

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

PERSONALIZED USER MODEL, L.L.P.,)	
)	
Plaintiff,)	
)	
v.)	C.A. No. 09-525-LPS
)	
GOOGLE INC.,)	JURY TRIAL DEMANDED
)	
Defendant.)	
GOOGLE, INC.)	PUBLIC VERSION
)	
Counterclaimant,)	
)	
v.)	
)	
PERSONALIZED USER MODEL, LLP and)	
YOCHAI KONIG)	
)	
Counterdefendants.)	

**LETTER TO THE HONORABLE LEONARD P. STARK
FROM RICHARD L. HORWITZ**

Richard L. Horwitz (#2246)
David E. Moore (#3983)
POTTER ANDERSON & CORROON LLP
Hercules Plaza, 6th Floor
1313 N. Market Street
Wilmington, DE 19801
Tel: (302) 984-6000
rhorwitz@potteranderson.com
dmoore@potteranderson.com

Personalized User Model LLP v. Google Inc. Doc. 201
Enclosures

cc: Clerk of the Court (via hand delivery)
Counsel of Record (via electronic mail)

Dated: February 18, 2011
Public Version Dated: February 24, 2011
1002592 / 34638

Attorneys for Defendant Google Inc.

February 18, 2011

The Honorable Leonard P. Stark
United States District Court
844 King Street
Wilmington, DE 19801

PUBLIC VERSION

Re: *Personalized User Model, LLP v. Google Inc.*, C.A. No. 09-00525-LPS

Dear Judge Stark:

Pursuant to the Court's February 16, 2011 Order, Defendant Google Inc. ("Google") respectfully files this letter brief, requesting that the Court bifurcate the issue of ownership of the patents-in-suit and stay discovery on all other issues pending resolution of the ownership issue.

The issue of ownership of the patents-in-suit is in dispute. In interrogatory responses served on October 8, 2010 and on December 1, 2010, PUM stated "[REDACTED]" (Exs. 1-2.) At his December 2 deposition, named co-inventor Yochai Konig testified he was employed by Stanford Research Institute ("SRI") through early August 1999. By subpoena to SRI, Google obtained Konig's SRI employment agreement, which plainly required him to disclose all discoveries and inventions conceived during his employment to SRI, and then to execute such documents and do all things necessary to effectuate transfer of ownership in the inventions to SRI. (Ex. 3.) Konig did neither.

[REDACTED] (Ex. 4.) Google intends to seek leave to file a motion for summary judgment that Konig breached his employment agreement and Google is a rightful owner of the patents-in-suit, and that PUM lacks standing to pursue its patent infringement claim against Google because it has not joined all co-owners. *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1467 (Fed. Cir. 1998).¹

The Court should bifurcate the issue of ownership and standing. "For convenience, to avoid prejudice, or to expedite or economize, the court may order a separate trial of one or more separate issues." Fed. R. Civ. P. 42(b). Under circumstances similar to those here, courts have bifurcated the issue of patent ownership from other issues to advance judicial economy. See *Victor Co., LLC v. Ortho Organizers, Inc.*, 1996 WL 704404, *2 (D. Kan. Nov. 5, 1996)

¹ After Google asked PUM whether it would oppose Google filing an early summary judgment motion on these issues, PUM served a supplemental interrogatory response changing its substantive response—obviously trying to manufacture a dispute of fact to avoid summary judgment. The next day, without substantive explanation, PUM indicated it would oppose an early motion for summary judgment.

(bifurcating patent ownership issue because it advanced both judicial efficiency and litigant economy); *Kahn v. General Motors Corp.*, 865 F. Supp. 210, 215 (S.D. N.Y. 1994) (severing and trying patent ownership issue first because standing to sue is dependent on ownership of the patent); *St. Clair Intellectual Property Consultants, Inc. v. Samsung Electronics Co., Ltd. et al.*, Case No. 04-1436 (JFF) (D. Del. Feb. 14, 2006) (Ex. 8) (staying Delaware patent infringement case pending resolution of patent ownership dispute in California state court).²

For example, in *Kahn*, the court explained that if the plaintiff did not own the patent, the “parties will be saved substantial cost of preparing for and conducting the trial on the infringement issues” by bifurcation. 865 F. Supp. at 215. In contrast, if the plaintiff proved title, then the trial on patent ownership would “not have been in vain.” *Id.* The same is true here; whether Google is a rightful owner of the patents-in-suit is a threshold issue because it implicates PUM’s standing to sue. *Ethicon*, 135 F.3d at 1467. If PUM lacks standing, then the parties and the Court will be saved the substantial cost and resources of preparing for and conducting trial on infringement and invalidity. Indeed, this Court would not need to issue an order on claim construction. Alternatively, if PUM proves it has standing, resolution of that threshold issue will not have been in vain. *Kahn*, 865 F. Supp. at 215. Accordingly, bifurcation of the ownership issue is sensible under the circumstances.

