

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

PERSONALIZED USER MODEL, L.L.P.,)
)
 Plaintiff,)
)
 v.)
)
 GOOGLE, INC.,)
)
 Defendant.)
 _____) C.A. No. 09-525 (LPS)
 GOOGLE, INC.,)
) **PUBLIC VERSION**
 Counterclaimant,)
)
 v.)
)
 PERSONALIZED USER MODEL, L.L.P.)
 and YOCHAI KONIG,)
)
 Counterclaim-Defendants.)
 _____)
)

**PLAINTIFF PERSONALIZED USER MODEL, L.L.P.'S
AND COUNTER-DEFENDANTS REPLY TO DEFENDANT
GOOGLE, INC.'S AMENDED COUNTERCLAIMS**

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GOOGLE, INC.’S AMENDED COUNTERCLAIMS**

Plaintiff and Counterclaim-Defendant Personalized User Model, LLP (“P.U.M.”) and Counterclaim-Defendant Yochai Konig (referred to collectively as “Counterclaim-Defendants”), in reply to the Amended Counterclaims of Defendant, Google, Inc. (“Google”), filed with this Court on February 4, 2011, state:

Parties

1. Counterclaim-Defendants admit the allegations in paragraph 1 of Google’s Counterclaims.

2. Counterclaim-Defendants deny P.U.M. is a “corporation” and state it is a limited liability partnership. Counterclaim-Defendants otherwise admit the allegations in paragraph 2 of Google’s Counterclaims.

3. Counterclaim-Defendants admit the allegations in paragraph 3 of Google’s Counterclaims.

Jurisdiction and Venue

4. Counterclaim-Defendants admit the allegations in paragraph 4 of Google’s Counterclaims.

5. Counterclaim-Defendants deny that the interests and convenience of the parties, the public, and the courts would be better served by transferring this case to the Northern District of California. Counterclaim-Defendants otherwise admit the remaining allegations in paragraph 5 of Google’s Counterclaims.

Facts and Background

6. Counterclaim-Defendants admit the allegations of the first sentence of paragraph 6 of Google’s Counterclaims. Counterclaim-Defendants admit that the second sentence contains an excerpt from SRI’s webpage, but otherwise denies the allegations of that sentence.

7. Counterclaim-Defendants admit the allegations in paragraph 7 of Google’s Counterclaims.

REDACTED

REDACTED

Counterclaim-Defendants deny any implication that Dr. Konig's work for SRI was in any way related to the patents-in-suit.

9. Counterclaim-Defendants admit the allegations in paragraph 9 of Google's Counterclaims.

10. Counterclaim-Defendants state that the Employment Agreement speaks for itself and otherwise denies the allegations in paragraph 10 of Google's Counterclaims.

11. Counterclaim-Defendants state that the Employment Agreement speaks for itself and otherwise denies the allegations in paragraph 11 of Google's Counterclaims.

12. Counterclaim-Defendants state that Dr. Konig conceived or reduced to practice the inventions of the patents-in-suit after Dr. Konig left his employment by SRI.

REDACTED

REDACTED

To the extent inconsistent with this paragraph 12 of Counterclaim-Defendants' reply, Counterclaim-Defendants deny the remaining allegations in paragraph 12 of Google's Counterclaims.

13. Paragraph 13 states a legal conclusion to which no response is required. To the extent a response is required, Counterclaim-Defendants deny Google's allegations concerning the inventions in paragraph 13 of Google's Counterclaims.

14. Paragraph 14 states a legal conclusion to which no response is required. To the extent a response is required, Counterclaim-Defendants deny Google's allegations concerning the inventions in paragraph 14 of Google's Counterclaims. Counterclaim-Defendants state that the inventions in the patents-in-suit are unrelated to SRI's business, or actual or demonstrably anticipated research or development. Counterclaim-Defendants also deny that Google accurately paraphrases the SRI websites that Google's cites, and Counterclaim-Defendants state that the websites speak for themselves. To the extent any further response is required, Counterclaim-Defendants deny the remaining allegations in paragraph 14 of Google's Counterclaims.

