IN THE UNITED STATES DISTRICT COURT

IN AND FOR THE DISTRICT OF DELAWARE

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PERSONALIZED USER MODEL, L.L.P.,

Plaintiff,

v.

GOOGLE, INC.,

Defendant.

: CIVIL ACTION

: NO. 09-525-LPS

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Wilmington, Delaware
Wednesday, June 29, 2011
Telephone Conference

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BEFORE: HONORABLE **LEONARD P. STARK**, U.S.D.C.J.

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APPEARANCES:

MORRIS NICHOLS ARSHT & TUNNELL, LLP
BY: KAREN JACOBS LOUDEN, ESQ.

and

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APPEARANCES: (Continued)

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P R O C E E D I N G S

(REPORTER'S NOTE: The following telephone conference was held in chambers, beginning at 3:20 p.m.)

THE COURT: Good afternoon, everyone. This is Judge Stark. Who is there, please? Counsel, it's Judge Stark. Who is there, please?

MS. JACOBS LOUDEN: Good afternoon, your Honor. For the plaintiff this is Karen Jacobs Louden at Morris Nichols; and I have on the line with me Mark Nelson at and Chris Samay from SNR Denton.

THE COURT: Okay.

MR. MOORE: And on behalf of Google your Honor David Moore from Potter Anderson; and with me on the line is David Perlson from Quinn Emanuel.

THE COURT: Okay. And that's everybody?

MR. MOORE: Yes.

MS. JACOBS LOUDEN: Yes, it is.

THE COURT: Thank you. For the record, it is our case of Personalized User Model LLP v Google Inc., our Civil Action No. 09-525-LPS. The purpose of this call is to discuss Google's request to compel production of certain communications between the plaintiff's counsel and the two inventors. As it is Google's request, let me hear first from Google, please.

MR. PERLSON: Thank you, your Honor. This is David Perlson.

Your Honor, this is really the same issue that you were presented with at deposition of Mr. Twersky back in May, I believe. Here, we're seeking communications with counsel on, among the inventors on the same subject matter, conception and the change in the interrogatory response for which PUM itself is relying on communications of counsel. While these aren't the same communications that were at issue in that call, the reason we're entitled to them is the same. PUM cannot pick and choose which attorney communications on the subject that they can rely on.

I think it's notable that PUM in its response doesn't even really try to argue that the issue presented here absent these communications are any different as to the communications of which you already ruled on. Instead, PUM

largely repeats the same arguments it made before. You know, like before, it tries to go in and explain what its story is as to the change in the interrogatory response and the testimony related thereto, but that is the story that we should be entitled to test given that they, through that story, have injected communications with counsel and with the inventors on the issue of conception and change of the interrogatory. That's what these relate to.

I'll note just a couple things about the story they're telling which in incomplete in their letter brief. For one thing, they suggest that this issue of the SRI ownership was sort of first at play in this January 19th letter where Google informed plaintiff of its ownership, that it inquired the ownership interest of SRI. But this issue was before that.

I mean at Mr. Konig's deposition, I had asked him questions regarding his employment agreement at SRI, you know, whether there was agreement to assign intellectual property. We subpoenaed SRI on December 20th, last year, for information and produced documents, including his employment agreement, to January 12th, 2011. So the story they're telling is incomplete.

And they additionally say that PUM would have met to clarify conception even earlier than January 19th, but seeing such as the Markman hearing and Mr. Twersky being

out of the country prevented that. But that's also not consistent with the facts.

First of all, Mr. Twersky although he flip flopped on this issue at his deposition initially, both he and at PUM's own interrogatory response say they were aware of this issue in December, after the depositions, the beginning of December. There is no reason why this stuff couldn't have been dealt with then; and he didn't leave -- Mr. Twersky didn't leave for Israel until December 21st. There were several weeks they could have dealt with before then. So the story both is evolving and changing, and I think we are entitled to test it.

Again, as I just mention, as we detailed in the briefs, Mr. Twersky has now more than once changed his testimony on key things like conception and the explanation regarding PUM's change of the asserted conception date, but it's of note in their brief, plaintiff is saying that Mr. Konig, they say, has never wavered on his testimony about the date of conception.

