 3.3.1.6 of the Internet Corporation for Assigned Names and Numbers (ICANN) Registrar Accreditation Agreement, May 17, 2001. That section and related provisions are included and explained in ICANN's May 10, 2002 Registrar Advisory Concerning Whois Data Accuracy, which is attached as Exhibit 3. An easy way to access the registration records is through the CompleteWhoIs.com website. See Exhibit 4.

attempted, in the 46 days since the action commenced, to send any correspondence whatsoever to the listed mailing addresses of any of the internet sites he has named as defendants. (Of all the sites he names, the only one that does not have a U.S. mailing address listed in the current database is Pagansavage.com, a site that no longer exists.)

CONCLUSION

Merkey's motion seeks "Leave to conduct Expedited Discovery for the purpose of identifying and locating the named parties for service of this action". The exact order desired is not clear, but to the extent that the motion seeks information about my location, it should certainly be denied, because my location is publicly known and is also disclosed on the first page of this brief.

To the extent that the motion seeks information from non-parties about defendants other than me, I do not have an interest in the matter. However, Merkey has not submitted any evidence that he has exhausted simple methods of locating defendants, and I therefore suggest that no extraordinary discovery order is required.

I have no desire to travel to Utah to argue this motion. I have no objection if the Court wishes to allow Merkey and any other parties an opportunity to present oral argument on this motion without me

present. If the Court and other parties should need to confer about a rescheduling of a hearing on this motion, I need not be consulted.

Respectfully submitted this Sixth day of August, 2005,



Alan P Petrofsky
3618 Alameda Apt 5
Menlo Park CA 94025

CERTIFICATE OF SERVICE

I hereby certify that on the Sixth day of August, 2005, I personally mailed a correct and true copy of the foregoing Memorandum in Opposition to Plaintiff Jeffrey Vernon Merkey's Ex-parte Motion to Conduct Expedited Discovery, to the following:

Jeffrey Vernon Merkey
1058 E 50 S
Lindon UT 84042



Alan P. Petrofsky

Exhibit 1

evidence, appellate deference would be restored instead of disavowed, and appellate review would be in accordance with the rules. The processes of both trial and appeal would benefit. This is particularly important because the evidence involved in claim interpretation, whether intrinsic or extrinsic, is often scientific or technologic. The evidence of what the invention is, how it works, what the technical words meant to persons in the field at some past time, can be of extreme complexity. When there is a dispute as to what a term of technical art or usage means or encompasses, such evidence is relevant and often is indispensable. Why would our court foreclose, or place obstacles in the path of, adducing and considering such evidence? Surely the better view is to encourage judicial access to scientific evidence and findings based thereon. The ultimate beneficiary would be the parties, for the courts would be less restricted in the search for the correct and just result in patent cases. Thus I must, respectfully, dissent from the court's rulings on these issues.

REMEDIES

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Utah District Court
Utah County

Novell Inc. v. Timpanogos Research Group Inc.

No. 970400339

Decided January 30, 1998

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TRADEMARKS AND UNFAIR TRADE
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er software industry and plaintiff's place in market.

Action by Novell Inc. against Timpanogos Research Group Inc., Darren Major, Larry Angus, and Jeff Merkey, for breach of contractual and fiduciary obligations and misappropriation of trade secrets. On plaintiff's motion for preliminary injunction. Granted.

Gordon L. Roberts, Michael L. Larsen, Elisabeth R. Blattner, and David M. Bennion, of Parsons, Behle & Latimer, Salt Lake City, Utah, for plaintiff.

Ronald S. Katz and Gary L. Benton, of Coudert Brothers, San Jose, Calif.; Wendy L. Addiss, of Coudert Brothers, Washington, D.C.; W. Andrew McCullough and Randy M. Lish, of McCullough, Jones & Ivins, Orem, Utah, for defendants.

Jeff V. Merkey, pro se.

Schofield, J.

This matter is before the court on plaintiff's motion for a preliminary injunction. Evidence was taken in several sessions spread over many months, with hearings on May 5, 1997, July 9, 1997, October 6-9, 1997, November 3-5, 1997 and December 15-16, 1997. In addition, the court received numerous affidavits and received certain testimony by deposition.

Gordon Roberts, Michael Larson, Elizabeth Blattner and David Bennion of Parsons, Behle and Latimer have represented Novell. In the beginning Alan Sullivan and Bryan Benevento of VanCott, Bagley, Cornwall & McCarthy represented Timpanogos Research Group, Inc. formerly known as Wolf

Mountain Group, Inc. (for clarity throughout this ruling, I will refer to the defendant corporation as "TRG") and all of the individual defendants. Subsequently Ronald Katz, Gary Benton and Wendy Addiss of Coudert Brothers appeared as co-counsel for all of the defendants. Thereafter VanCott withdrew. Following that withdrawal, Coudert Brothers, and W. Andrew McCullough and Randy Lish of McCullough, Jones & Ivins have represented TRG; Andrew McCullough and Randy Lish have represented defendants Darren Major and Larry Angus; and defendant Jeff Merkey has appeared pro se.

Having considered the evidence introduced in the evidentiary hearing and the arguments of counsel, I now issue this ruling granting to Novell a preliminary injunction.

FINDINGS OF FACT

I find that the following facts have been proven by a preponderance of the evidence:

1. Novell is a corporation engaged in computer software development and sales.
2. For a long time prior to March 1997, defendants Merkey, Major and Angus were employees of Novell.
3. Major was employed by Novell from 1984 through 1995. In 1995 he left Novell and went to work at Cheyenne, Inc.
4. While employed by Cheyenne, for much of 1996 Major worked at Novell in the Wolf Mountain group through a partnering arrangement between Cheyenne and Novell.
5. On January 1, 1997, Major left Cheyenne and returned to full-time employment at Novell, working on the Wolf Mountain project.
6. Immediately prior to the happening of the events of March and April 1997, Merkey was a chief scientist at Novell and was the software engineer in charge of Novell's Wolf Mountain project, which was engaged in the development of a clustering initiative.
7. Immediately prior to the happening of the events of March and April 1997, Major was a software engineer working for Merkey in Novell's Wolf Mountain project.
8. Immediately prior to the happening of the events of March and April 1997, Angus was working for Merkey in Novell's Wolf Mountain project.

I express sincere appreciation to able counsel in this case who exemplified in their skill and demeanor in court what is right and good about the legal profession. Their diligence and even their occasional humor and sarcasm were remarkable.

9. At the time of his initial hire by Novell in 1993, Merkey signed an Agreement Respecting Trade Secrets, Inventions, Copyrights and Patents (Ex. 101).

10. The agreement provided that during his employment he would have possession or access to materials which contained trade secrets, confidential technical or business information of Novell and that he agreed not to use any such information for himself or others and not to disclose any such information at any time during or after employment by Novell.

11. Major signed a similar agreement containing the same terms on February 9, 1988 (Ex. 80).

12. Angus signed a similar agreement containing the same terms on December 4, 1987 (Ex. 181).

13. In consequence of his decision to become reemployed by Novell on January 1, 1997, Major signed an Intellectual Property Agreement dated December 30, 1996 (Ex. 83).

14. In the agreement Major agreed that any breach by him of the agreement will result in "variable, and continuing damage to [Novell], for which there is no adequate remedy at law, and [Novell] will be entitled to injunctive relief. . . ."

15. This agreement contained provisions preventing his use or disclosure to others of Novell's proprietary information.

16. On January 3, 1997, Major signed an Individual Confirmation Form (Novell) by which he agreed that Novell had classified the Wolf Mountain project as top secret and that he would not disclose any Wolf Mountain information to any other person, party, or agency within Novell or outside Novell without the express written consent of a Novell Authorized Business Development Authority (Ex. 84).

17. On June 26, 1996, Angus also signed an Individual Confirmation Form (Ex. 17, 182).

18. Novell's Wolf Mountain project was engaged in developing computer clustering.

19. Clustering is the ability to physically connect multiple, independent computers ("nodes") together and for the multiple computers to work together as if one giant computer. The effect is to create a computer system which may have the computing capacity and power of a large main frame computer but to assemble it with off-the-shelf PC computers. It is expected this would provide significant computer power at a greatly reduced cost and with readily replaceable and upgradeable PC computers.

20. Because Novell is or has been the leader in computer networking, where many computers are hooked together to a common server, able to communicate together and share common application systems; clustering seemed to many at Novell as a logical next step for it to take.

21. Novell began its Wolf Mountain clustering project in March 1995.

22. The goal of the Wolf Mountain group was to develop a clustering software package either as a stand alone product for sale by Novell or to be incorporated by it into its NetWare network operating system product.

23. From the inception of the Wolf Mountain project, Merkey was the chief scientist and the head engineer working on this project.

24. From its birth until October 1996, the Wolf Mountain project was under the direction of Dr. Glen Ricart, the Chief Technology Officer at Novell. In October 1996, it was placed in a newly formed division, the Scalable Server Division, under the direction of Vic Langford.

25. Throughout all of this time Merkey remained the chief scientist on the project.

26. By late fall 1996, Merkey envisioned Wolf Mountain as a stand alone operating system to replace the operating system used by Novell in its NetWare and IntranetWare products.

27. From its inception the Wolf Mountain project had been housed at the Orem campus of Novell while the long established group which developed Novell's NetWare product (hereafter the "core operating group") was housed at the Provo campus.

28. During all of this time, Merkey felt that the Wolf Mountain group was treated much like a stepchild by the core operating group. He endured this because he felt that Wolf Mountain constituted the first significant innovation at Novell in a long time and constituted a potential product which would return Novell to major importance in the computer industry.

29. Part of Merkey's ability to deal with what he felt to be second class treatment of the Wolf Mountain group by Novell was the personal support he felt directly from Novell's presidents.

30. At the time that the Wolf Mountain project was begun, Bob Frankenburg was president of Novell. Then, for a time, Joseph Marengi served as president of Novell.

31. While Marengi was president he had close contact with Merkey and assured Merkey of continued support by Novell of the Wolf Mountain project.

32. In December 1996, Novell did an internal roll-out of its Wolf Mountain technology. This roll-out was for the purpose of disclosing within Novell the nature of the proposed technology so that it could be evaluated by other computer engineers at Novell.

33. While Merkey and his team felt the roll-out went generally well, they received criticism from the core operating group at Novell.

34. This criticism was as much evidence of the infighting between the Wolf Mountain group and the core operating group as it was a bona fide critique of the Wolf Mountain project.

35. After the internal roll-out the level of internal criticism of Wolf Mountain increased.

36. In early 1997, the Scalable Server Division was placed under the management of Denise Gibson, who also managed the core operating group.

37. Merkey felt that placing Wolf Mountain under common management with the core operating group was a significant blow, if not the death knell for Wolf Mountain as a separate, distinguishable product to be offered by Novell. He doubted that with both the core operating group and Wolf Mountain under the direction of Gibson, Novell would ever be able to regain its position in the computer industry.

38. In early 1997, when Merkey realized that Novell was not going to proceed with the Wolf Mountain project in the manner which he wished, he began to devise a plan to take the Wolf Mountain project out of Novell.

39. Initially, Merkey sought to take Wolf Mountain from Novell in an amicable fashion, by agreement with Novell that a new spin out company would be formed.

40. He did this by lobbying Marengi for a spin out of the Wolf Mountain group into a separate, stand alone corporation, owned by Novell.

41. Marengi entertained these suggestions because he claimed to still believe in the Wolf Mountain technologies and the Wolf Mountain project.

42. Marengi discussed with Novell's counsel the possibility of creating a spin out company for Wolf Mountain.

43. There is a kernel of truth in Merkey's claim that he discussed the Wolf Mountain spin out with senior Novell executives.

44. What is missing is Novell's agreement. Though both discussed the issue with Merkey, neither Marengi, who was president of Novell until early April 1997, nor Eric Schmidt, who was president thereafter, approved the spin out.

45. Major had no independent knowledge of Merkey's discussions with Novell executives concerning the spin out. Rather, he relied on Merkey for any understanding which he had of those discussions.

46. By March 7, 1997, Merkey was so frustrated with Gibson's supervision that he and Major each tendered resignations from Novell.

47. Major believed that the Wolf Mountain project was an industry leading processing system and he did not understand why Novell did not openly and vigorously embrace the new technology. Rather, he believed that Novell was shooting arrows at them rather than encouraging the new technology.

48. When he resigned, Merkey told Stevenson he felt his dreams of building an industry leading information processing system could be best accomplished outside of Novell.

49. Each year in the spring Novell hosts a gathering of computer scientists, experts and industry analysts in a symposium called Brainshare.