Discovery on the Remaining Issues Should be Stayed. Courts “have inherent power to manage their dockets and stay proceedings.” *United Sweetener USA, Inc. v. Nutrasweet Co.*, 766 F. Supp. 212 (D. Del. 1991). Confining discovery to the issue of ownership until that issue is resolved, and staying all other discovery, is reasonable in these circumstances. *See Victor*, 1996 WL 704404 at *2 (confining discovery to ownership issue); *see also St. Clair*, Case No. 04-1436 (JFF) (Ex. 8).

Staying discovery on other issues will not unduly prejudice or present a clear tactical disadvantage to PUM. *Commissariat A L’Energie Atomique v. Tottori Sanyo Electronics Co., Ltd.*, 2004 WL 1554382, *1 (D. Del. 2004) (granting motion to stay). PUM’s potential damages will continue to accrue, negating any potential prejudice. *Victor*, 1996 WL 704404 at *2. And a stay will simplify the issues. *Commissariat*, 2004 WL 1554382 at *1-2. If PUM does not have standing, then the case should be dismissed and the remaining issues are moot.

Discovery is not yet completed. *Id.* at *1. There is still a great deal of discovery and actual or potential discovery disputes outstanding:

- PUM noticed the depositions of eight additional Google engineers³ and recently indicated it intends to notice even more;

² PUM may seek to distinguish *St. Clair* on the ground that the Delaware case was stayed pending resolution of a patent ownership dispute in California state court, and not bifurcated. But, this is a distinction without a difference. *St. Clair* supports the conclusion that bifurcating the ownership issue here and staying all other discovery will save time and expense by resolving the threshold ownership issue first, which is true regardless of whether it is in the same case or a different one.

³ PUM has already deposed five current or former Google engineers.

- PUM is moving to compel Google to give it access to all of Google's source code on Google's campus;
- Google has more than two more days of 30(b)(6) deposition of PUM left to take;
- PUM recently agreed to search the files of four custodians after it became clear to Google that relevant, responsive documents were not produced in response to Google's document requests and subpoenas. For example, last week, PUM's lawyer and corporate designee, Ari Gal, produced a letter from inventor Twersky to Utopy shareholders characterizing the patent in a manner consistent with Google's claim construction (Ex. 5 - GAL0000380 [REDACTED] [REDACTED]) (emphasis added);
- PUM's counsel recently agreed to re-review their privilege logs served on behalf of PUM, Gal, and Pillsbury Winthrop to determine if documents were improperly withheld as privileged, which Google contends they clearly were. For example, the Gal privilege log lists communications and/or documents exchanged with counter-parties to transactions, which Gal admitted at his deposition were not privileged (Ex. 6 - Gal Depo., 173:20-175:10 ([REDACTED] [REDACTED]) (objection omitted); (Ex. 7 - privilege log);
- Google has noticed depositions of four third-parties related to PUM and may seek to depose others⁴; and
- The parties have outstanding requests for production, requests for admission, and interrogatories.

The vast majority of this outstanding discovery has nothing to do with patent ownership. Thus, it will be irrelevant if PUM lacks standing. It is a waste of resources for the parties to complete this potentially irrelevant discovery before ownership is resolved. Lastly, a trial date has not been set, so staying discovery pending resolution of the ownership issue will not affect the trial schedule. *Commissariat*, 2004 WL 1554382 at *1. These factors support staying discovery on the remaining issues pending resolution of patent ownership. *Id.* at *1-3.

For the foregoing reasons, Google respectfully requests that this Court bifurcate the issue of ownership and stay all discovery on non-ownership issues pending resolution of the ownership issue.

⁴ Once PUM completes its review of custodial files and privilege logs and produces responsive, non-privileged documents, Google may identify additional witnesses for deposition. The 30(b)(6) deposition testimony of PUM may also identify additional witnesses with knowledge of facts relevant to the case.

The Honorable Leonard P. Stark

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Respectfully,

/s/ Richard L. Horwitz

Richard L. Horwitz (#2246)

RLH/nmt

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