Well, that is not accurate. Their own brief shows it's not accurate. They say at his December 2nd deposition, he testified that he conceived of the invention between August 9th, 1999 and December 1999. And then later, he testified that it was on or around September 21st, 1999. Obviously, there is a big difference between on or around

September 21st, 1999 and between August and December 1999, in particular, given the fact Mr. Konig was still working at SRI until August 6th.

And even in Mr. Konig's declaration from March 3rd tells something different. This time, he says I have always believed the inventions claimed in the patent in suit were conceived some time between August 6th, 1999 and August 31st, 1999. But then he goes on to say: After reviewing documents with my counsel from the relevant time frame, I am confident that the inventions were conceived in September 1999.

So like Mr. Twersky, Mr. Konig as well is clearly being influenced by what his counsel is -- the documents they're showing him and also what they're telling him. It's clear that the subject matter of this was not simply discussed in the two in-person meetings that were the subject of your Honor's prior ruling, but as the law that PUM provided us that we, as an exhibit, showed, there were several communications on this subject, at least 18 of which. PUM has also told us that they haven't really logged all of the communications that we're seeking here.

So it seems like there might even be further communications, which would, for example, communications in December, go to test the veracity of plaintiff's interrogatory response that Mr. Twersky was aware of the inconsistency and

conception, and immediately after his deposition in December, he went back and forth on that at his deposition, and just the veracity of both of the inventors and of the story that PUM is trying to tell regarding this change.

It's critical. It's a critical issue to not only the motion for summary judgment that Google is seeking leave to file, but if that's denied, and if it goes forward, it will be front and center at trial. They shouldn't be able to point to these discussions with attorneys, the ones that they like as a reason for this change in the conception date, and with all the others.

We should be able to say, as we will argue and we believe is the case, that this change was motivated by the ownership issue. And we should, as their rebuttal to that story involves communications with counsel on the issue of conception and on the issue of how they change their interrogatory response, we should be entitled to full disclosure of those communications.

THE COURT: I want to make sure I understand exactly what it is that you are looking to have produced as a result your request today.

MR. PERLSON: Sure.

THE COURT: Is it simply the three categories of communications set forth at the bottom of what is listed as page 4 of your letter?

MR. PERLSON: Correct, your Honor. That's correct. I think there was reference in PUM's letter that we're seeking for communications months earlier, and I'm not sure what that is in reference to. But you are right, what you are pointing to is what we're seeking.

THE COURT: So do you put a time frame on it? Or it could be at any time, but, for instance, the communications have to relate to the scheduling of the January 19th and February 7th meetings, the subjects discussed at those meetings and PUM's preparation of its Fourth Supplemental Response to Interrogatory No. 1. That is, if it relates to those subject matters, you're not putting a date/time frame on it?

MR. PERLSON: Well, I think at this time, your Honor, what we're seeking is communications between I guess December 1st, which I guess is the date of the prior interrogatory response and the changed interrogatory response. Perhaps better said, communications immediately following Mr. Twersky's deposition.

I suppose it's possible that something in those communications could cause us to come back later to say that we need something earlier, but, at this point, that's the date. I think Twersky's deposition was on December 3rd, 2010, and then the interrogatory was changed I think February 8th or 12th or something like that, and it would be

in between these two days.

THE COURT: So if I ask you to put a time frame on it, it's December 1st, 2010 through February something, 2011?

MR. PERLSON: I'm sorry. Let me just get the exact dates of the interrogatory responses.

December 3rd, which would be immediately following Mr. Twersky's deposition. Actually, I'm sorry. December 2nd, following Konig's deposition, which apparently is where this issue of the inconsistency first showed up, and then their interrogatory response, which was on I believe February 8th.

THE COURT: Okay.

MR. PERLSON: That's right. February 8th. I apologize for not having full command of the dates, your Honor.

THE COURT: Among the things you are looking for then are all of the subjects that were discussed at the January 19th and February 7th meetings? If I'm right, you are seeking all of the subjects, tell me why you need to know all of the subjects.

MR. PERLSON: Well, I guess it would be all of the subjects regarding the conception and the change in interrogatory response. I guess perhaps we should have been more precise because I do believe at one of these meetings

there was some discussion of who should be designated for the 30(b)(6) topics, and we wouldn't be interested in that.

