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) **PUBLIC VERSION**
GOOGLE, INC., Counterclaimant, v. PERSONALIZED USER MODEL, L.L.P. and YOCHAI KONIG, Counterclaim-Defendants.	

PERSONALIZED USER MODEL, L.L.P.'S ANSWERING BRIEF IN OPPOSITION TO GOOGLE INC.'S MOTION FOR A STAY OF THE PROCEEDINGS

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TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES

Page(s)

CASES

STATUTES

OTHER AUTHORITIES

I. NATURE AND STAGE OF PROCEEDINGS

In March 2011, some four years after receiving actual notice of U.S. Patent No. 6,981,040 ("the '040 patent"), almost two years after plaintiff Personalized User Model ("PUM") filed this lawsuit, and two months after the Court conducted a *Markman* hearing in this case, Defendant Google, Inc. ("Google") filed its request for *inter partes* reexamination of the '040 patent. It filed another request for *inter partes* reexamination of U.S. Patent No. 7,685,276 ("the '276 patent") five months later in August, 2011. Google then waited an additional 1½ years from its first request to file the present Motion to Stay, which it filed only hours before PUM's request to set a trial date was to be heard.

This Motion is Google's latest attempt to derail this case. Google first sought to transfer the case to California. After that motion was denied, Google entered into a sham transaction in which it purported to "purchase" for the duration of this litigation any patent rights allegedly held by SRI International, inventor Dr. Yochai Konig's former employer. Google then moved for leave to file an early summary judgment on this "ownership" issue. That motion for leave was denied. Google next filed a motion to dismiss based on PUM's alleged lack of standing. That motion was also denied. Now, with fact discovery closed, expert discovery near completion, and trial fast approaching, Google seeks a stay pending reexamination. The Court should reject Google's latest tactic to deny PUM its day in court.

II. SUMMARY OF ARGUMENT

The Federal Circuit has made clear that a party seeking an indefinite stay, as Google is here, must first demonstrate a "pressing need" for the stay. *See Cherokee Nation of Oklahoma v. United States*, 124 F.3d 1413, 1416 (Fed. Cir. 1997). Google has not even attempted to demonstrate any such "pressing need." This failure alone dooms Google's Motion.

In addition to failing to meet this threshold standard, none of the factors courts typically consider support granting a stay in this case.

First, granting a stay would greatly, and likely irreparably, prejudice PUM, and provide Google a clear and unfair tactical advantage. This hard fought case has been pending for more than three years. A stay would ensure that it would be many more years before PUM could proceed on just liability issues. Because the issues of damages and willfulness were bifurcated for both discovery and trial, it would be years more before the trial of all issues would conclude. Worse still, because Google's technology is fast-changing, PUM's present infringement claims would likely be stale when the reexaminations are over, at which time PUM would have to start discovery anew. A stay would thus effectively deprive PUM, a small company whose principals include the inventors of the patents-in-suit, of the opportunity to enforce its patent rights against Google. In stark contrast, Google, as one of the world's largest and most successful companies, has the resources to proceed to trial as soon as dispositive motions are decided.

Second, the late stage of this case strongly weighs against a stay. This lawsuit was filed over three years ago. Claim construction is complete. Fact discovery is complete.[1] Rebuttal expert reports are being exchanged and expert discovery will close in about six weeks from the submission of this brief. And, although the Court has not set a trial date, it advised the parties to be prepared for trial shortly after dispositive motions are decided. Google cites no case where a stay has been granted in these circumstances and so close to trial.

Finally, a stay will neither simplify the issues at trial nor serve the interests of the Court. Almost all the work has already been done in this case, such that there are no efficiencies to be gained from a stay. But a stay would likely ensure that the case would have to be restarted to

[1] Fact discovery had been re-opened for the limited purpose of allowing discovery on Google's newly-introduced Portrait functionality. That discovery is now complete.

address the then-current technology. Moreover, contrary to Google's assertions, the reexamination proceedings are nowhere near complete. The parties are still waiting for the Examiner in the '040 reexamination (a different Examiner than in the '276 proceeding) to respond to the latest round of party responses. In the '276 proceeding, PUM recently filed two petitions, including one asking to re-open prosecution based on new and material evidence. Even if those petitions are rejected, as Google acknowledges, PUM's appeal before the Board of Patent Appeals and Interferences ("BPAI") will proceed on the '276 patent. None of the claims have been amended in either proceeding, such that no claim amendments need be addressed here. In addition, in this case Google has asserted many more grounds for invalidity than those being addressed in the *inter parties* proceedings, including defenses under 35 U.S.C. §§ 101, 102, 103, and 112, as well as issues regarding license/ownership and laches. None of these issues will be decided in the reexaminations.