15. Counterclaim-Defendants admit that the patents use the words “learning machine” and admit that one can use learning machines in the field of artificial intelligence. Counterclaim-Defendants deny, however, any implication in paragraph 15 of Google’s Counterclaims that the patents are related to SRI’s business, research, or development solely by virtue of the fact that the patents involve a large field of research of computer science called artificial intelligence. To the extent any further response is required, Counterclaim-Defendants deny the remaining allegations in paragraph 15 of Google’s Counterclaims.

16. Counterclaim-Defendants admit that the patents-in-suit’s abstracts disclose a method for providing automatic, personalized services to a computer user but Counterclaim-Defendants otherwise deny the remaining allegations in paragraph 16 of Google’s Counterclaims.

17. **REDACTED**
REDACTED

REDACTED Counterclaim-Defendants deny that the patents-in-suit resulted from Dr. Konig’s work for SRI and deny the remaining allegations in paragraph 17 of Google’s counterclaim.

18. **REDACTED**
REDACTED

REDACTED Counterclaim-Defendants state that Dr. Konig did not conceive of the inventions until after he left SRI’s employment and that his work at SRI did not relate to the inventions. Counterclaim-Defendants deny the remaining allegations in paragraph 18 of Google’s Counterclaims.

19. **REDACTED**
REDACTED Counterclaim-Defendants deny the remaining allegations in paragraph 19 of Google’s Counterclaims.

20. Counterclaim-Defendants admit that the emails contain the language quoted in Paragraph 20 though Defendants note that Google has quoted words across two pages as if they were in one sentence. Counterclaim-Defendants deny the allegations of paragraph 20 of Google's Counterclaims.

21. Counterclaim-Defendants admit that the patents-in-suit contain the quotes in Paragraph 21 of Google's Counterclaim, but deny that the patents resulted from Dr. Konig's work for SRI. Counterclaim-Defendants deny the remaining allegations in paragraph 21 of Google's Counterclaims.

22. Counterclaim-Defendants admit only that Dr. Konig never assigned the inventions of the patents-in-suit to SRI and that he instead assigned the inventions to Utopy. Counterclaim-Defendants deny the remaining allegations in paragraph 22 of Google's Counterclaims.

23. Counterclaim-Defendants **REDACTED**
REDACTED deny the remaining allegations in paragraph 23 of Google's Counterclaims.

COUNT I: Declaratory Judgment of Non-Infringement of the '040 Patent

24. As to the allegations in Paragraph 24 of Google's Counterclaims, Counterclaim-Defendants incorporate by reference each of their responses to paragraphs 1 through 23 above, and do not respond to the allegations in paragraphs 1 through 15 of Google's Answer, incorporated by reference in the Counterclaims, as no response is required.

25. Counterclaim-Defendants admit the allegations in paragraph 25 of Google's Counterclaims.

26. Counterclaim-Defendants admit the allegations in paragraph 26 of Google's Counterclaims.

27. Counterclaim-Defendants deny the allegations in paragraph 27 of Google's Counterclaims.

COUNT II: Declaratory Judgment of Non-Infringement of the '031 Patent

28. As to the allegations in Paragraph 28 of Google's Counterclaims, Counterclaim-Defendants incorporate by reference each of their responses to paragraphs 1 through 27 above, and do not respond to the allegations in paragraphs 1 through 15 of Google's Answer, incorporated by reference in the Counterclaims, as no response is required.

29. Counterclaim-Defendants admit the allegations in paragraph 29 of Google's Counterclaims.

30. Counterclaim-Defendants admit the allegations in paragraph 30 of Google's Counterclaims.

31. Counterclaim-Defendants deny the allegations in paragraph 31 of Google's Counterclaims.

COUNT III: Declaratory Judgment of Non-Infringement of the '276 Patent

32. As to the allegations in Paragraph 32 of Google's Counterclaims, Counterclaim-Defendants incorporate by reference each of their responses to paragraphs 1 through 31 above, and do not respond to the allegations in paragraphs 1 through 15 of Google's Answer, incorporated by reference in the Counterclaims, as no response is required.

