

1 APPEARANCES: (Continued)

2
3 SNR DENTON, LLP
4 BY: JENNIFER D. BENNETT, ESQ.
(Palo Alto, California)

5 Counsel for Plaintiff

6
7 POTTER ANDERSON & CORROON, LLP
8 BY: RICHARD L. HORWITZ, ESQ.

9 and

10 QUINN EMANUEL URQUHART OLIVER & HEDGES, LLP
11 BY: DAVID A. PERLSON, ESQ.
(San Francisco, California)

12 and

13 QUINN EMANUEL URQUHART OLIVER & HEDGES, LLP
14 BY: ANDREA PALLIOS ROBERTS, ESQ.
(Redwood Shores, California)

15 Counsel for Defendant

16
17 - oOo -

18 P R O C E E D I N G S

19 (REPORTER'S NOTE: The following telephone
20 conference was held in chambers, beginning at 10:03 a.m.)

21 THE COURT: Good morning, everybody. This is
22 Judge Stark. Who is there, please?

23 MS. JACOBS LOUDEN: Good morning, your Honor.
24 For the plaintiff, this is Karen Jacobs Louden at Morris
25 Nichols. I have on the line with me from SNR Denton, Mark

1 Nelson, Marc Friedman, and Jennifer Bennett.

2 THE COURT: Okay.

3 MR. HORWITZ: Good morning, your Honor. It's
4 Rich Horwitz for the defendant. With me are David Perlson
5 and Andrea Roberts from Quinn Emanuel.

6 THE COURT: Okay. Good morning to you as well.

7 I have a court reporter with me, of course. And
8 for the record, it is Personalized User Model LLP v Google
9 Inc., our Civil Action No. 09-525-LPS, and we have discovery
10 issues raised by both sides here.

11 I'm going to give you my ruling on Google's
12 request to bifurcate the issue of ownership. And after I
13 give you my ruling on that, then we'll turn to the other
14 issues that you all have put before the Court.

15 Google is requesting that the Court bifurcate
16 the issue of ownership of the patents in suit and stay
17 discovery on all other issues pending resolution of the
18 ownership issue.

19 Having considered that request and the letters,
20 I'm going to deny that request. I think at this point in
21 the case, staying and bifurcating would be an extreme
22 response to a defense which, of course, is not adjudicated
23 yet and which may or may not turn out to be meritorious.
24 The parties as well the Court have invested extensive time
25 and resources, including on discovery as well as the Markman

1 briefing and the Markman hearing as well as formulating a
2 schedule and keeping the case on a schedule. I also think the
3 plaintiff would be unfairly prejudiced in the circumstances
4 of this case if there was a further separation of issues
5 particularly given that willfulness and other issues,
6 including damages, have already been bifurcated.

7 I am willing to consider granting leave to file
8 a case dispositive motion ahead of schedule on the ownership
9 issue. It appears to me that that is the subject of a
10 separate motion that was filed I think yesterday, and I'll
11 let the parties touch on that in their presentations on the
12 remaining issues.

13 So at this point, I do want to give the parties
14 a chance to focus on the issues that have been raised by
15 PUM; and in that context, if there is anything you want to
16 say about the request for leave to file the early case
17 dispositives, you can do that as well.

18 But let me turn first to PUM at this point,
19 please.

20 MR. NELSON: Thank you, your Honor. This is
21 Mark Nelson on behalf of PUM.

22 May it please the Court, we're here today really
23 on sort of three separate discovery motions: one relating
24 to source code and then the other two relating to 30(b)(6)
25 topics of a deposition notice. I'd like to address the

1 source code issue first.

2 Google has produced a lot of source code in
3 this case, some of it helpful, some of it not. And what
4 PUM seeks with its motion is really what the federal rules
5 permit, and that is to also inspect the source code as it
6 is kept in Google's perforce source code repository in the
7 ordinary course of business to look at the code and all the
8 respective links intact so that PUM can, instead of engaging
9 in an ongoing series of letter writing for additional missing
10 pieces of code so that PUM can trace, or as PUM's expert
11 Pazzani says, chain through the code to figure out the
12 include files and other files that are referenced by
13 particularly relevant pieces of code to understand and fully
14 understand the picture of what the code is.

15 You might think of the code as sort of a giant
16 three-dimensional jigsaw puzzle, and what PUM has been
17 permitted to see so far is really only what Google has
18 provided, and then what PUM has been able to derive might be
19 relevant from what Google has provided.