For these reasons and others, the Court should reject Google's most recent effort to block this case from proceeding to trial and deny the Motion to Stay.

III. STATEMENT OF FACTS

PUM filed this lawsuit against Google on July 16, 2009—over three years ago—seeking damages arising from Google's infringement of the '040 patent. (D.I. 1.) The '040 patent claims technologies related to personalized information services that Google performs across its products. PUM filed a First Amended Complaint on April 22, 2010, adding claims for Google's infringement of the '276 patent, which issued on March 23, 2010 from a continuation application claiming priority to the same application as the '040 patent. (D.I. 39.) Google answered the First Amended Complaint on May 10, 2010, asserting defenses of non-infringement, invalidity and/or unenforceability under 35 U.S.C. §§ 101, 102, 103, and 112, and lack of standing and

asserting counterclaims for declaratory judgment of non-infringement and invalidity and/or unenforceability. (*See* D.I. 48.) Google subsequently filed a First Amended Answer and Defenses to PUM's First Amended Complaint on February 3, 2011, adding defenses of laches and lack of standing, and Counterclaims and a Third Party Complaint against co-inventor Dr. Yochai Konig alleging that Google is a rightful co-owner of the patents-in-suit, and asserting claims for breach of contract, conversion, and imposition of a constructive trust. (*See* D.I. 178.)

A. This Case is in a Late Stage and Will Be Trial-Ready in a Few Months.

Contrary to Google's assertion, fact discovery is complete. It closed more than a year ago, on June 10, 2011. It was re-opened recently only for the limited purpose of allowing discovery on Google's newly-announced Portrait functionality.[2] That limited fact discovery also is now complete.

The parties have conducted extensive fact discovery during the three plus years of litigation prior to this motion. PUM provided 19 supplemental responses to Google's First Set of Interrogatories and three supplemental responses to Google's Second Set of Interrogatories. PUM has produced approximately 234,000 pages of documents and Google has produced approximately 614,000 pages of documents. The parties have taken 37 fact witness depositions. There are no outstanding discovery requests.

Claim construction is also complete. The parties briefed their claim construction positions and the Court held a *Markman* hearing on January 11, 2011. The Court issued its extensive Claim Construction Opinion nine months ago on January 25, 2012. (D.I. 348.)

Finally, expert discovery is well underway and trial is fast approaching. PUM served its 285-page Expert Report of Dr. Michael J. Pazzani regarding infringement and Google served its

[2] Specifically, Google produced about approximately 200 pages of documents (excluding Portraits themselves), made a limited amount of code available for inspection, and provided a single Rule 30(b)(6) deponent.

opening invalidity report more than five months ago, on April 11, 2012. [redacted] *See* Ex. 1; D.I. 366.[3] Rebuttal expert reports are due in one week, September 28, 2012; depositions of expert witnesses are to be noticed and completed by November 14, 2012. Case dispositive motions are to be filed by December 3, 2012. (D.I. 389.) The Court stated during the August 31, 2012 hearing that if it denies Google's proposed summary judgment motions, "then at that point, the case will be ready for trial, and we will move to trial as promptly as everybody's schedule permits at that point." (8/31/12 Tr. at 24.)

