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

OPENING BRIEF IN SUPPORT OF GOOGLE INC.'S MOTION TO DISMISS PERSONALIZED USER MODEL, LLP'S PATENT INFRINGEMENT CLAIMS FOR LACK OF SUBJECT MATTER JURISDICTION

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NATURE AND STAGE OF THE CASE

Plaintiff Personalized User Model, LLP ("PUM") filed its initial complaint against Google Inc. ("Google") on July 16, 2009, and its amended complaint on April 22, 2010. PUM accuses Google of infringing three patents: U.S. Patent No. 6,981,040 ("the '040 patent"), and its continuations U.S. Patent No. 7,320,031 ("the '031 patent") and U.S. Patent No. 7,685,276 ("the '276 patent") (collectively the "patents-in-suit").[1] Google files the present motion to dismiss PUM's patent infringement claims for lack of standing pursuant to Federal Rule of Civil Procedure 12(b)(1). Because PUM did not exist as a legal entity at the time it purportedly was assigned the patents-in-suit, PUM does not have legal title to the patents-in-suit. Therefore, this Court lacks subject matter jurisdiction over PUM's patent infringement claims and should dismiss these claims.

SUMMARY OF ARGUMENT

To have standing to sue for legal remedies, such as damages, a plaintiff bringing a patent infringement action must hold legal title, not merely equitable title, to the patents being asserted. Standing is determined as of the commencement of litigation. This case should be dismissed because PUM did not have legal title when it commenced this action. Instead, at the time of the putative assignment to PUM on May 23, 2007, PUM did not even exist. Rather, PUM came into existence only on August 14, 2007.

It is a longstanding common law principle that a non-existent entity cannot take legal title to property. Thus, legal title to the patents-in-suit could not and did not transfer to PUM, and PUM lacks standing to sue on the patents-in-suit. This lack of standing cannot be cured by PUM obtaining a new assignment or otherwise. Rather, due to PUM's lack of standing for

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[1] Although PUM has stated in written correspondence that it no longer asserts the '031 patent against Google, the '031 patent still appears in PUM's operative complaint.

PUM's patent infringement claims at the commencement of litigation, this action should be dismissed.

STATEMENT OF FACTS

I. THE MAY 23, 2007 "PATENT AND INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT."

[redacted]

On May 5, 2011, Google took the Rule 30(b)(6) deposition of PUM on the topic of "[a]ny transfer or assignment of the patents-in-suit, including the transfer or assignment of the patents-in-suit from Utopy Inc. to Levino Ltd., and the transfer or assignment of the patents-in-suit from Levino Ltd." PUM's designee on this topic, Roy Twersky, [redacted]

II. PUM COMES INTO EXISTENCE AS A TEXAS LIMITED PARTNERSHIP ON AUGUST 14, 2007, *AFTER* THE PUTATIVE ASSIGNMENT.

[redacted]

[redacted]

PUM has not produced any assignments regarding the patents-in-suit executed after PUM came into existence on August 14, 2007.

Legal Standard and Applicable Law

Standing is a question of federal law. *Paradise Creations, Inc. v. UV Sales, Inc.*, 315 F.3d 1304, 1308 (Fed. Cir. 2003). The question of standing is essential to subject matter jurisdiction; as such, it is not subject to waiver and any party, even the Court *sua sponte*, can raise the issue of standing for the first time at any stage of the litigation. *FW/PBS, Inc. v. City of Dallas*, 493 U.S. 215, 230-31 (1990) (issue of standing raised *sua sponte* on appeal to Supreme Court). Therefore, if standing is found to be lacking, the action must be dismissed. *See* Fed. R. Civ. P. 12(h)(3). Under well-established Federal Circuit precedent, a plaintiff seeking legal relief for patent infringement must demonstrate that it held legal title at the time it filed its complaint. *See, e.g.*, *Abraxis Bioscience, Inc. v. Navinta LLC*, 625 F.3d 1359, 1364 (Fed. Cir. 2010) (holding that plaintiff lacked standing when putative assignor did not own legal title to the

patents-in-suit and so could not transfer it to plaintiff, the putative assignee); *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574, 1579 (Fed. Cir. 1991) ("The general rule is that one seeking to recover money damages for infringement of a United States patent (an action 'at law') must have held the legal title to the patent . . . ."). Therefore, this Court should dismiss the action if PUM did not hold legal title to the patents-in-suit, and therefore lacked standing, at the time the action commenced. *Abraxis*, 625 F.3d at 1364; *Paradise Creations*, 315 F.3d at 1309. PUM, as the plaintiff asserting it has standing to sue, bears the burden of establishing standing. *Abraxis*, 625 F.3d at 1364 (quoting *Paradise Creations*, 315 F.3d at 1309-10) ("[T]he plaintiff must demonstrate that it held enforceable title to the patent at the inception of the lawsuit."); *Ortho Pharm. Corp. v. Genetics Inst., Inc.*, 52 F.3d 1026, 1032 (Fed. Cir. 1995) ("The burden of demonstrating standing falls to [plaintiff] Ortho . . . .").

The Federal Circuit has consistently held that state law must be applied in interpreting a patent assignment agreement to determine who owns legal title to the patent. *See, e.g., Enovsys LLC v. Nextel Communications, Inc.*, 614 F.3d 1333, 1342 (Fed. Cir. 2010) ("Who has legal title to a patent is a question of state law."); *Tri-Star Electronics Int'l, Inc. v. Preci-Dip Durtal SA*, 619 F.3d 1364, 1367 (Fed. Cir. 2010) (applying Ohio law to question of ownership of patent).[2] Although the result would be no different regardless of the law applied, here the putative Assignment Agreement between Levino and PUM provides it is governed by Texas law.