50. The purpose of Brainshare is to advise Novell's partners, other software engineers who want their programs to work in harmony with Novell's Net Ware operating system and anyone else interested in Novell's business what products it anticipates developing and shipping in the immediate future.

51. Although Gibson initially scotched the idea of featuring Wolf Mountain at Brainshare, Merkey lobbied hard for Novell to prominently display its Wolf Mountain technologies at Brainshare.

52. Novell accepted Merkey's urgings. As he had been the chief scientist on Wolf Mountain, Novell persuaded him to return to that position, which he did around March 10, 1997.

53. Upon his return to the Wolf Mountain project, Merkey told the Wolf Mountain team that he returned, that the status of Wolf Mountain as a separate division was undecided until after Brainshare, that Major was pursuing an outside venture, and that it was time for the Wolf Mountain group to perform ("For now, let's get a kick-ass demo for Brainshare and show the world that Novell isn't Braindead anymore." Ex. 99)

54. Brainshare was held during the week of March 24, 1997, at which time Merkey made a number of presentations in which he touted the Wolf Mountain technology. Also at Brainshare Novell demonstrated a 12-node computer cluster, giving clear credibility to the claim that Wolf Mountain was a well-developed, functioning set of technologies.

55. Major, however, never returned to employment with Novell.

56. Despite Merkey's desires, a spin out corporation never was created by Novell.

57. When a spin out was not forthcoming, in mid-March Merkey asked Novell if he could form a new company to engage in various software development interests.

58. Novell agreed that he could form such a corporation but asked that he coordinate with Novell's lawyers so that Novell's intellectual property rights would be preserved.

59. On March 18, 1997, Novell and Merkey and Major entered into an agreement by which Merkey and Major were allowed to form a new corporation for the purpose of engaging in software development (Ex. 8).

60. One condition of the March 18 agreement is that Merkey and Major would respect Novell's intellectual property rights.

61. In the March 18 agreement Merkey and Major also agreed that if the new corporation developed products which compete with Novell products, they would obtain required licenses for any of Novell technologies.

62. Merkey personally agreed that, since he still was an employee of Novell, he would comply with the existing Novell employee confidentiality procedures.

63. David Stevenson, Merkey's direct superior and one of Novell's primary witnesses in this proceeding, even invested \$500 in the new company.

64. Stevenson invested in this company on the express assurance from Merkey that the company had the blessing of Novell's management.

65. This new company originally was named Wolf Mountain Group, Inc. Later, after this action was begun, it changed its name to Timpanogos Research Group, Inc.

66. Merkey, Major and Stevenson were the original investors in TRG.

67. Prior to April 17, 1997, Merkey transmitted to John Balciunas, via e-mail, a copy of a document entitled Tapestry for NT Architecture Overview (Ex. 26). This document originally was prepared by Merkey on a Novell computer server.

68. Also, in a draft press release issued by TRG on or about March 31, 1997, at a time that Merkey still was an employee of Novell, TRG announced plans to develop a product named Tapestry with the feature set described in the Wolf Mountain Architectural Overview (Ex. 49).

69. The Tapestry document is virtually identical to a document prepared by Merkey while at Novell entitled Scalable Server Di-

vision Wolf Mountain Architecture Overview (Ex. 10).

70. A close comparison of the two documents reveals that virtually the entire text of the Tapestry document has been lifted verbatim from the Novell Wolf Mountain Architecture Overview document. A few names and acronyms have been changed, but nothing else.

71. The Tapestry document is not the work of Merkey at TRG, but is the work of Novell which Merkey copied whole cloth.

72. In an internal e-mail at Microsoft Balciunas noted on April 4, 1997, that it would take a couple of weeks for Microsoft to work out positioning of the Wolf Mountain software. From the face of the e-mail it is obvious he was in contact with Merkey (Ex. 51).

73. On April 7, 1997, Merkey sent Jim Allchin at Microsoft an e-mail concerning the creation of Wolf Mountain Group, Inc., indicating that Marengi had approved a patent cross license between Novell and Wolf Mountain Group and inviting Microsoft to buy a 30% ownership interest in Wolf Mountain Group, Inc.

74. In an internal e-mail at Microsoft, Balciunas noted that Merkey was scheduled to meet with him on April 17, 1997, and that Balciunas had a copy of Merkey's architectural overview of his product (Ex. 54).

75. On April 16, 1997, Merkey met with Schmidt in a lengthy meeting in Schmidt's office. At Merkey's request, Major joined part of that meeting.

76. During this meeting Merkey advised Schmidt that he was proceeding forward with his company and that he planned to meet with Microsoft officials the next day to discuss areas where Microsoft and TRG could work together.

77. As Merkey was still an employee of Novell, Schmidt told Merkey that he would prefer that the meeting with Microsoft not take place, that if he went he did not go with Novell's approval or authorization, and that he should respect Novell's proprietary and confidential information.

78. At the conclusion of the meeting between Merkey, Major and Schmidt, Schmidt asked that Merkey and Major take no further action with respect to TRG for two weeks. Major committed that they would not.

79. With Schmidt's admonition still ringing in their ears, on April 17, 1997, Merkey and Major met with John Balciunas and other employees of Microsoft at Microsoft's offices in Redmond, Washington.

80. Merkey told Balciunas that he had created the Tapestry document after he was authorized by Novell to form a new company. Balciunas understood this to be March 18, 1997.

81. Merkey told Balciunas that the Tapestry document had been prepared "starting from 'a clean piece of paper'".

82. Merkey advised Microsoft that he and Major were filing for 14 patents and that he was negotiating a patent cross-license agreement with Novell.

83. Similarly, in a letter dated April 3, 1997, from Major to David Bradford, Novell's general counsel, Major urged Novell to enter into patent cross-license agreements with TRG (Ex. 86).

84. During their meetings with Microsoft, Merkey spent two hours describing the Tapestry technology and he explained how Novell had invested \$15 million in their new company. All aspects of this presentation were essentially dishonest as the technology was Novell's Wolf Mountain technology not TRG's and Novell had not invested any money in the new company.

85. Though Major is portrayed in this litigation as an honest individual who has an eccentric and exaggerating partner, in fact, by his quiet during the Microsoft meeting, Major was a direct participant in the dishonesty.

86. In their meetings with Marty Albert the very next day, directly contrary to what they told Microsoft the day before, Merkey and Major told Albert that Novell had not made any investment in the new company. They looked to Albert to be their financier.

87. While Merkey asserts that the April 18-19, 1997 meeting was his first with Albert on the subject, that seems highly unlikely as, by the end of a meeting which Merkey asserts was brief and no technical information was disclosed, Albert had agreed to invest several million dollars in the new venture, hardly the prudence which would be expected from a successful businessman.

88. Following Merkey's meeting with Balciunas on April 17, 1997, Merkey sent Balciunas an e-mail dated April 19, 1997, in which he advised that TRG was focusing on Tapestry and would have a product available for Microsoft to review in its laboratory by late July and would be shipping by December (Ex. 57).

89. As he had just met with Balciunas and Balciunas had a copy of the Tapestry architectural overview, it is clear Merkey was saying that he was going to build essentially the same product he had been developing while at Novell.

90. Prior to leaving Novell Merkey told several Novell employees that he had intentionally under documented his work so that it would be in his head and not Novell's. Some quote him as also saying that when he left Novell he would take with him "the crown jewels", which they interpret to be the most sensitive technologies developed in Wolf Mountain.

91. Having spent considerable time in trial and error experimentation at Novell, Merkey and Major acquired negative knowledge while becoming intimate with what worked and did not work in the process of developing technology. From their experience at Novell, Merkey and Major knew where their starting point was and could thereby avoid "false paths" and "blind alleys" in developing any products for TRG.

92. This negative knowledge learned at Novell allowed Merkey and Major to cut corners in designing the Tapestry product for TRG. Because as Merkey stated, much of the information about Wolf Mountain was in his head, Merkey was able to save considerable time in testing and design research that was required at Novell.

93. Because Merkey and Major announced the Tapestry for Microsoft Windows NT product so soon after their resignation from Novell, it is clear they used the negative knowledge learned at Novell.

94. Merkey also told Balciunas that "all of the information was 'in his head'" and that he hadn't written anything down in years.

95. In an interview published in *Lantimes* magazine on May 12, 1997, less than a month after he left Novell, Merkey stated that TRG's product, Tapestry for Microsoft Windows NT, was "fairly far along."

96. In that same interview he stated that:

One of the biggest problems is, when we were doing Wolf Mountain at Novell, we were running real quick and just cranking code out. None of the intellectual property is documented. None of the patents have been filed. The only place the knowledge exists is inside [my head] and [Major's]. None of it has been written down. In terms of Novell attempting to sue us for intellectual property, I'm not sure they know what to sue us for.

97. This interview was given at a time that Merkey was technically still an employee of Novell as he resigned by a letter dated April 20, 1997, but to be effective two weeks later, on May 4, 1997.

98. On April 20, 1997, the date of his second resignation from Novell, Merkey sent an e-mail to the members of the Scalable Server Division/Wolf Mountain team at No-

vell in which he advised them that he and Major had acquired funding for TRG and that the new company was hiring.

99. On April 23, 1997, Merkey told Balciunas in an e-mail that he was on track for delivery of the Tapestry product by December 1997 (Ex. 59).

100. In the April 23, 1997 e-mail Merkey told Balciunas that 70 senior architects and developers at Novell had resigned to join TRG. While TRG did hire some former Novell employees, it only hired a handful, not the 70 to which he alluded (Ex. 59).

101. In that same e-mail Merkey told Balciunas that TRG had "captured clustering mindshare, and shifted it to WolfPack and Windows NT."

102. This only could have meant that he was claiming to have taken the clustering initiative from Novell's Wolf Mountain group to TRG for use by Microsoft which had a clustering initiative called "Wolf-pack."

103. In a news story on the internet in a service entitled Info World Electric News dated April 28, 1997, Merkey is quoted as claiming to have taken 70 Novell employees with him when he left Novell (Ex. 142).

104. In that story Merkey describes his Tapestry product as software which works in conjunction with Microsoft's Wolfpack to strengthen scalability and would enable the formation of heterogeneous clusters of Intel-based servers running Windows NT, Intranet Ware, and Unix (Ex. 142).

105. For a company in which Merkey had been employed for only a week and Major only a month, it is inconceivable that TRG had any product other than the alleged Tapestry product which Merkey described to Microsoft by peddling it a slightly edited copy of the Wolf Mountain architectural overview which he prepared while at Novell.

106. On April 29, 1997, the court issued a writ of replevin authorizing the constable to search the residences of Merkey, Major and Angus, to retrieve Novell documentation and computer equipment located at the residences.

107. At the time that the constables searched his home, Major had a copy of the following confidential Wolf Mountain documents at his home: (I) Clustered Network Operating System (this is the body of the patent application filed with the U.S. Government); (ii) Product Proposal for Wolf Mountain; (iii) Novell Corporate Architecture—Wolf Mountain Summit Summary Review; (iv) Wolf Mountain NDA briefing with META Group; and (v) Wolf Mountain: An Invited Analysis/Report. (Ex. 47). Other than item (I), each of these documents bore a

legend that it was confidential. Each contained extended analysis and detailed information about the Wolf Mountain technologies

108. While the search was on at Major's home, Major contacted Merkey by cell phone and advised him of the search. At that time Merkey was at Angus' garage working on computer equipment for TRG.

109. Though he has complained bitterly about the trauma inflicted upon his children by the search, Merkey was not present at his home when his home was searched and has no first hand knowledge of what happened then.

110. Merkey was aware that he was being looked for and that the Novell computers in his possession were being sought pursuant to the writ of replevin.

111. At the time that the constables searched his home, Merkey had a copy of the following confidential Wolf Mountain documents at his home: (I) Wolf Mountain: An Invited Analysis/Report; (ii) Wolf Mountain Architecture Overview-Draft-; (iii) IDC Commercial Systems & Servers—Short Report for Novell—Beyond Netware; (iv) Novell Corporate Architecture—Wolf Mountain Summit Summary Review; (v) Novell Project 2000 Hand-Outs; (vi) Novell Project 2000 Technical Information; (vii) IDC Systems Research—Proprietary Novell Report: Strategic Assessment of Wolf Mountain's Market Space; and (viii) Wolf Mountain Architecture Overview. Other than items (iii and vi), each of these documents bore a legend that it was confidential or a Novell company secret. Each contained extended analysis and detailed information about the Wolf Mountain technologies

112. Merkey explained at hearing that after learning that the constables had searched his home, he did not return to his home until he had returned the laptop computer (which later was discovered to have a smashed hard drive). This contradicts other testimony where he said the laptop was at his home by the docking station when the constables searched his home.