B. The Reexamination Proceedings.

Google's delay in filing its reexaminations. Google waited until March 2011 to file its first request for *inter partes* examination, notwithstanding having had knowledge of the '040 patent since at least 2007, and having been put on notice of the relevance of the '040 patent to Google's technology in January 2008. Google obtained actual knowledge of the '040 patent no later than April 2, 2007, when an examiner rejected Google's U.S. Patent Application No. 10/676,711, as being unpatentable over U.S. Patent No 6,008,218 in view of the '040 patent. *See* Ex. 4. PUM also directly contacted Google to notify it about the relevance of the '040 patent to its products in two separate letters dated January 22, 2008, and February 15, 2008. *See* Exs. 5-6. Google ignored these letters. But rather than seek reexamination before suit was filed or shortly

[3] The expert deadlines were later extended again in light of the additional discovery on the Portrait functionality. (*See* fn. 2 supra). PUM also acceded to Google's request to delay expert reports due to the honeymoon and maternity leave of Google's key attorneys, again with the understanding that it would not be used against PUM in any motion to stay. *See* Exs. 2-3.

thereafter, Google waited until after the Court held a *Markman* hearing and three months before the close of fact discovery to file its reexamination request for the '040 patent. It then filed its request for the '276 patent after fact discovery closed. Google waited despite being aware of much of the prior art that forms the bases of its reexamination petitions long before it filed them. For example, in this litigation, Google, on July 19, 2010, disclosed each of the primary references (Culliss, Refuah, Wasfi, and Mladenic) on which it relies in the '040 reexamination—***eight months before*** it filed for reexamination of the '040 patent and ***over one year before*** it filed for reexamination of the '276 patent. *See* Ex. 7, at 8-9. Google then waited another 1½ years to file its Motion for a Stay, only hours before the Court was to hear PUM's argument requesting a trial date.

The reexamination proceedings are nowhere near completion. As Google concedes, no final office action has yet issued in the '040 proceedings. Both parties have responded to an April 19, 2012 Action Closing Prosecution ("ACP"). PUM expects prosecution to be re-opened based on new evidence presented to the Examiner. This evidence includes the declaration of Dr. Charles Nicholas setting forth a detailed analysis regarding why each of the five references before the Examiner in '040 proceeding does not invalidate the claims. The new evidence also includes the declaration of Dr. Jaime Carbonell, and correspondence between Dr. Carbonell and Dunja Mladenic, an author of one of the primary references, in which Ms. Mladenic states that a figure in the reference does not disclose the output of her Personal WebWatcher system.[4] Ms. Mladenic's clarification ***contradicts*** Google's interpretation of the reference's teaching. Prosecution may also be re-opened in the '276 proceedings. On September 13, 2012, PUM filed

[4] PUM's second petition under 37 CFR 1.183 requests that the Examiner enter into the record the May 21, 2012 submission from the '040 proceeding and the accompanied expert declaration, and the Declaration of Dr. Carbonell referred to above.

two petitions, including a petition under 37 CFR §1.182 requesting that the Examiner re-open prosecution based on this new, material evidence.

But even if prosecution is not re-opened, it will be years before the reexaminations are resolved. PUM filed a Notice of Appeal in the '276 proceedings to the BPAI on September 17, 2012. Along with the Notice of Appeal, PUM also filed a petition under 37 CFR §1.183 requesting an extension of time to file an appeal brief until after a decision is made on the two pending petitions. If the request for extension is denied, PUM will have two months to file an appeal brief, and Google will have a month to file a responsive brief. The Examiner may then prepare an Examiner's answer, to which both PUM and Google may respond. The parties can then submit a request for an oral hearing before the BPAI. Additionally, the Director may *sua sponte* order the proceeding remanded to the Examiner. If the proceeding is not remanded, an oral hearing will take place in front of the BPAI, which would then issue a decision. *See* Ex. 8. On average it takes around 18 months (542 days) from the filing of the appeal brief until a decision is reached by the BPAI -- from a minimum of 9 ½ months to a maximum of 44 months. *See* Ex. 9. Subsequently, any party can appeal the BPAI decision to the Federal Circuit, which is inevitable in this case, regardless of outcome. 37 CFR §1.983. According to statistics available on the Federal Circuit's website, the median time for disposition in cases arising from a BPAI appeal was 11.2 months in 2011. *See* Ex. 10.[5]

As a result, it is likely that both reexamination proceedings will not conclude until 2017 or perhaps later. Should Google's Motion for a Stay be granted, this case will then start all over again. By that time, PUM, if it still exists, may have only a few years left on its patents, which claim priority from a December 1999 provisional application.

[5] The same procedures will follow for the '040 patent should the Examiner reject any claims in that reexamination proceeding.