33. Counterclaim-Defendants admit the allegations in paragraph 33 of Google's Counterclaims.

34. Counterclaim-Defendants admit the allegations in paragraph 34 of Google's Counterclaims.

35. Counterclaim-Defendants deny the allegations in paragraph 35 of Google's Counterclaims.

COUNT IV: Declaratory Judgment of Invalidity and/or Unenforceability of the '040 Patent

36. As to the allegations in Paragraph 36 of Google's Counterclaims, Counterclaim-Defendants incorporate by reference each of their responses to paragraphs 1 through 35 above, and do not respond to the allegations in paragraphs 1 through 15 of Google's Answer, incorporated by reference in the Counterclaims, as no response is required.

37. Counterclaim-Defendants deny the allegations in paragraph 37 of Google's Counterclaims.

COUNT V: Declaratory Judgment of Invalidity and/or Unenforceability of the '031 Patent

38. As to the allegations in Paragraph 38 of Google's Counterclaims, Counterclaim-Defendants incorporate by reference each of their responses to paragraphs 1 through 37 above, and do not respond to the allegations in paragraphs 1 through 15 of Google's Answer, incorporated by reference in the Counterclaims, as no response is required.

39. Counterclaim-Defendants deny the allegations in paragraph 39 of Google's Counterclaims.

COUNT VI: Declaratory Judgment of Invalidity and/or Unenforceability of the '276 Patent

40. As to the allegations in Paragraph 40 of Google's Counterclaims, Counterclaim-Defendants incorporate by reference each of their responses to paragraphs 1 through 39 above, and do not respond to the allegations in paragraphs 1 through 15 of Google's Answer, incorporated by reference in the Counterclaims, as no response is required.

41. Counterclaim-Defendants deny the allegations in paragraph 41 of Google's Counterclaims.

COUNT VII: (Declaration regarding ownership)

42. As to the allegations in Paragraph 42 of Google's Counterclaims, Defendants incorporate by reference each of their responses to paragraphs 1 through 41 above, and do not respond to the allegations in paragraphs 1 through 15 of Google's Answer, incorporated by reference in the Counterclaims, as no response is required.

43. Counterclaim-Defendants deny the allegations in paragraph 43 of Google's Counterclaims.

44. Counterclaim-Defendants admit that Dr. Konig had an employment agreement with SRI, but deny that the patents-in-suit are covered by the agreements and otherwise deny the allegations in paragraph 44 of Google's Counterclaims.

45. Counterclaim-Defendants deny the allegations in paragraph 45 of Google's Counterclaims.

46. Counterclaim-Defendants deny the allegations in paragraph 46 of Google's Counterclaims.

COUNT VIII: Breach of Contract (Against Dr. Konig)

47. As to the allegations in Paragraph 47 of Google's Counterclaims, Counterclaim-Defendants incorporate by reference each of their responses to paragraphs 1 through 46 above, and do not respond to the allegations in paragraphs 1 through 15 of Google's Answer, incorporated by reference in the Counterclaims, as no response is required.

48. Counterclaim-Defendants deny the allegations in paragraph 48 of Google's Counterclaims.

49. Counterclaim-Defendants state that the agreement did not apply to the inventions in the patents-in-suit and otherwise deny the allegations in paragraph 49 of Google's Counterclaims.

50. Counterclaim-Defendants deny the allegations in paragraph 50 of Google's Counterclaims.

COUNT IX: Conversion (Against Dr. Konig and PUM)

51. As to the allegations in Paragraph 51 of Google's Counterclaims, Counterclaim-Defendants incorporate by reference each of their responses to paragraphs 1 through 50 above, and do not respond to the allegations in paragraphs 1 through 15 of Google's Answer, incorporated by reference in the Counterclaims, as no response is required.