113. Late in the evening of April 29, 1997, Merkey returned a laptop computer to Novell. Upon inspection Novell discovered that the hard drive in the computer was smashed. That same computer and hard drive were offered as an exhibit and the court has personally inspected the computer.

114. The hard drive of the laptop is a modular unit, easily removable from the computer.

115. At trial the hard drive was removed and inspected by the court. It had the ap-

pearance of having been smashed with several blows from a hard object like a hammer.

116. Merkey has offered no less than four different explanations of how the hard drive came to be smashed, pointing most of the blame to his children.

117. One of his explanations is that he was so angry at the replevin that he threw the computer at Novell's door when he returned it. This explanation does not fly (like the computer allegedly did) for neither the computer carrying case nor the laptop bear any evidence of physical abuse or damage, though the hard drive, which ordinarily is mounted within the plastic shell of the computer, clearly has been smashed.

118. Even if documents are deleted from a hard drive, experts often can retrieve material which has been deleted from a hard drive. As an expert in computer science, Merkey knew this.

119. The only sure way to prevent recovery of deleted material from a hard drive is to physically damage the hard drive. That is what happened here.

120. The fact that he returned the hard drive damaged while the rest of the computer appears in good shape demonstrates that Merkey intended to prevent the retrieval of any information from the hard drive.

121. That he would tell different and conflicting stories of how the hard drive came to be damaged demonstrates Merkey did not want the truth of how it came to be damaged known.

122. In their operation of TRG, Merkey and Major act much as partners.

123. Major testified that even though he has such a close business relationship with Merkey, he has to falter what Merkey says to find the truth, he is unable to control Merkey, Merkey is able to create his own reality which may have no basis in fact, and Merkey is prone to exaggeration.

124. In fact, however, Merkey is not just prone to exaggeration, he also is and can be deceptive, not only to his adversaries, but also to his own partners, his business associates and to the court. He deliberately describes his own, separate reality.

125. Major acknowledges that Merkey does not see boundaries; that if he feels strongly or wants to do something, he does it.

126. Major has tried to distance his concept of where TRG is going from public statements and other actions taken by Merkey which demonstrate a contrary direction.

127. All the while that Major made these attempts he was president of TRG.

128. For example, Major disavowed the business plan which Merkey prepared in September 1997.

129. In a letter from Merkey to Albert on September 12, 1997, Merkey asserted that the "Utah Judicial Commission contacted me Thursday, and relayed that they had reviewed Judge Schofield in Court over video camera, and have initiated an investigation relative to the Court session of September 8, 1997." (Ex. 107).

130. While it may be possible that the Utah Judicial Commission (Conduct Commission?) contacted Merkey, that commission has not obtained a copy of any video of the court session of September 8, 1997. That hearing was court-reported and the only video made was made in accord with Rule 4-201(2)(C), Utah Code of Judicial Administration, for the purpose of the judge's private notes. No copy of that sole copy has been viewed by anyone other than the court. In short, this statement is another example of Merkey's penchant for self-serving, separate reality, dishonesty.

131. While it is human nature for each of us to put our own spin on events which we observe — indeed the heart of most auto accident cases is the different perceptions of eye-witnesses — Merkey nonetheless regularly exaggerates or lies in his comments to others about events happening around him. It is as though he is creating his own separate reality. For example, his e-mail message to Balciunas of June 12, 1997, contains several clear misstatements or fabrications of what transpired in court (Ex. 72)

132. Merkey also was dishonest in a number of the e-mail messages which he sent to Balciunas, either exaggerating or deliberately falsifying factual assertions which he made in those e-mails.

133. There is an acknowledged tendency in the industry for software development companies to float deliberately false or exaggerated statements of prospective product offerings, a practice called "vaporware."

134. Merkey now alleges that all of his early commitments to Microsoft, which unquestionably were based upon pirated Novell technologies and information, were just vaporware.

135. Given his penchant for creating a separate reality and for deliberate misrepresentation, I find Merkey's claim that he was simply floating vaporware unreliable. Rather, he wanted to have the benefit of both worlds — his world actually working on a clustering model based upon the Novell architecture — but also a world in which he could claim that he was not using or misap-

propriating Novell confidential technical information.

136. Major also is not always truthful.

137. Major resigned on March 7, 1997 and out processed on March 20, 1997. At the time that he resigned he knew that at out processing he would be required to return to Novell all of the Novell documents he had in his possession.

138. Notwithstanding this understanding, during the two weeks after he resigned and before out processing, Major received a copy of the Wolf Mountain product proposal which was last edited on March 16, 1997. As such it only could have been obtained by him on or after March 16, 1997.

139. Even though he had received a copy of the product proposal within four days of his out processing, Major did not return it to Novell at out processing. He claimed at court to have forgotten that he received it. This explanation does not wash. He is too bright to have forgotten receipt of such an important document just four days prior to out processing.

140. This action by Major evidences an intent to hide from Novell his real purpose with respect to the document. He had no intent to return it. Nor did he even return it when the constables searched his home. Rather, his copy was returned by him through counsel a week or two later.

141. On April 23, 1997, Angus out processed after terminating his employment with Novell. At that time he certified that he had no Novell property at his home or in his possession (Ex. 184).

142. This certification was inaccurate as he had a notebook in which he recorded, among other things, notes of problem areas encountered by the Wolf Mountain team in its development and implementation of the Wolf Mountain technology (Ex. 183).

143. I do not accept Angus' assertion that he simply had forgotten that he had his notebook at home. It was far too sensitive a document and the times were far too charged to accept his claim of forgetfulness.

144. While I find that Merkey and Major are not fully trustworthy, they claim that neither is Novell. They assert that Novell acted out of improper motivations.

145. The decision by Novell to put the Scalable Server Division under the direction of Denise Gibson is a management decision which does not reflect any bias or antipathy toward Merkey, Major or the Wolf Mountain team.

146. Merkey asserts that he did not fit in at Novell because he had a different ethnic or religious background than most of the

Novell workers. This claim was not supported by any meaningful evidence.

147. Merkey asserts that Gibson had a vendetta against him.

148. The record supports a conclusion that Gibson and Merkey did not get along and that Merkey chaffed while under Gibson's supervision as he felt that being placed under her supervision was the death knell for Wolf Mountain as a project.

149. During the hearing Novell introduced Exhibit 13 which purports to be a memo to Merkey from Vic Langford, the supervisor of the Scalable Server Division. Novell acknowledges that the memo was prepared for Langford's signature but that Langford declined to sign it. Defendants assert this demonstrates dishonesty on the part of Novell. Though each of our business practices sometimes are subject to question, Novell was generally forthright in how it reacted to Merkey and Major and their actions. Certainly Novell was angered at Merkey and spent tremendous sums of money pursuing this litigation against him. But I do not accept the wrongful motives which defendants attribute to Novell.

150. At a court hearing on May 6, 1997, TRG was criticized for using the name Tapestry, which Novell claimed it had used internally in its Wolf Mountain project. As a result Merkey gave the TRG product a new name: "Replevin" which the press release noted was Latin for "to search". In fact, however, with the new name selected and announced just a week after a writ of replevin had been served upon him and Major, the only fair conclusion is that he chose this new name as a direct affront to Novell.

151. In a press release dated May 8, 1997, TRG announced that it was developing "a 32/64 bit, massively scalable, clustered, fault tolerant, journaled meta-directory storage and access technology for Windows NT, Unix and other industry platforms." (Ex. 63).

152. Primary among the other platforms spoken of by TRG is Novell's NetWare and IntranetWare products.

153. This press release was issued only two weeks or so after Merkey left Novell and contains the same feature set which he designed and described in both the Novell Wolf Mountain Architectural Overview and his pirated Tapestry for Windows NT Architectural Overview. Given the extremely short time since he left Novell and the fact he had already pirated the Novell architectural overview, it is clear Merkey was building upon information, designs, and architecture which he developed at Novell and which belonged to Novell.

154. In an e-mail from Merkey to Balcinas dated May 10, 1997, Merkey asserted that the "court stuff" has only delayed their development of a product by a couple of weeks. He asserted they were still on track to deploy a product by the first or second quarter of 1998 (Ex. 64).

155. On May 15, 1997, Merkey sent an e-mail to Sharon Fisher, a journalist covering the computer industry, asking that she provide a copy of the "technical document" which he gave to her and other press folks at Brainshare. He told her he had been given permission by the court to use anything that was in the public domain and wanted to obtain a copy to prove that it was given to the press and now was in the public domain (Ex. 164).

156. In an internal e-mail at Microsoft, Microsoft noted that Merkey was going to provide a draft press release which differentiated between TRG's Tapestry product and the Wolf Mountain technology developed by Novell (Ex. 56).

157. Merkey never provided such a differentiation to Microsoft (nor, so far as the court is aware, to anyone else).

158. The depth of Merkey's shift in feelings — an antipathy for Novell and a commitment to Microsoft — is reflected in a variety of e-mail messages to Microsoft sent shortly after he left Novell in which he signs off as "Your Loyal Servant."

159. A computer operating system is the computer program which directs and controls the interface between computer hardware and any application programs such as word processors, accounting and spread sheet programs and internet browsers. Operating systems also are known generically as "platforms".

160. Novell's NetWare program is an operating system as is Microsoft's Windows NT and the Unix operating system.

161. One of the design goals of Wolf Mountain was to create a single system image, with fault tolerance.

162. In the development of the Wolf Mountain technologies at Novell, Merkey and Major intended platform independence or neutrality, meaning that in the design of the Wolf Mountain technologies, Merkey and Major intended that the Wolf Mountain clustering program run on or be compatible with any of the three major operating systems just described.

163. The architecture of the Wolf Mountain project includes platform independence.

164. At the time Merkey and Major left Novell they had not completed the intended platform independence. No source code had been written which would allow the Wolf

Mountain program to run on the Microsoft NT or Unix platforms. Rather, the only source code which had been written was for the Wolf Mountain program on the Novell NetWare platform.

165. At the time that Merkey and Major left Novell the source code for the Wolf Mountain project was not complete, though, as Dr. Head noted, the Novell Wolf Mountain code consisted of over 20,000 files containing 600 million bytes, or the equivalent of 150,000 singly-spaced typewritten sheets, the height of a five-story building.

166. There are three primary computer languages; machine language which usually consists of 0's and 1's and is machine readable; assembly language which is specific to a particular machine or computer processor; and a high level language, which is the language most application programs are written in, including Algol, Fortran, Basic, C and C++.

167. C and C++ are not fully compatible.

168. All of the TRG code was written in C++, which is the most advanced of the current high-level languages.

169. Novell's NetWare program is written in an assembly language while the Novell Wolf Mountain code is written in C.

170. Because TRG's code is written in C++ while Novell's Wolf Mountain code is written in C and the two are not fully compatible, Dr. Head asserts that TRG could not have copied or used any of Novell's Wolf Mountain confidential information.

171. This conclusion is not correct. Even though TRG appears not to have actually used any Wolf Mountain code, it has used the Wolf Mountain architecture, structure and design.

172. The Wolf Mountain project consists of the combination of many disparate technologies, the majority of which are in the public domain or are derivatives of well-known, public domain concepts.

173. Even though the Wolf Mountain project was built primarily of known, public domain concepts, the manner in which Novell assembled and combined those technologies is unique.

174. The Wolf Mountain technologies have independent value. First, Novell spent enormous sums of money developing these technologies and second, the technologies are sufficiently developed that significant parts are relatively portable, such as the UFOD and the CICP.

175. Novell always took reasonable steps to protect its trade secrets and confidential technical information.

176. First, it required each employee to sign a confidentiality and non-disclosure agreement, agreeing that the trade secrets are confidential and belonged to Novell.

177. Second, Novell required that its technologies generally be kept on campus in a secure environment. Defendants make much of the fact that Novell allowed members of the Wolf Mountain team to take back up copies of the Wolf Mountain source code and documentation home for safekeeping, there is no evidence that any of these actions ever jeopardized the security and confidentiality of those documents. There is no credible evidence that Novell did not take reasonable steps to preserve its trade secrets.

178. Third, Novell established rules and procedures concerning the public disclosure of its trade secrets. For example, Novell decided in advance what information could be publicly disclosed at Brainshare.

179. At Brainshare, when Merkey distributed a copy of the Wolf Mountain architectural overview, his superiors including Dave Stevenson attempted to retrieve any such copies and reprimanded Merkey for making unauthorized disclosures. Merkey acknowledged his action was inappropriate.