IV. ARGUMENT

A. Applicable Legal Standards.

Whether to stay patent infringement litigation pending a PTO reexamination is a matter left to the Court's sound discretion. *See Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1426-27 (Fed. Cir. 1998); *see also SoftView LLC v. Apple Inc.*, Case No. 1:10-cv-389-LPS, 2012 U.S. Dist. LEXIS 104677 (D. Del. July 26, 2012). How to best manage the court's docket "calls for the exercise of judgment, which must weigh competing interests and maintain an even balance." *Landis v. North American Co*., 299 U.S. 248, 254-5 (1936). The Federal Circuit, in applying *Landis*, described this balance as follows:

> In deciding to stay proceedings indefinitely, a trial court must first identify a pressing need for the stay. The court must then balance interests favoring a stay against interests frustrated by the action. Overarching this balancing is the court's paramount obligation to exercise jurisdiction timely in cases properly before it.

Cherokee Nation of Oklahoma v. United States, 124 F.3d 1413, 1416 (Fed. Cir. 1997).

The factors courts typically consider in deciding how to exercise this discretion include: (1) whether a stay will simplify the issues and trial of the case; (2) the stage of litigation, including whether discovery is complete and a trial date has been set; and (3) whether a stay would unduly prejudice or present a clear tactical disadvantage to the non-moving party. *See, e.g., St. Clair Intellectual Property v. Sony Corp.*, 2003 WL 25283239, at *1 (D. Del. Jan. 30, 2003). Furthermore, the party seeking a stay generally must make out a clear case of hardship or inequity in being required to go forward, if there is even a fair possibility that the stay for which he prays will work damage to someone else. *St. Clair Intellectual Property Consultants, Inc. v. Fujifilm Holding Corp.*, 2009 WL 192457, at *1 (D. Del. Jan. 27, 2009) (citing *Landis*, 299 U.S. 248, 254 (1936)). In this case, each of these three factors militates against a stay.

B. Google Identifies No Pressing Need for a Stay.

The Federal Circuit has made clear that before it may stay proceedings indefinitely, the court "must first identify a pressing need for the stay." *Cherokee Nation*, 124 F.3d at 1416. This Court has repeatedly recognized that reexaminations cause long, indefinite delays. *Life Techs. Corp. v. Illumina, Inc.*, 2010 WL 2348737, at *2 (D. Del. June 7, 2010) (noting potential prejudice from long delay and "*the indefinite nature of the stay*") (emphasis added); *Power Integrations Inc. v. Fairchild Semiconductor Int'l Inc.*, C.A. No. 08-309-JJF-LPS, 2008 WL 5335400, at *2 (D. Del. Dec. 19, 2008) ("No one can predict the outcome or the timing of these proceedings."). The stay that Google seeks is indefinite. Google does not even attempt to estimate the length of the stay it seeks. Despite these facts, Google fails to articulate any pressing need for a stay. Surely Google cannot argue that proceeding to trial in 2013 will cause it an undue financial hardship. Having failed to meet this threshold, Google's Motion for a Stay should be denied.

C. Each of the Factors Weigh Heavily Against Staying this Case.

In the event the Court finds this threshold issue satisfied, each of the factors courts typically examine in deciding this issue weighs heavily against granting a stay in this case.

1. A Stay Would Unduly Prejudice PUM and Would Provide Google with a Clear and Unfair Tactical Advantage.

a) A Stay Would Unduly Prejudice PUM

PUM is a small company, whose principals include the inventors of the patents-in-suit. PUM is already three years into this David vs. Goliath dispute. Should a stay be granted, it will be many years more before PUM can finally be made whole for Google's infringement, especially in light of the fact that damages and willfulness were bifurcated for both discovery and trial. This prolonged litigation has consumed precious resources, not only in terms of

money, but in terms of the time of the inventors Dr. Konig and Mr. Twersky. PUM already has invested most of its limited resources in this litigation, and a stay at this very late stage would be extremely prejudicial to it.

First, a stay would cause PUM substantial additional expense. Given the fast moving pace of the technology at issue, were this matter to be delayed years more the evidence collected to date would likely become stale and the parties would need to re-open discovery to address then current products. Google's now-accused Portrait functionality, for example, was not announced until after fact discovery closed. This Court recognizes that delays resulting from reexaminations in fast moving technology areas disproportionally impacts plaintiff:

> a delay going forward would disproportionally impact the plaintiff's ability to make out its case on infringement as opposed to the impact it would have on defendants and their ability to prove their case. These are computer related patents. Systems in the computer industry can quickly change, people move on, technology becomes obsolete, and the Court is just concerned that that reality unfairly and disproportionately harms of the plaintiff in this particular case.