20 We respect source code as much as or more than
21 anybody and certainly do not want to put the source code at
22 any greater risk of inadvertent disclosure at all. And that
23 is part of this remedy is we do not feel that we have the
24 entirety of the source code at our disposal, and the way
25 that it has happened with the letter writing is that we'll

1 identify missing pieces of code, we'll write letters.
2 Sometimes, Google will produce the code right away. Other
3 times, there is a back and forth asking us to justify it,
4 to justify the additional code productions. All of this
5 results in sometimes months of delay.

6 And as the Jeh deposition, particularly pages
7 127 and 130, shows, in that deposition, we went through one
8 section of code for what is called a profiler for one
9 particular aspect of one user model -- one user profile that
10 is developed by the code. There are multiple user profiles,
11 at least 10 in search alone. This is but one example. And
12 in that profiler code, there were 39 include files. And in
13 the deposition that is attached to the letter, we went
14 through those 39 include files and asked Mr. Jeh what they
15 did and concluded based on his testimony that an additional,
16 I think it was, six or seven at least were really necessary
17 to understand the code at the level that we needed to
18 understand it, not at a real high level but at a finely
19 detailed level such that we could follow the calculations
20 that are being done by the code, we could follow the
21 algorithms, we could follow the threshold values that are
22 set by the code, all of which goes into calculating these
23 profiles which then are used by other things.

24 In the case, as Google's response letter pointed
25 out, in this case, Google had produced many of the relevant

1 include files. However, there are many, many other aspects
2 where Google has not. And I think the declaration of
3 Mr. Pazzani in some ways sort of summarizes it all. When he
4 runs a tool called Understand on the code that has been
5 produced, he gets 1,000 pages of error messages, and he gets
6 upward of 26,000 individual messages, I think the declaration
7 said.

8 THE COURT: All right. Mr. Nelson, let me
9 interrupt you. I've got a few questions for you.

10 MR. NELSON: Sure.

11 THE COURT: First, I want to make sure I
12 precisely understand the relief you are seeking. You say
13 you want to see the code in the way it's kept. Could that
14 be done, to your knowledge, on a stand-alone computer at
15 outside counsel's office or, necessarily, are you asking for
16 something other than that?

17 MR. NELSON: Yes. We're asking to see it really
18 in the perforce database at Google where it's kept because
19 with this three-dimensional puzzle, Google has not and, as
20 far as I know, will not produce all of the relevant code
21 that might be of interest to us. And it's so much easier,
22 as the deponents have all said, if our expert wants to look
23 at and determine what a particular include file does or does
24 not do, if he is sitting in front of the perforce database
25 with the entirety of the code with respect to personalization

1 and all of the other aspects that are necessary to run it at
2 his fingertips. He can chain through the code very quickly
3 as opposed to having Google produce thousands more code
4 files, many of which wouldn't be relevant.

5 I mean what we're trying to do here, your Honor,
6 is really sort of get to the heart of the matter, find out
7 the missing code that we're really interested in, and we're
8 fine with having it produced per the protective orders so
9 that it can be done in the way that it has been done.

10 The problem is that for us to actually know what
11 code we need to see, we need to be able to see the whole of
12 the puzzle. And when we have to ask for it piece by piece
13 by piece and there is months delay in between each piece, it
14 just is becoming unworkable.

15 THE COURT: Mr. Nelson, let me stop you.

16 So you mentioned the protective order. I do
17 want you to address that further because Google says they're
18 complying with the protective order, and you agreed to this
19 scheme. But related to that, I'm still having a hard time
20 understanding exactly the relief you're asking for. How
21 long do you believe you would need access to what you are
22 calling the perforce database in order to identify, once and
23 for all, what additional parts of the source code you need
24 put on a stand-alone so that we could get this issue behind us?

25 MR. NELSON: I suspect, your Honor -- I would

1 need to talk to my expert a little bit, but I suspect about
2 two full days access would be sufficient to identify most
3 of it. And, again, we're talking about the currently
4 cleared expert who is really an academic. He is not an
5 industry guy that is out there that is going to be working
6 as a consultant somewhere else, to run the risk of any other
7 disclosure.