180. Merkey cannot claim information is in the public domain if he made unauthorized disclosure of that information.

181. One of the primary components of the Wolf Mountain project was the unified file object directory (UFOD). Major was the principal author of this technology.

182. The function of the UFOD is to provide a system of directory services and file management, routing and data storage services.

183. UFOD largely is built upon known technologies.

184. Any computer program designed to accomplish what the UFOD was designed to accomplish would have common parts and technologies, including memory caching, disk caching and a hierarchical storage manager and would use well known techniques such as disk mirroring, segmenting, scatter-gather and mini-volumes as the primary unit of data storage, caching, replication and distribution.

185. Though these are public domain technologies and concepts, how Novell used and combined these well known component parts is unique.

186. Major conceded that the UFOD was largely unique and likely was a trade secret.

187. The UFOD technology has independent value because to a large extent it is portable.

188. Another key component of the Wolf Mountain technology is the cluster interconnect protocol (CICP).

189. The function of the CICP is to provide a communications subsystem so that the various computers in the cluster can communicate and function together.

190. The CICP also is based upon well known, public domain technologies.

191. How Novell used, combined and applied these well known concepts is unique.

192. Before he left Novell, Merkey frequently asserted that the Wolf Mountain technologies were unique and needed protection. For example, he told Eric Gardanier, a patent attorney hired by Novell to help it patent the Wolf Mountain technologies, that Microsoft would have to get its hands on the Wolf Mountain technology.

193. In an e-mail dated June 25, 1997, from Merkey to Balciunas, Merkey said that at that time he was developing a program like the CICP, which would have "identical functionality, and multi-fabric clustering capability." (Ex 71).

194. It is clear that from the time he left Novell until at least the date of this e-mail that Merkey was building upon the Tapestry architecture, claiming it as his own, even though he had pirated that architecture from Novell.

195. Merkey repeatedly told Balciunas that he was "working on the stuff that they said they were going to be working on since the beginning of April." Again this can only have been the Tapestry based document, which is based upon the pirated technology.

196. These actions by Merkey and Major are in violation of the terms of the temporary restraining order previously issued by the court.

197. The basic structure of the Wolf Mountain technology and of the UFOD and CICP each are unique and of great value to Novell. They represent a significant investment by it in the development of a new technology.

198. Because the manner in which the technologies were assembled and combined is unique, because they have independent value and because they have been protected by reasonable efforts to maintain their confidential status, the manner of combination is a trade secret.

199. Major concedes that the implementation of the CICP protocol is a Novell trade secret.

200. Major agreed that the method of journaling which he implemented in UFOD is a Novell trade secret.

201. Major agreed that the process of containing the history of an object within itself (self journaling) is unique to Novell.

202. Major agreed that the format of how information is stored that is the object description used in UFOD is a Novell trade secret.

203. Major agreed that the message format that UFOD used to communicate between nodes is a Novell trade secret.

204. Major agreed that the implementation of the cache system in UFOD was a Novell trade secret.

205. Major agreed that there are aspects of the kernel developed by Merkey at Wolf Mountain at Novell which are trade secrets.

206. Major agreed that the implementation of the memory management system at Wolf Mountain is proprietary to Novell.

207. Major agreed that some of the marketing strategies which Novell had for the Wolf Mountain project are trade secrets.

208. Under examination by Merkey, Major agreed that the CICIP wire protocol and the UFOD message protocol each were Novell trade secrets.

209. Novell has a trade secret claim to its Wolf Mountain architecture, the UFOD and CICIP.

210. I believe Novell may have trade secrets in its Wolf Mountain technology other than the grand scheme, the UFOD and the CICIP. In this hearing, however, other than the secrets set forth above, it did not carry its burden of proving just what those other technologies are.

211. As a result it is not entitled to protection by preliminary injunction of any other trade secrets.

212. Novell has long been a major player in the computer communications industry.

213. In order to preserve a leading role in any aspect of the computer software industry, a company such as Novell must remain forward thinking and innovative.

214. In the development of its Wolf Mountain technologies, Novell was both forward thinking and innovative. What it now wishes is to protect and preserve that effort.

215. At the outset of this litigation it appeared that the Wolf Mountain technology had the potential to be the next paradigm in the computer communications field. Merkey said as much in his in-fighting while at Novell and he said as much in his presentations at Brainshare.

216. Certainly Novell has not proceeded to develop Wolf Mountain in that way.

217. In an article in PCWEEK Magazine dated July 7, 1997, Denise Gibson is quoted as saying: "You will never see Wolf Moun-

tain as Wolf Mountain. It will be rolled into other products." (Ex. 152).

218. While Novell has not chosen to use the Wolf Mountain technologies in the fashion which Merkey and Major anticipated and desired, it is using aspects of these technologies in other areas.

219. Merkey repeatedly asserted while at Novell that Novell had a two year head start over the competition in developing clustering technology.

220. Even though Novell has chosen not to develop a stand alone Wolf Mountain product, it nonetheless is using Wolf Mountain technologies and is entitled to protect those technologies which it developed.

221. Novell's business is to develop and market computer software in the highly competitive field described above.

222. One of the principal assets which Novell has is its trade secrets and confidential technical information.

223. Novell protects this asset by requiring all of its employees to sign confidentiality and non-disclosure agreements as set forth above.

224. In this case two senior scientists left Novell, taking with them some of Novell's trade secrets and other confidential information.

225. If these employees are permitted to take these secrets with impunity, Novell will be at the mercy of its other employees who may wish to take other of Novell's trade secrets and confidential technical information and enter into competing businesses. Such a result is wholly unacceptable to Novell and places it at tremendous risk in the marketplace, a risk which money damages cannot remedy.

226. Defendants assert that they will be harmed if Novell is entitled to an injunction protecting its trade secrets and confidential technical information. In fact, however, they have no legal claim to any of this information. Not having a legal claim to such information, they cannot demonstrate a greater harm than Novell will suffer if the requested injunction is not granted.

227. TRG is developing three products, Replevin 4.0, Replevin 5.0 and MAN 1.0.

228. Each of these three products is based upon and naturally flows from the Tapestry architecture which Merkey pirated from Novell.

229. The Wolf Mountain group at Novell was building products that perform many of the same functions and operate much like the TRG products.

230. Novell had not developed a product quite like MAN 1.0, but the Wolf Mountain

architectural overview contemplated just such a product.

231. Having observed the actions and reactions of the parties from the date this case was filed through months of hearings, having observed them testify in court and seeing what it is that they told Microsoft they would do and what they now claim to be doing, and having received extensive evidence in this matter, I am convinced that defendants have used Novell technology in developing their Replevin and MAN products.

232. At no time has TRG had any authorization from Novell to use any of the Novell technology.

233. I am further convinced that but for the interposition of this lawsuit, defendants would be well on the way to a product even more closely resembling the Wolf Mountain product which Novell demonstrated at Brainshare.

234. While TRG's Replevin and MAN products, at least in part, are based upon the Novell Wolf Mountain architecture, the actual coding of these products was done independent of Novell. The structure is Novell's but the coding and full implementation were done by TRG.

235. TRG's Replevin and MAN products are designed to work in harmony with Microsoft's NT platform.

236. As a result, many of the component parts included in the UFOD and the CICIP are redundant as Microsoft has several analogous technologies.

237. Further, Novell is not now even building a product directly based upon this same technology.

238. As a result, Novell will not need a long lasting preliminary injunction.

239. Because of the great fluidity in the industry, because Novell is not even using the technologies in a stand alone product and because TRG's Replevin and MAN products do not require many of the component technologies which were contained in the UFOD and in CICIP, Novell will be adequately protected if defendants are restrained from any use of the Novell technologies for a period of nine months from the entry of this ruling.

240. The existing temporary restraining order has prevented TRG from moving vigorously forward because other companies are reluctant to enter into partnering or other relationships until the litigation is complete.

241. Because of the existing temporary restraining order both Merkey and Major have been significantly distracted from the work of TRG as they have had to deal with

the existing litigation. TRG's business has been slowed by this mental resource drain.

ANALYSIS AND RULING

Based upon the foregoing findings, I now enter this ruling.

Having first obtained a temporary restraining order, which order has been in place during the evidentiary hearing on the motion for preliminary injunction, Novell now seeks a preliminary injunction. It asserts a persisting harm if defendants are allowed to continue in the business of clustering software development.

Rule 65A(e) sets the standard for issuance of a preliminary injunction:

A restraining order or preliminary injunction may issue only upon a showing by the applicant that:

(1) The applicant will suffer irreparable harm unless the order or injunction issues;

(2) The threatened injury to the applicant outweighs whatever damage the proposed order or injunction may cause the party restrained or enjoined;

(3) The order or injunction, if issued, would not be adverse to the public interest; and

(4) There is a substantial likelihood that the applicant will prevail on the merits of the underlying claim, or the case presents serious issues on the merits which should be the subject of further litigation.

As to each of these issues, Novell has the burden of proof. Said another way, unless Novell provides proof by a preponderance of the evidence on each of these four requirements, it may not receive the preliminary injunction which it seeks. I treat each of these issues separately.

Irreparable harm.

I. Merkey, Major and Angus breached their contractual obligations to Novell.

At the time that Merkey, Major and Angus left Novell, each was subject to certain contractual covenants of confidentiality. By way of illustration, Merkey signed an "Agreement Respecting Trade Secrets, Inventions, Copyrights, and Patents" which provides that as a Novell employee he may have access to "material embodying trade secrets or confidential technical or business information of" Novell. With respect to any such information, he agreed that as an employee or former employee, he will not "use any such information or material for himself or others" or "disclose or publish any trade secret or confidential technical or business information or material" of Novell.

Not only are Merkey, Major and Angus subject to contractual obligations preventing their use or disclosure of Novell's trade secrets, when Novell agreed to allow Merkey and Major to form a new software development company, Merkey and Major covenanted that they would not compete with Novell, or if they did so they would first enter into an agreement with Novell concerning the use of Novell's intellectual property.

Notwithstanding these duties not to use for themselves nor to disclose to others Novell's confidential technical information, the record establishes that Merkey and Major each have violated their agreements with Novell.

By late 1996 Merkey was excited with the significant progress in the development of a new product for Novell, a product that he believed would help Novell retain its position as an industry leader in the computer communications software business and which would replace Novell's existing network products, NetWare and IntranetWare. Though he was officed at the Orem campus and the Wolf Mountain group was regularly treated by the core operating group as a step-child, Merkey believed that Wolf Mountain technologies represented Novell's future.

Then, in early 1997, by Merkey's account, Novell betrayed both him and Novell's own future by placing the Scalable Server Division under the direction of Denise Gibson, who had stewardship over the core operating group and had a personal antipathy for Merkey. To Merkey this was the death knell for the Wolf Mountain project. Against this backdrop, Merkey hatched a plan in his creative and very fertile mind. He would convince Novell to form a separate company to continue with the development of the Wolf Mountain technologies. To that end he had a number of discussions with a variety of Novell executives, particularly Joe Marengi, Novell's president. While Novell discussed the possibility, it never decided to form such a spin-out as a done deal. In late March, while still an employee of Novell, he sent to Microsoft, Novell's largest competitor, a copy of a document which he labeled "Tapestry for NT Architecture Overview", telling Microsoft he had created this document in the new company in a clean room environment. This story was patently false. With several small exceptions centering around names and acronyms, the Tapestry document is a verbatim pirate from a document Merkey wrote while at Novell entitled "Wolf Mountain Architectural Overview".

On April 17, 1997, while an employee of Novell and against the advice of Novell's

president, Eric Schmidt, Merkey and Major met with representatives of Microsoft. During that meeting Merkey and Major advised that the technology contained in the Tapestry document which he asserted had been created by TRG independent of Novell, was ready for "immediate assimilation" by Microsoft.

Merkey assured Microsoft then, and regularly thereafter, that a finished product would not be long in the making. From April until early fall 1997, though he kept pushing the delivery date back blaming problems like this litigation, Merkey never claimed development of a product other than his proposed tapestry based product, a product built on the architecture which he pirated from Novell.²

The day after meeting with Microsoft, Merkey and Major met with a potential investor, Marty Albert. Again, they disclosed to him their business proposal for TRG. By the end of their two day meeting with Albert, he had agreed to finance the new company and had been elected chairman of the board.

With a straight face Merkey and Major each assert that they never disclosed or used any confidential technical information belonging to Novell. Simply put, this is not honest. It is beyond any reasonable dispute that they disclosed Novell's confidential technical information to Microsoft and they disclosed some of it to Albert.