Intellectual Ventures I LLC, et al., v. Altera Corp., C.A. No. 10-cv-1065-LPS (D. Del. Feb. 15, 2012) (Tr. at 53-54) ("*Intellectual Ventures*") (Ex. 11); s*ee also Xerox Corp. v. Google, Inc.*, C.A. No. 10-cv-136-LPS (D. Del. Feb. 28, 2011) (Tr. at 27) ("Given that the technology here is a computer technology, I think that any delay hurts the plaintiff even more give that the defendants' products may very rapidly change, which could make it that much harder to prove what they looked like at a particular time.") (Ex. 12); *Cooper Notification, Inc. v. Twitter, Inc.*, No. 09-cv-865-LPS, 2010 WL 5149351, at *4 (D. Del. Dec. 13, 2010) ("Much of the evidence Cooper must amass to prove infringement exists in the minds of witnesses, whose memories will inevitably fade, and who may be difficult to find as time passes. Infringement will also depend to some extent on how Defendants' accused products and services function today, which will be harder to prove years from now."). A prolonged delay would also increase the likelihood that

the evidence already collected will be lost or forgotten. *See, e.g., SoftView LLC*, U.S. Dist. LEXIS 104677, at *13-14 ("resuming litigation after a protracted stay could raise issues with stale evidence, faded memories, and lost documents"). Indeed, to make its case at trial and demonstrate how the accused products work, PUM will rely heavily on evidence that will likely be presented through Google's witnesses, who may no longer be employed by Google or whose memories may fade with time.[6] Conversely, the evidence on which Defendants would rely to prove invalidity is primarily prior art references, which will not change with the passage of time. *Xerox Corp*., Case No. 10-cv-136-LPS (Tr. at 27-28) ("it seems less likely that the defendants will be harmed in an evidentiary way by delay because their invalidity case will be based necessarily on prior art which I think will require less, will depend less on fact testimony that is time specific."); *see also SoftView LLC,* U.S. Dist. LEXIS 104677, at *14 ("Defendants must rely on…primarily prior art.., which seemingly will not change and is less likely to become more difficult to locate with the passage of time.")

Second, a stay would prejudice PUM by denying it its chosen forum. Numerous courts have recognized this prejudice. *See, e.g., Intellectual Ventures*, C.A. No. 10-1065-LPS (Tr. at 53):

> Next, the Court has considered whether granting a stay would unduly prejudice plaintiffs and provide defendants a clear and unwarranted tactical advantage. The Court concludes that it would. An indefinite stay from this point forward would deprive essentially plaintiff of this choice of the forum for this litigation even after prevailing on the motion to transfer. It would deprive the plaintiff indeed of any Federal Court forum to resolve the disputes it has chosen to litigate in an effort to enforce its patents; deprived,

[6] Google is likely to argue, as it has in the past, that PUM waited two years before filing this lawsuit, and this delay has caused witnesses memories to fade. Prior to filing this lawsuit, in attempt to avoid litigation, PUM sent Google two separate letters in 2008 notifying Google of the relevance of the '040 patent to Google's products. It was only after Google failed to respond to either letter that PUM filed this lawsuit, in July, 2009. *See* Exs. 5-6.

> that is, for the length of the indefinite stay sought by the defendants.

see also Cooper Notification, 2010 WL 5149351 at *3 (staying this litigation in favor of the PTO proceeding would grant Defendants their choice of forum - here, for no good reason"); *SoftView LLC*, U.S. Dist. LEXIS 104677, at *13 ("[s]taying this litigation in favor of the reexamination proceedings would provide [Defendants] with its choice of forum without any compelling justification for doing so"). PUM chose to file this litigation in this District to resolve its allegations of patent infringement, including any potential validity challenges to the patents-in-suit. Denying PUM this forum in favor of the PTO harms PUM particularly where, as here, Google offers no pressing need for the stay.

b) A Stay Would Provide Google with an Unfair Tactical Advantage

Google will gain an unfair tactical advantage if this case is stayed. First, after its many attempts to derail this case, Google will have won a war of attrition. Google waited until two years into the litigation to file reexamination requests despite being aware of much of the art on which it relies long before. Google then waited another 1 ½ years to file the present motion. During that time, both PUM and the Court have invested significant resources in this case. Google should not be rewarded for its dilatoriness. *See Belden Techs. Inc. v. Superior Essex Comms. LP*, Civ. No. 08-63-SLR, 2010 WL 3522327, at *2 (D. Del. Sept. 2, 2010) (denying stay because of the prejudice in delay of the filing of the motion to stay).