8 So to answer your specific question, I think if
9 we could get access, Mr. Pazzani access for two full days;
10 and by days, I mean 12-hour days; to the perforce database
11 at Google, with somebody there to teach him the basics of
12 how to navigate through it so he is not just shut in a dark
13 room, and if there are little tricks to it, that he is
14 permitted to know those so he can navigate effectively
15 through it, I think that would be sufficient, your Honor.

16 THE COURT: All right. And then just quickly,
17 and I'm going to turn to Google on this in a moment. But
18 why isn't it adequate just to keep complying with the
19 protective order as Google says they have been doing?

20 MR. NELSON: Your Honor, the protective order
21 and the stand-alone computer is one discovery method. Rule
22 34 does not preclude the inspection simply because the
23 parties have agreed that the source code will be produced
24 in a certain way and treated in a certain way as part of
25 production.

1 The rule uses the word "and," first of all, as I
2 noticed in the letter. And then if you go -- this isn't in
3 the letter, your Honor, but the advisory committee notes to
4 Rule 34, and I'm reading from O'Connor's 2011 edition, also
5 clearly indicates that inspection isn't -- the production
6 on a stand-alone computer and inspection are not mutually
7 exclusive. And I'll just read a Texas rule and I'll talk
8 directly about the protective order as well.

9 THE COURT: Mr. Nelson, that's all right. I'm
10 starting to run out of time. Let me hear from Google on the
11 source code issue, please.

12 MR. PERLSON: Thank you, Your Honor. This is
13 David Perlson.

14 First of all, just to kind of pick up on Rule 34
15 real quick. Actually, Rule 34(e) concerns production of
16 electronically stored information. And it says, in subsection
17 3, that a party need not produce the same electronically
18 stored information in more than one form. So it actually
19 precludes precisely what it is that PUM is asking for.

20 We negotiated this protective order provision,
21 and we've been following it at, frankly, great expense to
22 Google. We've made it available for several days. We spent
23 a great deal of engineering time, engineers picking out
24 source code, and we made it available, and PUM seems to need
25 to want to render that all useless.

1 They are describing a situation where code calls
2 other code, and there are include files and all this sort
3 of thing. Well, Google is complex. The systems at Google
4 are complex. Certainly at the time they were negotiating
5 the protective order, PUM must have known that code calls
6 other code because that is how source code works. And the
7 sort of "problem" that they're describing is not anything
8 that they couldn't have figured out beforehand, but, you
9 know, probably recognizing how source code is typically dealt
10 with in the sort of inspection of a stand-alone computer,
11 they agreed to this procedure, and they followed it. And
12 they're suggesting they should be able to throw it away
13 because they seem to be having a problem getting through it.

14 But I think that a couple things that Mr. Nelson
15 said are telling:

16 First, he points to the fact that at the Jeh
17 deposition, there are these include files that they said
18 they didn't have or that were needed to understand the code.

19 Well, five out of six of those files have been
20 made available, and plaintiff has never asked for those
21 files. The solution to this is for them to ask for access
22 to the files, not to access all code at Google, and the
23 couple things regarding that.

24 First. It seemed like Mr. Nelson admitted that
25 much of the code they would look at would be irrelevant.

1 Indeed, it's not just "personalization code" that they're
2 seeking access to. They are seeking access to all source
3 code at Google, whether it relates to search, whether it
4 relates to how Google searches ads, everything, YouTube. I
5 mean it's all on this perforce database.

6 This is the crown jewels of Google; and for
7 them to be able to come in and be able to fish around all
8 this stuff is an incredible breach of security, completely
9 unwarranted under the circumstances, and contrary to what
10 the parties have agreed.

11 And you say it's not even that. They just want
12 open access. Apparently, now we have to have someone there
13 and walk their expert through this stuff. That is also
14 completely inappropriate, and it's like having their expert
15 have his own little deposition of Google engineers and its
16 further extension of resources.

17 And this idea of back and forth of asking for
18 documents and that sort of thing, well, that is really no
19 different than how discovery works in other circumstances.
20 I mean what they're asking for is really no different than
21 them to be able to have their expert walk around at Google,
22 look at people's computers, see what they have, talk to
23 people. I mean it really is no different than that. And,
24 here, it's even worse because it's Google's most sensitive
25 information.

1 THE COURT: All right. Mr. Perlson, assuming
2 that you are right about all of that, tell me exactly how
3 Google will be prejudiced if I allowed their expert to sit
4 in a room for one 12-hour day with your perforce database.
5 He is subject to the protective order that you all agreed to.
6 Apparently, he is an academic, and there is no particular
7 reason to think he is going to run out and breach the
8 protections of the protective order.