THE COURT: And with respect to the preparation of the Fourth Supplemental Response to Interrogatory No. 1, why do you need all communications relating to the preparation of that amended supplemental response?

MR. PERLSON: Well, because I suspect, your Honor, that they would make the subject of the response -- I mean the response itself is a response that changed the conception date and then purports to provide an explanation for that change and the communications regarding that change and the story, all of which relate to the key issue, why this conception date was changed, and to rebut the very story that PUM seeks to tell, through that interrogatory response, similar ones which include communications with counsel.

THE COURT: But it's just communications between counsel and the inventors that relate to the supplemental interrogatory response. That is, you are only seeking the communication between counsel and the inventors on that topic; correct?

MR. PERLSON: That's right. It's the conception and the change of response in conception.

And, your Honor, to the clear, to the extent that, for example, the SRI ownership issue was discussed in

reference to that, that certainly would be within play. But that's the general scope of what we're looking for.

THE COURT: Okay. Let me hear from PUM, please.

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

While not surprisingly, we don't agree with counsel's statements. And to start off where counsel for Google began, this is a completely different issue. The issue in front of your Honor at the depositions was the meetings and why the interrogatory response was changed and why Mr. Twersky changed his testimony.

Google took the discovery per your Honor's order on that, and Mr. Twersky testified that he didn't understand the legal meaning of conception. He met with counsel who told him the legal meaning of conception and, upon that understanding, realized his testimony was wrong and testified in the second deposition then differently.

Because of that, there is no sword and shield issue here, your Honor. They've had the discovery that your Honor ordered them, and the fact that they don't agree with the testimony on conception or think it's changing doesn't put all this other not even arguably but completely privileged information at issue.

This situation I think is somewhat analogous and maybe quite analogous to your Honor's decision in the

Joy Global case where you had a situation where there was testimony elicited voluntarily in that case with respect to counsel had testified and given advice that something was an ERISA plan. The movant in that case then moved for all the other communications surrounding that testimony between counsel and the people involved in that plan, and your Honor ruled that that was not a waiver situation. That the fact that there was testimony elicited of attorney-client communication of that general nature didn't create a waiver.

Here we have a similar issue. Mr. Twersky again testified I didn't understand the legal meaning of conception when I gave my responses in December. I now understand it. I understand it because basically counsel told it to me, and given that understanding, I'm now testifying differently.

We see no reason to open the door to what could be sort of an ever expanding scope of requests for Google to dig deeper and deeper and deeper into privilege.

Mr. Konig has been consistent. Mr. Konig has never testified that conception happened earlier during the period that he was at SRI, and his testimony has been entirely consistent on that. They can take his deposition per your Honor's order on what happened at these meetings as well.

There is just simply no reason that the Court should grant the extraordinary relief that Google is seeking

here, not only going into attorney-client communications but also going into work product with respect to any draft of the interrogatories -- of the supplement interrogatory response that were circulated. We see no justification for that.

I think one thing counsel said in its argument here is telling in respect to your question regarding what they were seeking. He qualified it as: Well, at the time we're seeking.

PUM sees this as sort of an ever expanding set of arguments trying to get further and further into the privileged communications between counsel and its clients and who knows where else it might go. Our position is there simply is no justification for this.

If your Honor will remember at the beginning or during the Twersky deposition, PUM tried to sort of put this issue to bed by offering to let Google inquire as to what happened at the two meetings and with a restriction on there that your Honor ultimately didn't grant, prohibiting them from seeking a waiver based on that testimony, but trying to get this information out there to avoid just this situation where Google comes back to the Court and asks for more and then comes back to the Court and asks for more again.

And I guess just to wrap up, there is no sword and shield here issue here, to the extent there ever was

one. They fully had the opportunity to explore what happened in those meetings resulting in Mr. Twersky changing his testimony and the supplemental interrogatory response. And we think that the Joy Global case is good law and the Court should adopt the same logic it adopted in that case.

THE COURT: All right. Thank you, Mr. Nelson.

Mr. Perlson, is there any response?

MR. NELSON: Yes. Real quickly, your Honor, on a few of these points.