52. Counterclaim-Defendants deny the allegations in paragraph 52 of Google's Counterclaims.

53. Counterclaim-Defendants admit that Dr. Konig transferred the applications which matured into patents-in-suit to Utopy and that PUM ultimately acquired them, but they deny the allegations in paragraph 53 of Google's Counterclaims.

54. Counterclaim-Defendants deny the allegations in paragraph 54 of Google's Counterclaims.

COUNT X: Imposition of Constructive Trust (Against Dr. Konig and PUM)

55. As to the allegations in Paragraph 55 of Google's Counterclaims, Counterclaim-Defendants incorporate by reference each of their responses to paragraphs 1 through 54 above, and do not respond to the allegations in paragraphs 1 through 15 of Google's Answer, incorporated by reference in the Counterclaims, as no response is required.

56. Counterclaim-Defendants deny the allegations in paragraph 56 of Google's Counterclaims.

57. Counterclaim-Defendants deny the allegations in paragraph 57 of Google's Counterclaims.

Exceptional Case

58. Counterclaim-Defendants deny the allegations in paragraph 58 of Google's Counterclaims.

FIRST AFFIRMATIVE DEFENSE: Statute of Limitations

59. Google's claims under Count VII (Declaration of Google's rights as co-owner), Count VIII (Breach of Contract), Count IX (Conversion), and Count X (Constructive Trust) are barred, in whole or in part, by the statute of limitations.

SECOND AFFIRMATIVE DEFENSE: Laches

60. The doctrine of laches bars Google from obtaining all, or part, of the relief it seeks in Count VII (Declaration of Google's rights as co-owner), Count VIII (Breach of Contract), Count IX (Conversion), and Count X (Constructive Trust). Due to the unreasonable delay in bringing suit under these counts, witness' memories have faded and relevant documents have been lost, destroyed, or misplaced in the ordinary course of business.

THIRD AFFIRMATIVE DEFENSE: Standing

61. Google lacks standing to bring its claims under Count VII (Declaration of Google's rights as co-owner), Count VIII (Breach of Contract), Count IX (Conversion), and

Count X (Constructive Trust). Google never acquired any ownership interest in the patents-in-suit because SRI never had any ownership rights and because Google's purchase agreement was a sham transaction.

FOURTH AFFIRMATIVE DEFENSE: Good faith purchaser

62. Google is barred by the good faith purchaser defense under 35 U.S.C. § 261 from seeking relief from PUM under Count VII (Declaration of Google's rights as co-owner), Count VIII (Breach of Contract), Count IX (Conversion), and Count X (Constructive Trust). PUM and its predecessors in interest purchased its interests in the patents-in-suit for valuable consideration without notice of SRI's alleged assignment.

EXCEPTIONAL CASE

63. On information and belief, this is an exceptional case entitling Counterclaim-Defendants to an award of their attorneys' fees incurred in connection with defending against Google's Counterclaims under Counts VII through X pursuant to 35 U.S.C. § 285 as a result of, among other things, Google's assertion of ownership claims under those counts with the knowledge that Google's ownership is predicated on a sham transaction with an entity that has no rights in the patents-in-suit and that PUM has legal title to and is the sole owner of the patents-in-suit.

Prayer

WHEREFORE, Counterclaim-Defendants respectfully request that the relief Google requests be denied and that Counterclaim-Defendants be granted the following relief with respect to Google's Counterclaims:

1. That judgment be entered in favor of Counterclaim-Defendants on each of Google's Counterclaims, and that Google take nothing by reason of its Counterclaims;
2. That Counterclaim-Defendants be awarded their attorneys' fees and costs of suit incurred in defense of Google's Counterclaims; and
3. Such other and further relief as the Court may deem just and proper.

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/s/ Karen Jacobs Louden

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March 11, 2011
4132732

CERTIFICATE OF SERVICE

I hereby certify that on March 15, 2011, I caused the foregoing to be electronically filed with the Clerk of the Court using CM/ECF which will send electronic notification of such filing to all registered participants.

Additionally, I hereby certify that true and correct copies of the foregoing were caused to be served on March 15, 2011, upon the following individuals in the manner indicated:

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