In addition to disclosing to third parties, Merkey and Major obviously intended to use Novell's confidential technical information for themselves. Within days of Merkey's leaving Novell, TRG published a description on its web site of its intended product development. The feature set is identical to the feature set which Novell disclosed at Brainshare.

At Brainshare the Wolf Mountain technologies worked. Novell demonstrated a 12-node clustered system that performed just the way Merkey had advertised. This technology was well developed. But for the interposition of this lawsuit I have no doubt Merkey and Major would have moved quickly to fully implement the Wolf Mountain technology which Merkey explained at Brainshare, of which he was the principal architect, and

² At the same time he was telling Microsoft of his proposed Tapestry document, Merkey also told the world the same thing by announcements placed on the TRG website, announcements which clearly described just the kind of work which he was doing while at Novell and which he simply intended to continue doing at TRG.

mitted genius behind Wolf Mountain and the one person whom Major admits he cannot control, intends to continue just where Novell had been going. For these reasons, any restraint against Merkey and Major also should apply to their new company, TRG.

Finally, as to Angus; I find he also breached his contracts with Novell as he failed to return to Novell confidential proprietary information when he left Novell. He admits as much. He likewise should be restrained from using any Novell confidential technical information in any work which he does, whether with TRG or some other employer.

II. Merkey and Major took Novell trade secrets with them to TRG.

Many days of hearing were consumed in closed-door sessions while the parties addressed Novell's claim that defendants misappropriated Novell's trade secrets. As I noted in an earlier ruling in this case, the Utah Supreme Court has held that:

The threshold issue in every [trade secret] case is whether, in fact, there is a trade secret to be misappropriated. The secret is of value only so long as it remains a secret. The burden is upon the plaintiff to prove its existence as a secret, and there is no presumption in his favor.

Microbiological Research Corp. v. Muna, 625 P.2d 690, 696 (Utah 1981). Here, Novell bears the burden of establishing that any of the information which defendant took or used is a trade secret. To resolve that issue the parties relied upon the definition of trade secret contained in *Utah Code Ann.* § 13-24(2)4:

"Trade secret" means information, including a formula, pattern, compilation, program, device, method, technique, or process, that:

(a) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and

(b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

In the analysis here I also rely upon this statutory definition of trade secret. Further, the court not only has authority to restrain actual misappropriation of trade secrets, but also threatened misappropriation.³ Novell argues that while it has proven actual misap-

propriation, at a minimum it certainly has established threatened misappropriation.

The parties each offered an expert witness on whether any information allegedly taken or used by defendants constitutes a Novell trade secret.⁴ Novell called Dr. Evan Ivie, a retired BYU computer science professor with a thorough computer science background and hands-on experience in an early clustering related project. Defendants called Dr. Sabin Head, an independent computer consultant from Sunnyvale, California, who has a broad base of expertise in computer software development. The court had the opportunity to listen carefully to each and I base my conclusions in this case on their testimony and my own observations and conclusions as to their credibility.

In an earlier ruling in this case I noted, as the Utah Supreme Court stated in *Muna*:

[A] unique combination of generally known elements or steps can qualify as a trade secret, if it represents a valuable contribution attributable to the independent efforts of the one claiming to have conceived it. The combination must differ materially from other methods revealed by the prior art.

Muna, 625 P.2d at 696.

Defendants assert that much of the technology which they are using in their new projects and efforts can be found in the public domain and therefore is not protectable as a trade secret. To a fair extent this is correct. Further, defendants also note that on leaving Novell they had a right to take with them their general knowledge of the computer industry, gained over a lifetime of study and work in that industry. Again, they are correct.⁵ Yet, as noted by *Muna*, even if Novell was using generally known technol-

⁴ Anyone studying this analysis need know that I do not pretend to be a computer *wunderkind*. While I use a computer on a daily basis and can make my way around a good many programs with reasonable facility, I have undertaken my study of the trade secret issue as one versed in the social sciences, not computer science. Nonetheless, I have been greatly aided in this study by the significant assistance which the two experts brought to the table. Each has extensive experience in the computer sciences and from them I learned sufficient to understand most of the issues needed to address the legal issues before the court.

⁵ "[u]pon termination of his employment, an employee has the prerogative to use his general knowledge, experience, memory and skill, however gained, provided he does not use, disclose, or impinge upon any of the secret processes or business secrets of his former employer. *Muna*, *supra*, at 697.

³ *Utah Code Ann.* § 13-24-3.

ogies in its Wolf Mountain project, a unique combination of those public domain elements can qualify as a trade secret.

At the direction of the court Novell submitted an exhibit which it asserts contains the trade secrets which defendants have misappropriated (Ex. 112). After asserting that each of the trade secrets identified in Exhibit 112 is a Novell trade secret, Dr. Ivie endured a merciless cross examination. Thereafter Dr. Head testified that none of the matters which Dr. Ivie identified as trade secrets in fact were. Rather, he concluded that Novell only had one protectable trade secret: the overall scheme or manner of organization of the various parts which it was incorporating into its Wolf Mountain technology.

I accept Dr. Head's analysis that Novell's grand scheme Wolf Mountain is a trade secret. Unfortunately for defendants, this analysis supports a far broader conclusion than Dr. Head may have intended.

Defendants argued over and over again that Novell had the burden of proving what its trade secrets were but failed to meet that burden.⁶ Defendants reminded the court

⁶For a moment let me address three of defendants' primary defenses to Novell's trade secret claims.

First, defendants claim that neither the UFOD or CICP is a trade secret because they are not fully documented in code. To be protectable, a trade secret need not be fully complete in either development or documentation. If that were so no computer company would be safe from employee pirating as the trade secrets would not be protectable until a final product is complete. This is not reasonable policy nor is it the law.

Second, defendants claim that neither UFOD or CICP is a trade secret because neither has independent value. This argument is simply wrong. True, neither is or was intended to be a stand alone product. In an analysis that became less and less persuasive the longer he persisted in its explication, Dr. Head asserted that component parts of a software program cannot be trade secret. The argument makes no sense in the real world in which both Novell and TRG are working and competing. The component parts do have independent value and can be readily transferred to other programs and uses, often with minimal reworking.

Third, defendants assert that Novell did not protect its trade secrets because it disclosed these secrets at Brainshare and Compaq's Innovate conference or did not take reasonable efforts to protect their secrecy. This is not correct. It is true that without authorization Merkey distributed copies of the Wolf Mountain architectural overview at Brainshare. He cannot violate Novell's rules on what he was allowed to distribute and thereafter claim that Novell disclosed the trade secrets so they no longer qualify for trade secret protection. That is exactly what he did in this

several times that I continued the hearing so that Novell could more fully identify and list its trade secrets. Defendants are entitled to know what it is they cannot use. This argument is not without merit.

[1] The technology at issue in this case is so complex and of such a high level of sophistication that it defies description by a computer layman. That problem not only stymies the court, it clearly effected Novell's counsel's ability to introduce helpful evidence to the court. What is clear is that the Wolf Mountain technology, best described and identified in the Wolf Mountain Architectural Overview, is made of myriad separate elements. A goodly portion of those elements are based upon well known, public domain concepts. But how Novell adapted, implemented, integrated and applied those public domain concepts is proprietary. To some extent Novell established that it had developed new and different technologies, but to an extent it also failed.

As I have explained above, in late March or early April, Merkey gave to Microsoft the Wolf Mountain architecture which he was developing at Novell, having renamed it Tapestry. Novell had spent millions of dollars and almost two years of research and development before Merkey pirated this technology. While Dr. Head did not say so, Novell convincingly established that the Wolf Mountain architecture is the grand scheme or unique combination of which Dr. Head testified. Major also conceded that this architecture, at least as set forth in the Wolf Mountain Architectural Overview, is Novell's confidential information. What he fails to add, however, is that Merkey pirated that architecture in his Tapestry effort.

When Merkey disclosed this architecture he not only violated his confidentiality agreements with Novell, he trafficked upon the trade secrets of Novell. And thereafter he claimed in web site statements and to the media that he was building a product based upon the same Tapestry architecture. Merkey violated Novell's trade secret rights in its unique combination represented by the Wolf Mountain architecture. Novell is irreparably harmed by this disclosure.

This same analysis also supports a finding that the UFOD and CICP are Novell trade secrets. Even Dr. Head concedes that one of the most significant innovations in the Wolf Mountain technology is the Unified File Object Directory (UFOD). Major was the principal architect of this portion of the technol-

case. I am persuaded Novell's protective steps were reasonable under the circumstances.

ogy. UFOD provides integrated directory services, file services and data storage. And, interestingly, UFOD largely is built upon known technologies, many of which are close relatives to main frame storage models used by IBM in its main frame systems. Any computer program seeking to accomplish what the UFOD was designed to accomplish would have common parts: memory caching, disk caching, a hierarchical storage manager, and would use well known techniques such as disk mirroring, segmenting, scatter-gather, and mini-volumes as the primary unit of data storage, caching, replication and distribution. Dr. Head asserted that all of these component parts are well known in the industry. At the same time, however, I accept Dr. Ivie's analysis that in its form, UFOD is a unique combination of mostly known technologies which, under *Muna*, qualifies for trade secret status and protection. Major himself conceded that UFOD was unique and proprietary to Novell. While Novell did not really explain all of the nuts and bolts of the UFOD, it is composed of many parts which Major conceded were trade secrets, such as how it was designed to do self journaling, the memory management system and the UFOD message format protocol. Each of these are protectable. And it is clear that the bulk of TRG's present effort is directed at an NT based implementation of a storage manager like that which Major built in the UFOD. TRG thus is using, at least indirectly the Novell UFOD work product.

Similarly, I find that the Cluster Interconnect Protocol (CICP) deserves separate mention. The purpose of the CICP is to provide a computer communications subsystem for the various computers functioning together as a cluster. The CICP is built of many common parts. But how Novell built its CICP, how it arranged these mostly public domain concepts and technologies, is a unique and protectable secret. Under Merkey's examination Major admitted that the CICP wire protocol is a trade secret.

Novell wants me to restrain defendants from using its trade secrets. I don't fault the request, but I struggle to make an identification sufficient that I can issue a restraint. I am persuaded that it is likely Novell has other trade secrets within UFOD, CICP and other elements of the Wolf Mountain technologies. But at this point I stumble. Though I spent considerable effort digging through the huge body of information which was introduced at trial, I have been unable fully to understand and to catalogue the rest of Novell's alleged trade secrets. To that degree Novell has failed in meeting its burden. Perhaps not because, as defendants claim, no

trade secrets exist, but because the matters are so complex and technologically numbing that they escape comprehension by the court.⁹ Nonetheless, what the court cannot understand and segregate into identifiable bundles, it cannot restrain defendants from using. I deny the remainder of Novell's trade secret claims.

The threatened harm to Novell outweighs the potential damage to defendants.

Novell brought this action believing defendants breached their contractual obligations when they took from Novell confidential technical information and trade secrets. Novell has sustained that burden and has established that defendants have no legal entitlement to this information and trade secrets and that defendants have misappropriated Novell technologies.

The computer industry is highly competitive and dynamic. Today's industry leaders must be forward thinking and innovative if they are to retain their niche in the industry. To that end Novell expended millions of dollars in developing its Wolf Mountain technologies. While it is true that even to date Novell has not developed a stand alone, Wolf Mountain-based product, it now is beginning to implement aspects and technologies developed in the Wolf Mountain project into its other products.¹⁰ Novell will suffer significant loss if defendants are allowed to take and use these technologies with impunity.

First, there is a point to be made with its own employees. Novell is able to succeed in the software development business by requir-

⁹ Having spent many days in hearing and then studying the claims of Novell and its expert, I suppose I am too obtuse to understand what was presented. Early on defendants asked that I appoint a special master to assist the court in understanding the technology. Novell objected. Maybe Novell would have been better served in this case had I made such an appointment.

¹⁰ Early on in this case, consistent with Merkey's own excited pronouncements, Novell convinced this court that Wolf Mountain represented a new paradigm shift in computer communication technology. Instead of a server hosting many computers in a networking model, the many computers can be interconnected not only to accomplish what networking did, but to provide significantly enhanced computing power. Novell now has abandoned that plan and paradigm shift. Obviously it has a business plan which gives direction to its actions. While I understand and can explain why it may have done so, it seems just a little ironic that Novell has spent so much money in pursuing the protection of technologies that to a large extent it has chosen not to use.

ing its computer software engineers to respect Novell's ownership of its confidential technical information and trade secrets. Now, if Novell accedes to Merkey and Major without objection, former senior computer scientists who took and are using its technical information, Novell's other employees will presume that with impunity, they may take and use for themselves the trade secrets and confidential technical information which Novell has spent millions and millions of dollars developing. This is a damage which money alone never can remedy.