9 Why shouldn't I give him that sort of one last
10 chance, and then they won't be able to bug you about this
11 anymore?

12 MR. PERLSON: Well, your Honor -- well, first
13 of all, just because there is a protective order in place
14 doesn't mean that it is appropriate to allow this expert to
15 come in and see everything. I mean this is confidential
16 information, much of it that is not even allowed to be seen
17 by most of the people at Google. I mean much of this code
18 is only like one or two percent of the company is even
19 allowed to see.

20 It's ultra top-secret stuff, and much of it
21 isn't relevant, and nearly all of it won't be relevant. So
22 there is a great prejudice, just by virtue of having someone
23 see it. It doesn't matter whether there is a protective
24 order or not. It's a risk to the company, and it's a
25 completely unjustified risk.

1 And it's also a burden. Who knows what he could
2 do with the source code. I mean he can go in there; and,
3 frankly, your Honor, I'm not even sure there is a way that
4 we can provide it where it would be read only or something
5 like that. I mean who knows what he can do.

6 Finally, he has signed on the protective order,
7 but that doesn't eliminate all risk. And if it did, then
8 someone would be able to go in and inspect source code in
9 every single case. If this happened, your Honor, if this
10 is allowed, every single plaintiff is going to ask for
11 access to the source code database, at Google and at other
12 companies.

13 THE COURT: All right.

14 MR. PERLSON: It's completely unfair.

15 THE COURT: All right. Mr. Perlson, I'm just
16 interrupting you. I've heard enough. We only have a few
17 more minutes.

18 MR. NELSON: May I respond briefly, your Honor?

19 THE COURT: No. I have heard enough. Thank you.

20 At this point, I'm going to deny PUM's request
21 to get access to the full amount of the Google source code.
22 I'm simply not persuaded at this time that that is necessary.

23 The parties negotiated and agreed to the
24 protective order, and it appears that Google is at least
25 making a good faith effort to comply with its obligations

1 under the protective order. I understand that perhaps Rule
2 34 would have given PUM additional rights had they not
3 agreed to this protective order, but I think the protective
4 order is, in this case, operative and governing the parties'
5 obligations with respect to source code.

6 Notwithstanding all that, what plaintiff is
7 proposing, if there weren't any other background circumstances
8 here, a little bit of time with access to the full source
9 code might well be reasonable, but the defendant contends
10 it's unreasonable and is worried about security risks, and
11 I'm just not going to force them to do more at this time
12 than they agreed to do under the protective order.

13 If it turns out going forward that plaintiff
14 believes it can make a greater showing that its case is
15 being unfairly hindered, then I will listen to that at that
16 time, but the request is denied at this point.

17 I want to give each signed about two minutes to
18 address the 30(b)(6), or -- I'm sorry, yes, the additional
19 deposition topics request.

20 Mr. Nelson, you go first.

21 MR. NELSON: Thank you, your Honor.

22 Just one quick point. Paragraphs 29 and 39 of
23 the protective order do permit. Paragraph 29 say nothing
24 shall alter or change in any way the discovery provisions of
25 the federal rules. I realize you made your decision but the

1 background of the protective order does not preclude this
2 type of relief.

3 Turning now to the 30(b)(6) topics. There is
4 two groups of topics. Topics 3 through 6 relate to Google's
5 early personalization efforts and the Kaltix transaction.

6 Why we think that is relevant, your Honor, is
7 really for secondary considerations. To the extent that
8 Google attempted to develop personalization and failed early
9 on, acquired a company called Kaltix which developed
10 personalization technology and then implemented pieces of
11 the Kaltix technology into Google's system moving forward,
12 that is all relevant, your Honor, from a failure of others
13 long-felt need perspective for secondary considerations of
14 nonobviousness. And we think it is relevant for that reason
15 and that discovery should be permitted.

16 With respect to the other two topics, what
17 basically they summarized is what Google did after receiving
18 notice of infringement, our position is that, yes, damages
19 is bifurcated and we don't want to go into the details of
20 any opinions they may or may not have or things like that.
21 But we certainly think that Google will tell some sort of a
22 story as to why they're here in this lawsuit, and that it's
23 relevant and permissible discovery to go forward with, at
24 least on a limited basis, figuring out, getting their story
25 of what they did. Did they try to design around? Did they

1 do anything in response to receiving notice of infringement?
2 And that is the subject of those other two topics, your
3 Honor.