First of all, the Joy Global case is, perhaps there is language. The result in the case perhaps is useful to PUM. Actually, what the case says is that there is no waiver where the disclosing party has not interjected the advice of counsel as an element of the claim in the case and/or where the advice of counsel isn't interjected by the party asserting it. And this is on I guess in the Westlaw version on page 6.

Well, that is not the case here. I mean they've put this squarely at issue themselves by putting this change in testimony and the explanation thereof as the reason why they changed their story.

Mr. Konig -- or Mr. Twersky is going to get up at trial and it's going to be an issue, and he is going to have to come up with some sort of explanation, and it's not just going to be that he was explaining what conception was

as plaintiff's counsel said. That is just half of the story. What he omitted is the plaintiff also said that it was the documents that was shown to him by counsel in a meeting with counsel that caused him to change his testimony.

And Mr. Konig similarly has said that it was the documents that were shown to him by counsel that have gotten him to get from this August to December date to an August to October date to a September 21st date.

And just as we were entitled to ask questions about what happened in the meetings -- you know, there are 18 e-mails surrounding those meetings on these issues. They could be just as influenced by what was said in those e-mails as they would have been at the meeting and they likely were. And there shouldn't be some sort of arbitrary cutoff on that issue.

And then, finally, as to the issue of the compromise on the subject matter waiver, they raised that issue at the hearing before, and the relief was granted anyways. We have no intention of trying to string this along in any way, but for the same reason I couldn't agree to their compromise before, we can't agree to it now. Because we don't know what we're going to see.

THE COURT: Okay. Thank you. I am prepared to give you my ruling here.

Having reviewed the materials submitted and

recalling the teleconference during the deposition and listened to the argument today, I am going to grant in part and deny in part the relief sought by Google.

The Court finds that there has been a limited waiver of attorney-client privilege and work product protection as well, and it results from the change in the testimony and interrogatory responses on the important issue of the date of conception regarding the invention and subject in the patents in suit. As the Court held, during the deposition, Google is entitled to some discovery on the reasons for that changed testimony given that the contention from PUM is that the testimony changed at least in part as a result of the participation and input and discussion with counsel and information provided by counsel to the inventors.

The Court reaches this conclusion without accepting or rejecting Google's theory essentially of an alleged conspiracy or a suggestion there was something untoward in counsel's role in its interactions with the inventors. The Court again is neither accepting nor rejecting that theory, but the Court does find, as I have said, there is a limited waiver and that Google is entitled to some additional discovery to test what it has learned in the depositions.

Specifically, the Court will permit and hereby orders that PUM produce the written communications between

counsel and the inventors relating to the scheduling of the January 19th and the February 7th meetings and the subjects discussed at those meetings to the extent those subjects relate to conception and the changed testimony or changed interrogatory responses relating to the date of conception.

The Court is denying defendant's request to further compel communications regarding PUM's preparation of its Fourth Supplemental Response to Interrogatory No. 1. This simply goes too far in reaching into attorney work product.

There has been reference to the Joy Global decision. In the Court's view, that was a very different case with very different facts, including the distinction that the issue here as to why did the witnesses change or arguably change their testimony regarding the date of conception is, by plaintiff's own acknowledgment, in part the result of input from counsel for the plaintiff.

The Court would add that it is not inclined to revisit this issue or allow more discovery on this topic. Certainly, we hope that this additional discovery will be the end of this particular dispute.

I don't want to hear any more argument but is there any question about what I have ruled, Mr. Perlson?

MR. PERLSON: I just have one question. There is going to be further depositions, and to the extent that we

have testimony, as for testimony regarding communications, on the subject matter that you have allowed written communications, I think that we just want a clarification that we would be able to get into that at the depositions as well so that we don't have to talk to you further again.

THE COURT: Yes. Thank you. That was part of your request, and I intended to make clear though I understand I did not make clear.

So the ruling with respect to the waiver and the scope of the document production that is required also applies to testimony at depositions that may be forthcoming.

Is there anything further, Mr. Perlson?

MR. PERLSON: Nothing further, your Honor.

THE COURT: Mr. Nelson?

MR. NELSON: Just one thing, your Honor.