Second, the computer industry is extremely competitive and dynamic. A company either must be progressive and innovative or it will soon find itself on the scrap heap. At Brainshare Merkey touted the Wolf Mountain technologies as the next generation of computer communication software. In other settings he asserted that Novell had a two year head start on any of the competition in this new, exciting technology. Now Merkey complains that Novell is not building a stand-alone, Wolf Mountain-based project and thus its confidential information need not be protected.

While it appears true that Novell has not implemented such a product, it is using the Wolf Mountain technologies in other ways in its existing products and likely will continue to do so as it upgrades and replaces its existing technologies. It will suffer damage if Merkey and Major are allowed to continue to use and build upon the two year lead which Novell has gained.

[2] While Novell will suffer great harm if defendants are allowed to use the confidential information which they wrongfully took from Novell, where defendants have no legal claim to Novell's technologies and proprietary information, they are hard pressed to claim that they should be permitted to use that which they unlawfully took from Novell. Because they do not have a legal basis to use Novell's confidential information, the threat to Novell if defendants use this information and technology clearly outweighs any risk to defendants. See *Autoskill v. National Educ. Support Sys., Inc.*, 994 F.2d 1476, 1498 [26 USPQ2d 1828] (10th Cir. 1993).

The proposed injunction is not adverse to the public interest.

As demonstrated by Utah's adoption of the Uniform Trade Secrets Act, *Utah Code Ann.* § 13-24-3, *et seq.*, public policy supports the development of new technologies by authorizing injunctive protection of trade secrets. Defendants have no claim that the

proposed injunction would be adverse to the public interest.

Novell has a substantial likelihood of prevailing on the merits.

Novell has presented a compelling case that defendants misappropriated trade secrets, violated their contractual obligations of confidentiality, and breached their fiduciary duties to their former employer. Defendants have demonstrated a predatory intent and a deliberate strategy to claim and use as their own, technologies which they developed while at Novell. To a large extent their actions have been in bad faith. While counsel claimed in argument that Merkey was "crying out in pain", in fact, he was a predator seeking to bamboozle Novell into letting him leave with technologies which Novell spent millions of dollars developing. While Novell yet has a judicial education project ahead of it before it will fully persuade the court concerning all of its alleged trade secrets, it has more than amply demonstrated defendants' breaches and misappropriations. It has a substantial likelihood of prevailing on the merits of many of its claims.

Doctrine of inevitable disclosure.

Finally, a word about the doctrine of inevitable disclosure which Novell urges that I adopt but defendants just as vigorously urge that I reject.

[3] The doctrine of inevitable disclosure is based upon the notion that sometimes a departing employee may have such extensive knowledge of and experience with the former employer's trade secrets that, given the employee's new job function, it is inevitable that he will use or encroach upon the former employer's trade secrets. The use of this doctrine negates any requirement to find an actual or threatened misappropriation.

No Utah appellate court has considered, and thus no Utah appellate court has either adopted or rejected the application of this doctrine. I treat the matter as a case of first impression.

In 1989 Utah adopted the Utah Uniform Trade Secret Act.¹¹ Section 13-24-3 of the Act provides that "actual or threatened misappropriations may be enjoined". Further, Rule 65A of the *Utah Rules of Civil Procedure*, which establishes the requirements for a preliminary injunction, also speaks of a "threatened injury". In short, both the Act and Rule 65A allow injunctive relief whether a misappropriation actually occurs or only is

¹¹ *Utah Code Ann.* §§ 13-24-1 *et seq.*

threatened. The doctrine of inevitability is used to show that the probability of a threatened injury or misappropriation is so high that it becomes "inevitable." It is not, therefore, a separate basis for action, but rather is used to establish the existence of a threat of misappropriation.

Like many other states, Utah has adopted the Uniform Trade Secret Act. Many of the states which have done so also have applied the doctrine of inevitable disclosure in cases in which there is a question of whether there is a threatened misappropriation.¹²

In *PepsiCo, Inc. v. Redmond*, 54 F.3d 1262, 1269 [35 USPQ2d 1010] (7th Cir. 1995) the Seventh Circuit found that a former employee could be enjoined from working in a specific field of work if the "new employment will inevitably lead him to rely on the [former employer's] trade secrets." The Court found that the "threatened misappropriation" provision of the Uniform Trade Secret Act was bolstered by the use of the doctrine of inevitable disclosure.

The federal district court of Minnesota, applying both California and Minnesota law, stated that if a former employee retained trade secret documents from a former employer, an inference of intent to use such information was found, evidencing a "high degree of probability of inevitable disclosure."¹³

¹² Illinois, *PepsiCo, Inc. v. Redmond*, 54 F.3d 1262 [35 USPQ2d 1010] (7th Cir. 1995); Iowa, *Uncle B's Bakery, Inc. v. O'Rourke*, 920 F. Supp. 1405 (N.D. Iowa 1996); Arkansas, *Southwestern Energy Co. v. Eickenhorst*, 955 F. Supp. 1078 (W.D. Ark. 1997); Minnesota and California, *Surgidev Corp. v. Eye Technology, Inc.*, 648 F. Supp. 661 [42 USPQ2d 1824] (D. Minn. 1986). Furthermore, states which have not adopted the Act also have applied the doctrine of inevitable disclosure. New York, *Integrated Cash Mgmt. Serv., Inc. v. Digital Transactions, Inc.*, 732 F. Supp. 370 [13 USPQ2d 1397] (S.D.N.Y. 1989); New Jersey, *National Starch & Chem. Corp. v. Parker Chem. Corp.*, 530 A.2d 31 (N.J. Super. Ct. 1987); Texas, *Williams v. Compressor Engineering Corp.*, 704 S.W.2d 469 (Tex. Civ. App. 1986); Pennsylvania, *Air Products and Chem. Inc. v. Johnson*, 442 A.2d 1114 [215 USPQ 547] (Pa. Super. Ct. 1982); Ohio, *Emery Indus., Inc. v. Cottier*, 202 U.S.P.Q. 829 (S.D. Ohio 1978); Delaware, *American Totalisator Sys., Inc. v. Automatic Totalisators (USA) Ltd.*, 1978 WL 4479 (Del. Ch. 1978); Michigan, *Allis-Chalmers Mfg. Co. v. Continental Aviation and Engineering Corp.*, 255 F. Supp. 645 [151 USPQ 25] (E.D. Mich. 1966); Florida, *Fountain v. Hudson Cush-N-Foam*, 122 So.2d 232 (Fla. App. Ct. 1960).

¹³ *Surgidev Corp. v. Eye Technology, Inc.*, 648 F. Supp. 661, 695 [42 USPQ2d 1824] (D. Minn. 1986).

In the recent case of *DoubleClick Inc. v. Henderson*, 11/12/97 NYLJ 26 (col.5), the court noted that:

Injunctive relief may issue where a former employer's new job function will inevitably lead her to rely on trade secrets belonging to a former employer. In *Lumex Inc. v. Highsmith* (919 F. Supp. 624 [EDNY]) the court granted an injunction preventing a management representative from working with a competitor of plaintiff. The court held that the former employee would likely disclose plaintiff's trade secrets "to aid his new employer and his own future. . . . [Defendant] was privy to the top secret Cybex product, business and financial information. He cannot eradicate these secrets from his mind." (*Id.* at 631; *PepsiCo, Inc. v. Redmond*, 54 F.3d 1262, 1269 [35 USPQ2d 1010].)

In the instant case it appears to the court that the defendants will inevitably use DoubleClick's trade secrets. Like the executive in *Lumex*, the centrality of Henderson and Dickey in DoubleClick's operations makes it unlikely that they could "eradicate [DoubleClick's] secrets from [their] mind." (*Lumex*, supra, 919 F. Supp. at 631.) Moreover, the actual use of DoubleClick's trade secrets described above, and other actions discussed below, demonstrate defendants' cavalier attitude toward their duties to their former employer. This gives rise to a reasonable inference that they would use DoubleClick's confidential information against it.

[4] Though no Utah court has resolved whether the doctrine of inevitable disclosure should apply in Utah, this case is an excellent example of why it should.

First, Merkey and Major were two of the principle inventors of Novell's Wolf Mountain technologies. Prior to leaving Novell each acknowledged that the Wolf Mountain technologies were of great value to Novell and had the potential to represent a paradigm shift in computer communications technology.

Through their long and intimate experience on the Wolf Mountain project Merkey and Major learned two important classes of information: what worked and what didn't.¹⁴

¹⁴ This latter class is referred to throughout these proceedings as negative knowledge. It represents the many, many times when, in the course of their software development, Merkey and the other software engineers considered an approach to a problem, tried it and discovered it didn't work. With considerable regularity they would start down such a blind alley, only to reach a dead end and have to start over. This negative

While it is one thing for them to claim they will not use Novell's trade secrets, it is inconceivable to believe that if they are designing a product similar to Wolf Mountain that they ever would start down any of the blind alleys that they already know won't work. No one is going to spend money trying that which they already know will end in failure. At least as to negative knowledge, it is inevitable that Merkey and Major will not use any of the negative knowledge which they learned while at Novell and that negative knowledge gives them a considerable head start or competitive advantage as they develop competing products for the market. They should not be allowed this profit at the expense of their contractual and fiduciary obligations not to use knowledge gained while at Novell.

The pattern of conduct engaged in by Merkey and Major is telling as well.

Even before he left Novell Merkey pirated Novell's technology and shipped a copy to Microsoft. Within days of his resignation but before his actual termination date, Merkey was telling Microsoft that he was nearly ready for Microsoft's assimilation of the Tapestry (pirated) technology. With that kind of conduct overshadowing their every action, and where they have openly and regularly acknowledged that they were building upon the Tapestry architecture, it is inevitable that they will use or disclose the Novell technology. Frankly, they have essentially admitted to doing so.

Second, *DoubleClick* also provides a basis for the application of the doctrine because it so closely parallels the present case.

I have found that Merkey, Major, and Angus each retained trade secret documents or confidential technical information belonging to Novell after their termination of employment. Further, Merkey himself stated in a *LanTimes* article: "None of the intellectual property is documented. None of the patents have been filed. The only place the knowledge exists is inside [my head] and [Darren's]. None of it has been written down." Because Merkey and Major were the chief engineers of the Wolf Mountain project, their intimate acquaintance with Novell trade secrets makes it highly probable that they will disclose or use Novell's trade secrets. The fact that to a large extent the Wolf Mountain technology exists primarily in their heads further reinforces that they will inevitably use or disclose Novell's trade secrets.

knowledge was gained at considerable expense to Novell.

Another reason stated by the court in *DoubleClick* for adopting the doctrine of inevitable disclosure was the cavalier attitude of defendants Henderson and Dickey towards their former employer. The court stated that this attitude "gives rise to a reasonable inference that [Henderson and Dickey] would use DoubleClick's confidential information against it." This case presents a similar circumstance. At the least, Merkey's attitude towards Novell can be characterized as "cavalier." I have chosen the adjective "predatory" which the facts of this case amply support. Although counsel argued eloquently in closing arguments that Merkey was not cavalier, but rather was "crying out in pain," the evidence establishes that Merkey intended to take from Novell its trade secret and confidential technical information and use it for himself. With such an intent, it is inevitable that he would use information gained through his employment with Novell for his own profit.

If I invoke the doctrine I may treat the foregoing actions of defendants' as creating an inference that they intended to use Novell's confidential technical information — that their use of the information is *inevitable*. Such a conclusion is entirely appropriate in this case. In my mind there is no question that there is a high probability that defendants will use or disclose Novell's trade secrets. I am fully satisfied that but for the interposition of this lawsuit, they already would have made good on their intent to capitalize on the technologies which they wrongfully took from Novell.¹⁵

An injunction is an appropriate remedy.

Given the factual findings and my conclusion on the legal application of those facts, I am convinced that Novell has met the requirements for entry of a preliminary injunction in this matter, meaning an injunction which will control the parties as they proceed through the remaining phases of this lawsuit. What remains is to define the scope and breadth of the injunction.

I have found that it is inevitable that defendants will traffic upon Novell's trade secrets and confidential technical information unless they are restrained from being in the same business Novell is in. By this I mean, if defendants are involved in the development of clustering technologies; file management, directory, storage and routing sys-

¹⁵ I am aware Novell believes that defendants are using and capitalizing upon Novell's technologies. What I intend is to prevent any further success by defendants in that scheme.

tems; or cluster interconnect communications systems; they will inevitably use Novell's intellectual property. That I will not allow.

