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September 29, 2005

BY E-FILE

The Honorable Sue L. Robinson
Chief Judge
United States District Court
844 King Street
Wilmington, DE 19801

Re: Red Hat, Inc. v. SCO Group, Inc.,
Civil Action No. 03-772-SLR

Dear Chief Judge Robinson:

Pursuant to the Court's April 6, 2004 Order requesting a quarterly report on the status of various related litigation matters, Red Hat, Inc. submits this letter as an update to its previous letter, dated June 30, 2005. Although Red Hat is not a party to these other related cases, Red Hat offers the following summary based upon publicly available information.

1. *SCO Group, Inc. v. International Business Machines Corp.*

As reported in Red Hat's letter dated June 30, 2005, the court in the Utah case held a hearing on April 21, 2005 to address various motions, including IBM's motion for entry of an order limiting the scope of its ninth counterclaim and SCO's motion for leave to file a third amended complaint. By its order dated July 1, 2005, the court denied SCO's motion for leave to file a third amended complaint, finding that SCO had not demonstrated "extremely compelling circumstances" or "good cause" under F.R.C.P. 16(b).

By an order dated August 1, 2005, the court granted IBM's motion to narrow the scope of its ninth counterclaim, which relates to its Unix activities. As argued in its motion, IBM in its ninth counterclaim sought only a declaration that, because IBM had not breached its license agreements with AT&T and SCO's purported termination of those licenses is invalid, IBM's continued distribution of AIX and Dynix products does not infringe SCO's alleged copyrights. SCO, on the other hand, claimed to construe IBM's ninth counterclaim to encompass additional non-Linux activities, specifically IBM's alleged use of its code in its AIX for Power products. The court granted IBM's motion, limiting IBM's ninth counterclaim to a declaratory claim that "IBM has not infringed SCO's alleged copyrights based on alleged breaches of license agreements with AT&T and SCO's purported termination of those licenses."

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2. *SCO Group, Inc. v. AutoZone, Inc.*

Since the filing of our last letter to the Court, no significant activity has occurred in this case.

3. *SCO v. Novell, Inc.*

Following the court's June 27, 2005 denial of Novell's motion to dismiss, Novell filed its answer and counterclaims on July 29, 2005, essentially denying that it transferred any of its rights in Unix to SCO and asserting additional rights under the September 19, 1995 Asset Purchase Agreement entered into between Novell and SCO. Novell alleges that SCO repeatedly contacted Novell in late 2002 in connection with its "SCOsource" campaign, designed to obtain UNIX licensing fees from Linux users, and that "[i]n aid of its scheme, SCO requested that Novell transfer its UNIX Copyrights to SCO." The counterclaims assert that Novell rejected all such requests. Novell sets forth seven claims for relief in its counterclaims, including slander of title, breach of contract, declaratory relief for certain rights and duties under the Asset Purchase Agreement, restitution/unjust enrichment, and for an accounting for monies owed by SCO under the Asset Purchase Agreement. SCO filed its answer to the counterclaims on September 12, 2005.

Respectfully submitted,



Josy W. Ingersoll (No. 1088)

JWI:cg

cc: Clerk of the Court (by CM/ECF and hand delivery)
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