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., Defendant.	)	**JURY TRIAL DEMANDED**
GOOGLE, INC. Counterclaimant,	)	**PUBLIC VERSION**
v.	)	
PERSONALIZED USER MODEL, LLP and YOCHAI KONIG Counterdefendants.	)	

LETTER TO THE HONORABLE LEONARD P. STARK DATED MARCH 31, 2011
FROM RICHARD L. HORWITZ

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cc: Clerk of the Court (via hand delivery)
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Dated: March 31, 2011
PUBLIC VERSION Dated: April 7, 2011
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March 31, 2011

The Honorable Leonard 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 March 7, 2011 Order, Defendant Google Inc. ("Google") respectfully files this letter brief, requesting that the Court (1) order PUM and related entities to produce documents improperly withheld as privileged, (2) order PUM to produce tax returns or other documents reflecting any value of the patents-in-suit, and (3) order PUM to provide a response to Interrogatory Nos. 30 and 31.

PUM is improperly withholding documents that are not privileged. PUM, Pillsbury Winthrop (Utopy's Counsel), and Ari Gal (Levino's counsel), are withholding documents exchanged with Phil Black and his attorney Stefan Clulow. Black was an investor in Levino and a Utopy board member. Both Levino and Utopy are prior owners of the patents-in-suit. Clulow was Black's personal lawyer who represented Black when Levino solicited Black's company, Blacksmith Ventures, to be an investor and then later in connection with a dispute [redacted]. (Ex. B, 115:6-20, 153:17-19; *see* Ex. F-H.) Clulow never represented Utopy or PUM. (Ex. B, 172:15-173:9.) In other words, Black and his lawyer Clulow were on the opposite side of the transaction from PUM's predecessor in interest to the patent-in-suit. [redacted] (*See* Exs. F-H.)

PUM now claims documents and correspondence exchanged among individuals acting on behalf of Utopy and Levino with Black and Clulow related to this transaction are privileged.[1] For example, PUM is withholding a "draft release agreement" authored by Clulow (*see* Pillsbury log entries 65 and 73) and emails with Black and Clulow regarding a patent transfer to raise funds to pay back Black (Gal log entries 194, 196, 223, and 224). [redacted]

[1] Excerpts of the privilege logs at issue are attached as Exhibit A. The specific entries at issue are Gal log: 162, 169, 173, 175, 176, 177, 178, 181, 182, 183, 184, 187, 190, 191, 192, 193, 194, 195, 197, 198, 204, 216, 218, 219, 220, 222, 223, 224, 226, 227, 229, 232, 238, 239, 240, 242, 243, and 245; Pillsbury log: 65, 73, 75, 87, and 147; PUM log: 51, 262, 263, 324, 478, and 496.

[redacted] During this line of questions PUM's counsel Marc Freidman asked to go off the record (*id.*, 169:19-16) and then acknowledged that the existence of these and other like documents on the privilege log did not make sense given Gal's testimony, and that he would investigate and fix the problem. Yet, PUM still refuses to produce them.

It is PUM's burden to establish that the withheld documents are privileged. PUM contends that these documents are protected by the common interest privilege because Black was ultimately a Utopy board member and the documents at issue were shared with him and his personal lawyer while he was wearing his "director hat," rather than his "counter-party hat." To be protected under the common interest privilege, "the interests must be 'identical, not similar, and be legal, not solely commercial.'" *Corning Inc. v. SRU Biosystems, LLC*, 223 F.R.D. 189, 190 (D. Del. 2004) (common interest doctrine did not preclude production, where withholding party did not provide proof sufficient to establish that at the time of the negotiations, the two parties shared identical legal interests in the subject opinions of counsel). Here, PUM has not shown that, at the time of each of the withheld communications, Black and Clulow shared identical legal interests in the subject matter of those communications with Utopy and/or PUM (represented by Pillsbury and Gal, respectively). Rather, the actual circumstances of the transactions discussed above show just the opposite. Accordingly, PUM should be ordered to produce these documents improperly withheld as privileged.

PUM must produce documents reflecting the consideration paid for the patents-in-suit and/or any value attributed to them. Google served PUM with document requests seeking documents relating to ownership of the patents-in-suit (Request Nos. 1, 14), secondary considerations of non-obviousness, such as commercial success (Request No. 20), the value of personalization to consumers (Request Nos. 29-30), and assignment of the patents-in-suit to Levino or PUM (Request Nos. 54-55). (*See* Ex. C.) While PUM produced what purports to be an assignment from Levino to PUM, this document does not indicate any consideration paid for the assignment. Despite Google's requests, PUM has not produced any documents reflecting any consideration paid by PUM to acquire the patents-in-suit or any value PUM or Levino attributed to the patents-in-suit. (*See also* Ex. D, No. 33.)