Yet, by design defendants were not bound not to compete. As former employees they are free to go to work for any of Novell's competitors or to found a competing business themselves.¹⁶ All they cannot do is benefit from their knowledge of Novell's intellectual property. Further, they need to be able to support themselves and their families and their expertise is in computer software development. Keeping them from software development would be like prohibiting counsel from practicing law. What else are they to do?

The answer for the lawyer is that he or she could leave a law firm and still have opportunities for employment in governmental or corporate law offices. Similarly, there are computer software developers who are busy in the industry but are not deeply involved in clustering; in file management, directory, routing and storage systems; or in cluster interconnect communications systems. That is where these men will need to go. True Major convincingly explained that his knowledge base is in file management and storage systems. But the facts of this case are just too compelling. Defendants cannot be allowed to remain in the same field as Novell's Wolf Mountain project without inevitably encroaching on the knowledge which they gained in a fiduciary capacity while at Novell.

Finally, I am not prepared to make this injunction permanent. It must have an end. This is a fluid industry, with new developments coming at lightning speed. The delay of only several months to a year may consign a project to second or third class status. Thus, while an injunction is altogether appropriate, it should not last forever.

When they first established TRG, defendants asserted that within nine months they would have a product on the market. A considerable time has passed since then as we have worked through the legal steps giving rise to this ruling and they keep pushing back the date upon which they will have a product ready, in large part because of the serious mental and resource drain which this litigation has created. They still are nearly as far away from shipping a product now as

¹⁶ As noted elsewhere, this last opportunity is limited by the terms of the March 18, 1997 agreement between Merkey, Major and Novell. Yet even that agreement cannot be deemed to have an unlimited duration.

they claimed in May 1997. Given the fluidity of the industry and of Novell's place in the market, a restraint of nine months from the entry of this ruling is appropriate.¹⁷

[5] I therefore conclude that for nine more months defendants must be restrained from using any of Novell's trade secrets or confidential technical information and from engaging in any software development in the areas of clustering; file management, directory, storage and routing systems; or clustering interconnect communications system. If during that time they seek employment with any new employer, they must advise that new employer of the restrictions contained in this ruling and injunction. But because the marketplace changes so rapidly, this preliminary injunction will expire nine months after the entry of this ruling and defendants will be free to reenter any of the areas as to which this restraint is issued. By then Novell will have had a year and a half of restraint upon defendants within which Novell can develop, perfect and capitalize upon its Wolf Mountain technologies. Given the degree of completion which was evident at Brainshare, when a 12-node cluster operated, that is an appropriate and ample time for it to bring its technologies to fruition.

Pursuant to Rule 4-504, Utah Code of Judicial Administration, Novell's counsel is directed to prepare an appropriate order.

U.S. District Court
Southern District of Florida

A.W. Industries Inc. v. Electronic Connector
Service Inc.

No. 97-6452-CV-MIDDLEBROOKS

¹⁷ This is a strong and seemingly harsh result. After hearing the evidence in this case I engaged in a private debate, seeking to find an equitable result that would be more toward the middle of the road, maybe one that would provide a sufficient foundation for settlement of this tremendously costly disagreement. Heavens knows these parties all need to put this matter behind them and move on to matters which develop income rather than drain resources. But as I studied the evidence I have been drawn inexorably to these conclusions. Harsh though they may seem, in honest sincerity I am convinced they are appropriate.

Exhibit 2

Date: Wed, 22 Jun 2005 17:01:49 -0600
From: jmerkey <jmerkey@utah-nac.org>
To: al@scofacts.org
Subject: Criminal Contempt

Hey Al,

You have copies of the Novell settlement agreement posted on your site. I have downloaded an forwarded links and hosting information to Judge Kimball's Clerks. There is an order sealing these documents (the complaint is OK). I have notified the Court you are distributing copies in violation of Judge Kimballs order. Go check PACER.

I advise you to take down the documents immediately.

Jeff

Date: Thu, 23 Jun 2005 08:51:39 -0700
From: Alan P Petrofsky <al@petrofsky.org>
To: Susie Hindley <Susie_Hindley@utd.uscourts.gov>
CC: Jeff Merkey <jmerkey@utah-nac.org>, Jim F Lundberg <jflundberg@novell.com>
Subject: Belatedly sealed document in Merkey v. Perens

Dear Ms. Hindley:

I understand you are the law clerk assigned to Judge Kimball's odd-numbered cases. One of those cases is Merkey v. Perens et al., 2:05-cv-00521-DAK, which was filed late on Tuesday (June 21).

The second exhibit to the complaint is a copy of a 1998 settlement agreement between Merkey, Novell, Inc., and some other parties.

I am not a party to the settlement agreement nor to the Merkey v. Perens action. I am, however, in the habit of collecting some documents of interest to people following the litigation efforts of the SCO Group, Inc.. I make such documents publicly available on the scofacts.org internet website. (The SCO Group is also not a party to the Merkey case, but it is connected to the case by, among other things, the plaintiff's allegations on pages 18-22 of the complaint.)

On Wednesday morning, I obtained copies of the Merkey complaint and its exhibits from the court's ECF system. I then placed them at the following locations:

- <http://scofacts.org/Merkey-Perens-1.pdf> (the complaint)
- http://scofacts.org/Merkey-Perens-1_1.pdf (exhibits 1 and 2)

I mentioned their locations on two public message systems, and the exhibits have subsequently been downloaded by visitors from over a hundred different internet addresses around the world.

I notice that on Wednesday afternoon, Judge Kimball entered an order that reads:

Plaintiff filed a Verified Complaint in this matter on June 21, 2005, including a confidential settlement agreement as Exhibit 2 to the Verified Complaint. Plaintiff notified the court that he intended to file this exhibit under seal. However, because it was not filed according to the court's rules regarding sealed documents, the exhibit was scanned into the court's public electronic docket. Pursuant to paragraph 6 of the settlement agreement, the parties agreed that the settlement agreement was confidential. Therefore, the court hereby seals Exhibit 2 of the Verified Complaint in this matter and directs the Clerk of Court to remove the exhibit from the court's electronic docket.

I have received, apparently from Jeff Merkey, an email titled "Criminal Contempt", which states that "I have notified the Court you are distributing copies in violation of Judge Kimballs order". (The full text of the email is below.)

I notice, however, that the order, as written, is directed solely at the Clerk of Court, and not at me.

Please let me know if the court intends to enter an order that would forbid my distribution of this document.

Yours truly,

Alan P. Petrofsky

Date: Thu, 23 Jun 2005 09:41:19 -0600
From: jmerkey <jmerkey@utah-nac.org>
To: Alan P Petrofsky <al@petrofsky.org>
Cc: Susie Hindley <Susie_Hindley@utd.uscourts.gov>, Jim F Lundberg <jflundberg@novell.com>
Subject: Re: Belatedly sealed document in Merkey v. Perens

All,

After leaving Mr. Petrofsky a message last night, he continued to distribute these documents and subsequently posted them to a site in the country of Checkoslovakia. He and his associates then created links on Groklaw and continued to distribute copies. I have snapshots of the text, comments, and downloads from al and others assisting in violating the courts order. I am preparing an ex-parte motion for TRO against al, groklaw, and his conspirators for an order requiring that they remove this content and asking the court to prohibit these sites from using any court pleadings obtained from PACER for any pending cases until the cases have been adjudicated. These internet sites have conspired with individuals in communist countries and have

assisted deliberately in the violation of the courts order.

Al is simply a liar, and I will file the evidence next week with the Court detailing his actions and those of his associates.

Sincerely,

Jeff

Date: Thu, 23 Jun 2005 09:45:50 -0600
From: jmerkey <jmerkey@utah-nac.org>
To: jmerkey <jmerkey@utah-nac.org>
Cc: Alan P Petrofsky <al@petrofsky.org>, Susie Hindley <Susie_Hindley@utd.uscourts.gov>, Jim F Lundberg <jflundberg@novell.com>
Subject: Re: Belatedly sealed document in Merkey v. Perens

These people are roosting like vultures in the trees outside the US Courthouse waiting to pounce on any information for dissemination. These people are not attorneys, parties to the action, or even have any real interest in these cases other than to promote their websites. None of these people involved in these actions, including al, are legitimate reporters or news agencies. It should be clear to the Court and others that their purpose, as stated in the original complaint, is to seize and funnel sensitive information into the hands of enemies of the United States and those acting in concert with them to violate the rights of American Citizens and companies like Novell.

Sincerely,

Jeff

Date: Thu, 23 Jun 2005 11:11:06 -0600
From: Susie_Hindley@utd.uscourts.gov
To: Alan P Petrofsky <al@petrofsky.org>
Subject: Re: Belatedly sealed document in Merkey v. Perens

Mr Petrofsky:

There is no present motion or case before Judge Kimball regarding the use of or dissemination of Exhibit 2 to the Complaint filed in Merkey v. Perens, 2:05cv521DAK. Procedurally and factually I can't tell you much more than what was contained in the Order issued by Judge Kimball yesterday. Mr. Merkey did not file Exhibit 2 in accordance with the court's procedures and the Exhibit ended up on the court's electronic docket as you are aware. However, the document is confidential and clearly states that it is confidential. Therefore, it has been taken off of the court's electronic docket and is and will remain under seal at the court. The court cannot opine on the legal consequences of what happened or what you are doing unless there is a motion or case before it. Such an

opinion would go to the substance of a legal issue, which the court cannot address in an ex parte context.

Susie Inskip Hindley
Law Clerk to the Honorable Dale A. Kimball
United States District Court, District of Utah
350 South Main Street, #222
Salt Lake City, Utah 84101
(801) 524-6612

Date: Thu, 23 Jun 2005 17:35:22 -0700
From: Alan P Petrofsky <al@petrofsky.org>
To: Jim F Lundberg <jflundberg@novell.com>, Jeff Merkey <jmerkey@utah-nac.org>
CC: Susie Hindley <Susie_Hindley@utd.uscourts.gov>
Subject: Re: Belatedly sealed document in Merkey v. Perens

Gentlemen,

In consideration of the apparent desire by Novell, Darren Major, and Larry Angus that the terms of the agreement not become widely known, I have ceased distributing the settlement agreement that was entered into between and among them and Jeffrey Merkey and Timpanogas Research Group on August 18, 1998, and was attached as Exhibit 2 to the Complaint filed on June 21, 2005 in Merkey v. Perens, 2:05-cv-00521 in the District of Utah.

While it was available at http://scofacts.org/Merkey-Perens-1_1.pdf, it was retrieved by visitors from approximately 140 different internet addresses. Obviously, any one of those visitors could possibly redistribute the document to thousands of other readers. The same goes for all the other people who, as I did, obtained the document directly from the court's website before it was sealed. Like the court, all I can do is cease my own distribution.

Yours truly,

Alan P. Petrofsky

Date: Mon, 25 Jul 2005 10:10:01 -0600
From: "Jeff V. Merkey" <jmerkey@soleranetworks.com>
To: al@scofacts.org
Subject: Posting of Private emails

Al,

It's a violation of privacy laws to post private emails without the consent of the author. You are only making matters worse by posting this on your site.

<http://scofacts.org/Merkey-email.txt>

Jeff

Date: Mon, 25 Jul 2005 19:23:40 -0700
From: Alan P Petrofsky <al@petrofsky.org>
To: "Jeff V. Merkey" <jmerkey@soleranetworks.com>
Subject: Re: Posting of Private emails

Dear Mr. Merkey:

I do not believe that my publication of the unsolicited emails that you have sent me is in any way illegal or tortious.

Furthermore, please be explicitly advised that I have no interest in engaging in any form of private communication with you, and that I will feel free to share with the public any communications I receive from you.

Yours truly,

Alan P. Petrofsky

Date: Mon, 25 Jul 2005 19:39:49 -0600
From: jmerkey <jmerkey@utah-nac.org>
To: Alan P Petrofsky <al@petrofsky.org>
Subject: Re: Posting of Private emails

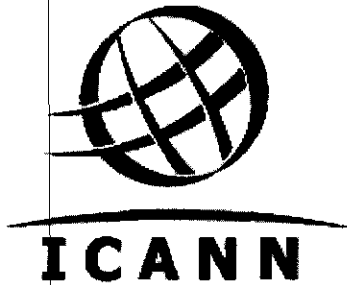
The attached communication is privileged and confidential.

It is a violation of privacy laws to post private emails. You also solicited the emails by distributing sealed documents and responding to me via email.