4 THE COURT: Okay. Thank you.

5 And, Google, if you wish to respond.

6 MR. PERLSON: Yes, your Honor. First of all,
7 on just the second point, topics 9 and 10. I think what
8 Mr. Nelson just described shows the problem here. I mean
9 looking for discovery on willfulness issues, what we did, in
10 the design-around. Did we get an opinion letter? That is
11 willfulness discovery. That has been bifurcated, and this
12 stuff is privileged in any event.

13 Going back to Kaltix. Kaltix has nothing to
14 do with this case. It was a company, three people at a
15 company that was acquired in 2003. Yes, it did have
16 personalization but PUM doesn't -- their patents don't claim
17 personalization. They claim some very specific things in
18 relation to machine learning and such, as your Honor may
19 recall, and any type of personalization is not necessarily
20 relevant here.

21 In fact, there is no evidence that anything
22 Google acquired from Kaltix was even used at Google. The
23 patents themselves acknowledge that personalization existed
24 in the prior art, and the fact that Google, a couple years
25 before the patent even issued, bought a company has nothing

1 to do with anything here. And it really seems to be more
2 than some sort of thinly veiled damages discovery to try to
3 get information about a dollar amount and other information
4 regarding the acquisition that didn't have anything to do
5 with the patent.

6 THE COURT: All right. Mr. Perlson.

7 MR. PERLSON: Your Honor, if I could just touch
8 -- I'm sorry.

9 THE COURT: They accuse you of intending to
10 tell some type of story at trial about why you're in this
11 lawsuit. Can you give PUM any comfort that that is not your
12 intent?

13 MR. PERLSON: I don't know what that means.
14 We're in this lawsuit because they sued us. I'm not sure
15 what he is talking about, your Honor, frankly.

16 THE COURT: All right. Was there something else
17 you were trying to address real quick?

18 MR. PERLSON: Oh, yes. In relation to the
19 motion for leave, I appreciate your Honor's order. I'm not
20 going to given additional argument for that, but it does
21 seem to me that this would be a sensible situation for an
22 early motion for summary judgment even if the issues aren't
23 bifurcated or stayed. It's still a threshold issue, and
24 there shouldn't be any need to delay it until after claim
25 construction and all these other things because ownership

1 issues shouldn't have anything to do with that. We just
2 filed --

3 THE COURT: And that is the subject of the --

4 MR. PERLSON: -- the motion for leave yesterday.

5 THE COURT: Right. Okay. All right. Well, let
6 me give you my rulings on these 30(b)(6) depositions.

7 With respect to the Kaltix request, which I
8 think are topics 3 through 6, I'm going to grant PUM's
9 request here. Relevance, of course, is a very broad concept
10 in the context of discovery. It may be that Google is
11 correct that in the end, the reasons for acquiring Kaltix
12 and whatever Kaltix was working on and whatever efforts
13 Google may or may not have made to develop personalization
14 in the 2003 time period may or may not help plaintiff to
15 show secondary considerations of failures of others and
16 long felt need or it may simply be broadly related to
17 personalization and not to the more specific claimed
18 invention here, but I can't tell at this point, and I'm
19 persuaded that there is it a sufficient potential relevance
20 here to allow PUM to go forward with that.

21 However, on topics 9 and 10 related to Google's
22 response to this lawsuit, I am denying the request there. I
23 don't imagine that I'm going to let either side talk much at
24 all at a trial that doesn't involve willfulness about why
25 they think this lawsuit was brought or why they're in it or

1 why they did bring it. And I trust that counsel will be
2 able to remind me, as we get closer to trial, that I'm
3 making this discovery ruling with the strong disinclination
4 to allow that type of evidence to come in at trial. So I do
5 think the response to the lawsuit is not relevant and might
6 also raise privilege issues.

7 So you have my rulings on these issues. We'll
8 take a look at the motion for leave once it's fully briefed,
9 and I need to leave you and get on to another call. Thank
10 you all very much for your time. Good-bye.

11 (The attorneys respond, "Thank you, your Honor.")

12 (Telephone conference ends at 10:32 a.m.)

13

14

15

16

17

18

19

20

21

22

23

24

25