These documents are relevant or reasonably calculated to lead to the discovery of admissible evidence to whether the assignment of the patents from Levino to PUM was a valid contract, or whether no consideration of any kind was exchanged and the patents-in-suit were merely a gift.[2] Further, presumably, PUM will argue at trial that the patents-in-suit are extremely important and valuable, and not obvious because they were a commercial success. Google is entitled to rebut such arguments with evidence that PUM and previous owners attributed little or no value to the patents. PUM similarly moved to compel Google to produce information regarding its acquisition of Kaltix, including the amount Google paid for the company, claiming such information is relevant to secondary considerations of non-obviousness. PUM cannot now claim that it is not required to produce information relevant to the very same issue.

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2 [redacted]

If the patents-in-suit were in fact a gift, their value would be reflected in the tax returns of PUM or its members. And, if the value that was attributed to the patents was below the amount required to be reported, the tax returns would reflect that as well. Accordingly, Google asked PUM to produce its tax returns or the tax returns of its members reflecting the value attributed to the patents-in-suit. PUM has refused to produce these tax returns stating they are irrelevant, but PUM has never explained why, despite repeated requests for explanation from Google. (Ex. I.)[3] PUM also claimed that documents reflecting consideration given to Levino were already produced, but Google has located no such documents and despite repeated requests from Google, PUM has failed and refused to identify them to Google. (*Id.*) Further, PUM claims Google can obtain this discovery when it takes the Rule 30(b)(6) deposition. But, PUM itself has admitted that a deposition without relevant documents is not sufficient. (*See* 2/18/11 Ltr. To Judge Stark from Karen Jacobs Louden ("even if Google [chooses to designate testimony as corporate testimony] that does not solve the problem because Google has not produced the documents necessary for P.U.M. to conduct a thorough deposition on this issue"). Also, Google already a deposed a Rule 30(b)(6) witness on the subject of consideration of the transfer of the patents-in-suit and PUM's prior designee Ari Gal admitted he had no knowledge of the subject. (Ex. B, 40:17-20, 77:7-23, Ex. 5.) While PUM agreed to designate another witness on the subject, PUM's next designee, Roy Twersky, testified at his prior deposition he had no knowledge on the subject either. (Ex. J, 22:11-14.)

Accordingly, PUM should be ordered to produce any documents reflecting the consideration exchanged and any value (or lack thereof) attributed to the patents-in-suit, reflected in the tax returns of PUM or its members in the relevant timeframe of the Levino to PUM purported assignment (2007).

PUM must provide a complete response to Interrogatory Nos. 30 and 31.

Interrogatory No. 30 asks PUM to identify the mathematical formulas needed to enable or practice the asserted claims that PUM contends did not exist in the prior art, and No. 31 asks whether the patents-in-suit could not be practiced with the machine learning techniques that existed in the prior art. (Ex. E.) PUM claims that it cannot answer as to prior art references that it is not aware of. But this does not excuse PUM from responding as to the prior art of which it is aware. (*Id.*) PUM also claims it does not need to answer because Google has the burden of proving invalidity. (*Id.*) But Google is entitled to know how PUM seeks to refute Google's detailed invalidity contentions, just as PUM has insisted that Google respond to its own interrogatory seeking Google's non-infringement contentions.

PUM's claim that it cannot respond to Interrogatory No. 31 because PUM purportedly does not know what Google means by "the machine learning techniques that existed in the prior art" is not credible. The patents-in-suit say "learning machines" existed in the art. ('040: 8:44-46.) And in opposition to Google's Motion for Leave to File a Motion for Summary Judgment, PUM cites to inventor Konig's work and education in "machine learning" as a basis to argue that "Mr. Konig was an expert in machine learning before joining SRI." (Dkt. no. 215, Ex. 3, ¶¶ 2-3). Clearly, PUM understands what machine learning is and what machine learning techniques existed in the art and should be ordered to provide responses to these interrogatories.

[3] Google offered to allow PUM to redact all portions of those tax returns not relevant to the patents-in-suit, but PUM rejected this offer.

Respectfully,

/s/ Richard L. Horwitz

Richard L. Horwitz

RLH/msb
1008052/34638

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