Jeff

[Note: I believe that the emails above appear here in the order that they were sent, even though there are some cases of a Merkey email dated a little earlier than the email that precedes it. For example, his first email titled "Re: Belatedly sealed document in Merkey v. Perens" was clearly a response to the email that precedes it, and therefore could not possibly have been written before the preceding email, even though this response is dated June 23 09:41 -0600 (= 15:41 UTC), which is ten minutes before the preceding email's Date, 08:51 -0700 (= 15:51 UTC). It appears that his clock is an hour behind: none of his emails were received by the first mail relay until a little over one hour after the Date listed on the email.]

Exhibit 3



Advisory

10 May 2002

Registrar Advisory Concerning Whois Data Accuracy

The purpose of this advisory is to assist ICANN-accredited registrars in understanding their obligations under ICANN's Registrar Accreditation Agreement (RAA) regarding the accuracy of Whois data. Registrars are required to obtain contact information from registrants, to provide it publicly by a Whois service, and to investigate and correct any reported inaccuracies in contact information for names they sponsor. The following advisory will outline the relevant provisions of the RAA and suggest steps registrars can take to ensure they fulfill their obligations with respect to Whois data accuracy.

Relevant Provisions of the Registrar Accreditation Agreement

Several provisions of the RAA are relevant to the accuracy of registrar Whois data. They include:

A. Providing Whois Service

3.3.1 At its expense, Registrar shall provide an interactive web page and a port 43 Whois service providing free public query-based access to up-to-date (i.e., updated at least daily) data concerning all active Registered Names sponsored by Registrar for each TLD in which it is accredited. The data accessible shall consist of elements that are designated from time to time according to an ICANN adopted specification or policy. Until ICANN otherwise specifies by means of an ICANN adopted specification or policy, this data shall consist of the following elements as contained in Registrar's database:

3.3.1.1 The name of the Registered Name;

3.3.1.2 The names of the primary nameserver and secondary nameserver(s) for the Registered Name;

3.3.1.3 The identity of Registrar (which may be provided through Registrar's website);

3.3.1.4 The original creation date of the registration;

3.3.1.5 The expiration date of the registration;

3.3.1.6 The name and postal address of the Registered Name Holder;

3.3.1.7 The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the technical contact for the Registered Name; and

3.3.1.8 The name, postal address, e-mail address, voice telephone number, and (where available) fax number of the administrative contact for the Registered Name.

B. Required Provisions in Service Agreements with Registrants

3.7.7 Registrar shall require all Registered Name Holders to enter into an electronic or paper registration agreement with Registrar including at least the following provisions:

3.7.7.1 The Registered Name Holder shall provide to Registrar accurate and reliable contact details and promptly correct and update them during the term of the Registered Name registration, including: the full name, postal address, e-mail address, voice telephone number, and fax number if available of the Registered Name Holder; name of authorized person for contact purposes in the case of an Registered Name Holder that is an organization,

association, or corporation; and the data elements listed in Subsections 3.3.1.2, 3.3.1.7 and 3.3.1.8.

3.7.7.2 A Registered Name Holder's willful provision of inaccurate or unreliable information, its willful failure promptly to update information provided to Registrar, or its failure to respond for over fifteen calendar days to inquiries by Registrar concerning the accuracy of contact details associated with the Registered Name Holder's registration shall constitute a material breach of the Registered Name Holder-registrar contract and be a basis for cancellation of the Registered Name registration.

3.7.7.3 Any Registered Name Holder that intends to license use of a domain name to a third party is nonetheless the Registered Name Holder of record and is responsible for providing its own full contact information and for providing and updating accurate technical and administrative contact information adequate to facilitate timely resolution of any problems that arise in connection with the Registered Name. A Registered Name Holder licensing use of a Registered Name according to this provision shall accept liability for harm caused by wrongful use of the Registered Name, unless it promptly discloses the identity of the licensee to a party providing the Registered Name Holder reasonable evidence of actionable harm.

C. Registrar Obligation to Correct Inaccurate Data

3.7.8 Registrar shall abide by any specifications or policies established according to Section 4 requiring reasonable and commercially practicable (a) verification, at the time of registration, of contact information associated with a Registered Name sponsored by Registrar or (b) periodic re-verification of such information. Registrar shall, upon notification by any person of an inaccuracy in the contact information associated with a Registered Name sponsored by Registrar, take reasonable steps to investigate that

claimed inaccuracy. In the event Registrar learns of inaccurate contact information associated with a Registered Name it sponsors, it shall take reasonable steps to correct that inaccuracy.

In summary, based on the above provisions, a registrar must:

- Require each registrant to submit (and keep updated) accurate contact details (3.7.7.1);
- Provide both a web-based and Port 43 Whois service providing access to complete contact information for all TLDs covered under the RAA (3.3.1);
- Require registrants to agree that willfully submitting inaccurate contact details (or failing to respond within 15 days to an inquiry regarding accuracy) shall be a basis for cancellation of the registration (3.7.7.2); and,
- Take reasonable steps to investigate and correct the contact details in response to any reported inaccuracy (3.7.8).

Requiring Registrants to Provide Accurate Data

Subsection 3.7.7.1 of the RAA requires registrars to include in their registration agreement with each registrant a provision under which the registrant promises to "provide to Registrar accurate and reliable contact details and promptly correct and update them" Although 3.7.8 envisions that ICANN may develop a policy requiring registrars to verify the contact details at the time of registration, ICANN has not yet done so. Nonetheless, registrars will find that implementing readily-available techniques to verify the format of data in the registration process (such as screening for blank fields or checking that addresses have valid post codes) will diminish the need for manual processes that would later be necessary to comply with the requirement to investigate reported inaccuracies.

Obligation to Investigate and Correct Reported Inaccuracies

Subsection 3.7.8 of the RAA obliges registrars to "take reasonable steps to investigate" any inaccuracy in Whois data upon notification from "any person." In order to facilitate compliance with this responsibility, registrars should establish a clear mechanism for receiving, investigating, and tracking reported inaccuracies in their Whois data. In the absence of a clearly designated contact or channel for receiving complaints about inaccurate Whois data, registrars are responsible for acting upon "notifications" that may be received by diverse, and even informal,

means. This may make it difficult for registrars to fulfill their obligations.

Once a registrar receives notification of an inaccuracy, Subsection 3.7.8 requires the registrar to take "reasonable steps" to investigate and correct the reported inaccuracy. The term "reasonable steps" is not defined within the agreement; precisely what constitutes reasonable steps to investigate and correct a reported inaccuracy will vary depending on the circumstances (e.g., accepting unverified "corrected" data from a registrant that has already deliberately provided incorrect data may not be appropriate). At a minimum, "reasonable steps" to investigate a reported inaccuracy should include promptly transmitting to the registrant the "inquiries" concerning the accuracy of the data that are suggested by RAA Subsection 3.7.7.2. The inquiries should be conducted by all commercially practicable means available to the registrar: by telephone, e-mail, and postal mail.

Cancellation of Registrations in the Event of Material Breach by the Registrant

If the registrant fails to respond "for over fifteen calendar days to inquiries by Registrar concerning the accuracy of contact details", then pursuant to RAA Subsection 3.7.7.2 the registrant is in "material breach" of its registration agreement with the registrar. That subsection also provides that "willful provision of inaccurate or unreliable information" shall constitute a material breach of the registration agreement. Under either of these circumstances, the RAA provides that the material breach of the registration agreement shall be "a basis for cancellation of the Registered Name registration." Accordingly, if the registrar's investigation results in a determination that the registrant is in material breach of its registration agreement, then in the absence of extenuating circumstances the registrar should cancel the domain registration.

Applicability to Resellers

The registrar obligations outlined above (as well as all other registrar obligations under the RAA) apply with equal force to all registrations sponsored by a registrar in any TLD for which it is accredited by ICANN, whether those registrations were placed directly with the registrar or through some agent or reseller. In other words, registrars are responsible for providing Whois data (and correcting any reported inaccuracies in that data) for all names under their sponsorship, including the data pertaining to customers of their resellers.

Conclusion

This advisory is being published to promote registrar and community understanding about registrar's current obligations under ICANN's Registrar Accreditation Agreement with respect to Whois data accuracy. Interested members of the community should also be aware that ICANN's Domain Name Supporting Organization has convened a Whois Task Force to review and possibly suggest improvements to current ICANN policy and agreements relating to Whois. Anyone interested in contributing to the development of such policies through ICANN's bottom-up, consensus-based policy development system is invited to visit <http://www.icann.org/participate/> to learn how to participate.

Please contact Dan Halloran, ICANN's Chief Registrar Liaison, with any questions or comments relating to ICANN registrar accreditation and Whois requirements.

Exhibit 4

This is the result of looking up scofacts.org from the completewhois.com homepage.

Getting Whois Data for scofacts.org. Please wait ...

Compleatwhois.Com Whois Server, Version 0.91a25, compiled on Jul 11, 2005
Please see <http://www.completewhois.com/help.htm> for command-line options
Use of this server and any information obtained here is allowed only if you follow our policies at <http://www.completewhois.com/policies.htm>

[DOMAIN whois information for SCOFACTS.ORG]

Domain Name: SCOFACTS.ORG
Namespace: ICANN Un-sponsored Generic TLD - <http://www.icann.org>
TLD Info: See IANA Whois - <http://www.iana.org/root-whois/org.htm>
Registry: Public Interest Registry - <http://www.pir.org>
Registrar: Go Daddy Software, Inc. - <http://registrar.godaddy.com>
Whois Server: whois.publicinterestregistry.net
Name Server[whois+dns with ip] NS.IDIOM.COM 216.240.32.66
Name Server[whois+dns with ip] NS2.IDIOM.COM 216.240.32.74
Name Server[whois+dns with ip] RADISH.PETROFSKY.ORG 216.240.48.33
Name Server[whois+dns with ip] BEEF.PETROFSKY.ORG 208.201.229.64
Name Server[from dns, whois+dns ip]: PEPPER.PETROFSKY.ORG 216.240.37.13
Status: CLIENT DELETE PROHIBITED
Status: CLIENT RENEW PROHIBITED
Status: CLIENT TRANSFER PROHIBITED
Status: CLIENT UPDATE PROHIBITED
Creation Date: 23-Jul-2004 19:13:10 UTC
Updated Date: 05-Feb-2005 16:21:13 UTC
Expiration Date: 23-Jul-2009 19:13:10 UTC

[whois.publicinterestregistry.net]

Domain ID: D104667010-LROR
Domain Name: SCOFACTS.ORG
Created On: 23-Jul-2004 19:13:10 UTC
Last Updated On: 05-Feb-2005 16:21:13 UTC
Expiration Date: 23-Jul-2009 19:13:10 UTC
Sponsoring Registrar: Go Daddy Software, Inc. (R91-LROR)
Status: CLIENT DELETE PROHIBITED
Status: CLIENT RENEW PROHIBITED
Status: CLIENT TRANSFER PROHIBITED
Status: CLIENT UPDATE PROHIBITED
Registrant ID: GODA-07445345

Registrant Name: Al Petrofsky
Registrant Organization: Scofacts
Registrant Street1: 3618 Alameda Apt5
Registrant Street2:
Registrant Street3:
Registrant City: Menlo Park
Registrant State/Province: California
Registrant Postal Code: 94025
Registrant Country: US
Registrant Phone: +1.6505200626
Registrant Phone Ext.:
Registrant FAX:
Registrant FAX Ext.:
Registrant Email: aldns@petrofsky.org

Admin ID: GODA-27445345
Admin Name: Al Petrofsky
Admin Organization: Scofacts
Admin Street1: 3618 Alameda Apt5
Admin Street2:
Admin Street3:
Admin City: Menlo Park
Admin State/Province: California
Admin Postal Code: 94025
Admin Country: US
Admin Phone: +1.6505200626
Admin Phone Ext.:
Admin FAX:
Admin FAX Ext.:
Admin Email: aldns@petrofsky.org
Tech ID: GODA-17445345
Tech Name: Al Petrofsky
Tech Organization: Scofacts
Tech Street1: 3618 Alameda Apt5
Tech Street2:
Tech Street3:
Tech City: Menlo Park
Tech State/Province: California
Tech Postal Code: 94025
Tech Country: US
Tech Phone: +1.6505200626
Tech Phone Ext.:
Tech FAX:
Tech FAX Ext.:
Tech Email: aldns@petrofsky.org
Name Server: NS.IDIOM.COM
Name Server: NS2.IDIOM.COM
Name Server: RADISH.PETROFSKY.ORG
Name Server: BEEF.PETROFSKY.ORG
Name Server:
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