[2] Federal law has only been applied to the limited question, not at issue in this case, of interpreting whether an assignment agreement transfers title to the patent immediately or in the future. *See, e.g., Abraxis*, 625 F.3d at 1364-65 (relying on Federal Circuit jurisprudence in interpreting "shall . . . transfer" language in a patent assignment agreement).

ARGUMENT

I. AT THE TIME PUM FILED ITS COMPLAINT, IT DID NOT HOLD LEGAL TITLE TO THE PATENTS-IN-SUIT AND THUS LACKED STANDING TO SUE.

A. The Assignment Agreement Could Not and Did Not Effectuate a Transfer of Legal Title to the Patents-in-Suit to the Non-Existent PUM, and Instead Resulted in Levino Remaining the Legal Owner of the Patents-in-Suit.

A longstanding common law principle provides that non-existent entities cannot take legal title to property, since a "patent to a fictitious person is, in legal effect, no more than a declaration that the government thereby conveys the property to no one." *Moffat v. United States*, 5 S.Ct. 10, 14 (1884). Texas, as most other states, adheres to this principle, such that a faulty conveyance thus results in legal title remaining in the putative grantor. *See, e.g.*, *Lighthouse Church of Cloverleaf v. Texas Bank*, 889 S.W.2d 595, 600 (Tex. App. 1994) ("[I]n Texas a deed is void if the grantee is not in existence at the time the deed is executed."); *Wilson v. Dearing, Inc.*, 415 S.W.2d 475, 476 (Tex. Civ. App. 1967) ("The established general rule is that a deed can be made only to grantees in existence at the time of the execution of the deed."); *Gross v. United States,* CIV. A. 96-S-392, 1996 WL 469082 at *2 (D. Colo. June 25, 1996), *affirmed by* 110 F.3d 73 (10th Cir. 1997) (holding that a quitclaim deed was an ineffective conveyance where the deed was made out to the Regent Family Limited Partnership, a non-existent partnership); *Lester Associates v. Commonwealth*, 816 A.2d 394, 399 (Pa. Cmwlth. 2003) (holding that a conveyance from Lester Associates, a Pennsylvania general partnership, to Lester Associates, L.L.C., a non-existent entity, was void and that title remained in the putative grantor).[3]

[3] While the cited precedent is in the context of deeds, it is nevertheless applicable here because "a patent owner is in a position comparable to the holder of a deed or title to property." *In re Etter*, 756 F.2d 852, 860 (Fed. Cir. 1985) (Nies, J., concurring); *cf. Diagnostic Med. Associates, M.D., P.C. v. New York City Dist. Council of Carpenters Welfare Fund*, 04 CIV. 7662(FM), 2006 WL 728486 at *8 (S.D.N.Y. Mar. 21, 2006), *affirmed by* 232 F. App'x 29 (2d

In this case, [redacted] As PUM did not exist on May 23, 2007, it could not then take legal title to any property. Levino thus remains the legal owner of the patents-in-suit, depriving PUM of standing to sue Google for patent infringement.[4]

B. The Execution of a *Nunc Pro Tunc* Patent Assignment Agreement Between PUM and Levino Would Not Cure the Jurisdictional Defect Present at the Commencement of this Action.

"[S]tanding is to be determined as of the commencement of suit." *Lujan v. Defenders of Wildlife*, 112 S.Ct. 2130, 2142 n.5 (1992) (plurality opinion). Therefore, "a defect in standing cannot be cured after the inception of the lawsuit." *Paradise Creations*, 315 F.3d at 1310 (Fed. Cir. 2003). As such, nothing PUM might attempt to do now will be sufficient to correct the jurisdictional defect presented by the fact that PUM was not the patents-in-suit's legal owner at the commencement of this action. For example, the execution of a *nunc pro tunc* patent assignment agreement between PUM and Levino, now or in the future, declaring the patents-in-suit to have been assigned to PUM at some point after it gained existence as a legal entity organized under the laws of Texas but prior to the commencement of this action, would fail to correct the lack of standing. *See Gaia Technologies, Inc. v. Reconversion Technologies, Inc.*, 93

Cir. 2007) ("Notwithstanding the language of the 1999 Assignments and Marcucci's intent, the fact remains that DMA did not exist as a corporate entity in 1999 when Marcucci purported to transfer an interest in his medical claims to DMA because that entity had been dissolved by proclamation the year before. Since an assignment to a nonexistent entity plainly is ineffective to divest the assignor's entire interest, insofar as Marcucci attempted to transfer his claims to DMA, they remained his property despite the paperwork that he signed.")

[4] PUM may argue the putative assignment should be enforced because it evinces an intent to transfer the patents to PUM. While it is possible this could support equitable title to the patents-in-suit, "equitable title to the patent is insufficient to confer standing to sue for legal relief from infringement." *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 1343 (Fed. Cir. 2007). Federal Circuit precedent provides that only the legal owner may seek legal relief for patent infringement. *Arachnid*, 939 F.2d at 1579.

F.3d 774, 779-80 (Fed. Cir. 1996), *amended by* 104 F.3d 1296 (Fed. Cir. 1996) (holding that a *nunc pro tunc* patent assignment agreement "is not sufficient to confer standing . . . retroactively").

CONCLUSION

For the foregoing reasons, Google respectfully requests that this Court dismiss PUM's patent infringement claims against Google for lack of standing.

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CERTIFICATE OF SERVICE

I, David E. Moore, hereby certify that on August 2, 2011, the attached document was electronically filed with the Clerk of the Court using CM/ECF which will send notification to the registered attorney(s) of record that the document has been filed and is available for viewing and downloading.

I further certify that on August 2, 2011, the attached document was Electronically Mailed to the following person(s):

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