I think I understand the ruling, but to the extent that there were drafts of the four supplemental responses that were work products that were provided to the inventors, my understanding of your ruling is that that draft would not be included in your ruling, but I want to clarify that.

THE COURT: Well, certainly we did not discuss what to do about a communication that falls within Category A and not Category C. Give me your argument as to why it should not be within the scope of what you need to produce.

MR. NELSON: Well, our view is that that is attorney work product, your Honor. That would not be produced because there has been no showing necessary to -- there has been no showing to grant such an extraordinary remedy. Your Honor has ruled that they're entitled to go into the other areas of communications here that your Honor ruled on, but my understanding of the ruling was it was not including other work product. Therefore, I don't see the justification why they would need those sorts of materials.

THE COURT: Okay. Mr. Perlson, would you care to respond to that?

MR. PERLSON: Well, your Honor, I think that the main reason why we're getting these is because they changed their interrogatory response from one thing to the other, and we're supposed to get communications relating to the conception date and the change of the interrogatory responses. If that interrogatory response changed five times, the dates the drafts were sent back and forth, I think that is just as relevant as any other communications.

We have shown a reason why we would need it. Whether it's work product or attorney-client privilege, it is certainly not information that we can get from any other source. So I think that the work product objections should fall with the client-privilege objections.

THE COURT: I agree with Mr. Nelson on this one.

I am drawing a line between attorney-client privilege and work product, and the defendant has every iteration that has been filed of the interrogatory response and can see and can show, for instance, to a jury how those interrogatory responses changed. The defendant further had, and will have, additional discovery as to communications between the attorneys and the inventors relating to the meetings around the time of the preparation of the supplemental interrogatory.

So to the extent that drafts of the supplemental interrogatory response are attached to an e-mail, for instance, relating to the scheduling of the meeting, that attachment need not be produced under my order today.

Is there anything else, Mr. Nelson?

MR. NELSON: No, your Honor.

THE COURT: All right. I want to turn briefly to the pending motion by Google for leave to file an early summary judgment motion relating to the ownership issues. I believe that is DI 196. Having reviewed that request, the Court is hereby denying that motion for leave to file an early summary judgment motion. This is very much a discretionary decision largely informed by case scheduling issues and issues of judicial economy and efficiency.

At this point, the Court sees no reason to depart from the schedule that it set out for dealing with all case dispositive issues, and to do so all at the same

time, which under the current governing schedule will be following expert discovery, which will be following the time that the Court issues its Markman opinion in this case.

It is also the case here that the issue Google wishes to brief on an early basis is the issue related to the ownership rights, if any, and what impact those rights would have, which is tied up at least in part with the conception date issues that we have been discussing this afternoon. Clearly, there is a dispute on those issues, and that is an additional reason not to alter the schedule that has been in place from the beginning but rather to defer the issue on the merits until such time as all discovery is complete and all of the case dispositive matters can be taken up at the same time.

So for all those reasons, again, the Court is denying Google's motion for leave to file an early summary judgment motion.

Before we break, is there anything else that we need to discuss Mr. Perlson? Mr. Perlson? Are you there, Mr. Perlson?

MR. PERLSON: Sorry. No, your Honor.

THE COURT: And Mr. Nelson, is there anything further?

MR. NELSON: No, your Honor. I just wanted to alert the Court to one thing that will likely be coming and

I suspect it will be unopposed.

There are still some open discovery issues with respect to some user account information that PUM is seeking. My understanding is that Mr. Samay and Mr. Perlson talked earlier today and were trying to work out basically a stipulated agreement by which the Court would then order that production for some internal Google reasons that Mr. Perlson can speak to if he wants to. But I just want to alert the Court that that might be coming because it's important to us to continue to get that discovery moving and then closed down.

So that's it.

THE COURT: Okay. Mr. Perlson, was there anything that you wished to address at this time?

MR. PERLSON: No, your Honor. I think we're in agreement. I will be submitting and they will be submitting an unopposed motion, too.

THE COURT: All right. Thank you all very much for your time. Good-bye.

(Telephone conference ends at 3:54 p.m.)

I hereby certify the foregoing is a true and accurate transcript from my stenographic notes in the proceeding.

/s Brian P. Gaffigan
Official Court Reporter
U.S. District Court