A stay would provide Google other tactical advantages as well. For example, although Google argues that the Court should not be concerned about the delay caused by a stay because the term of the patents will extend into the 2025 and 2030 respectively (D.I. 385, at 14), this is not correct. Under 35 U.S.C. § 154, the statutory period of exclusion begins on the date the patent issued and concludes 20 years after the filing date of the application. Both asserted

patents claim priority to an application filed in December 1999. The patents, therefore, expire in 2019 absent a term extension. Because it may be 2017 or later before all of the appeals on the reexamination are exhausted, if this case is stayed it is quite possible that the patents will expire prior to the final resolution of this case, resulting in a huge tactical win for Google. Google would be able to continue infringing throughout the terms of the patents. Even if PUM proceeded on past damages, Google would still be able to use the fact that PUM's patents had expired (or were about to expire) to its advantage in front of the jury.

2. The Advanced Stage of This Case Weighs Heavily Against a Stay: Discovery Has Closed and the Litigation Is in Its Late Stage.

Obviously cognizant of the present stage of the litigation, Google misstates facts in attempt to make its square-peg-late-stage reexamination request fit into the round-hole-early-stage reexamination model that it alleges is supported by its cited cases. For example, fact discovery is not "active and on-going" as Google argues (D.I. 385 at 10), but is complete. Opening expert reports have been served. Rebuttal reports, which would have been served months ago but for Google's requested extensions, will have been served by the time this motion is fully briefed. Expert discovery is scheduled to close only a matter of weeks from now, on November 14, 2012, with case dispositive motions to follow in early December.

Nor was reexamination requested "early in the suit." (D.I. 385 at 12). Rather, fact discovery was about to close when Google filed its first reexamination request and was closed when it filed its second request. Claim construction was fully briefed and the Court had held a *Markman* hearing. The parties had taken 37 depositions, exchanged hundreds of thousand pages of documents, and had answered more than 76 Interrogatories. Google then waited another year and a half to file this Motion for a Stay. This case, then, is quite unlike Google's cited cases

where the reexaminations were filed within months of the filing of the lawsuit.[7]

Google's next assertion that "few of this Court's resources have yet been expended" (D.I. 385, at 11) to justify a stay is also misguided. The Court has ruled on Google's Motion to Transfer Venue, Google's Motion for Leave to File an Early Summary Judgment Motion, reviewed lengthy claim construction briefing, held a *Markman* hearing, reviewed post-hearing briefing, written and issued a 52 page *Markman* Opinion and Order construing 18 separate terms/phrases, ruled on Google's Motion to Dismiss, and has held at least eight discovery teleconferences. It cannot be seriously disputed that both the parties and the Court have expended significant resources litigating this case. *See SoftView LLC*, U.S. Dist. LEXIS 104677, at *12 ("substantial resources have been devoted in this case to scheduling and resolution of discovery disputes, as well as Defendants' motions to sever, stay, and dismiss.") The resources already invested by the Court warrant denial of the stay.

3. A Stay Will Not Resolve All Issues or Serve PUM's or the Court's Interests.

a) The Reexamination is Ongoing

Contrary to Google's assertion, a stay is not likely to simplify the proceedings at this time because the reexaminations are nowhere near completion. And the claims are the same today as they were when the case was filed; no claims have been amended.

As described in the Statement of Facts, a final office action or a Right of Appeal Notice has not even issued yet in the '040 proceedings. Both PUM's and Google's responses to the

[7] *E.g., Wall Corp v. Bonddesk Group LLC*, 2009 U.S. Dist. LEXIS 20619 (D. Del. Feb. 24, 2009) (reexamination requested five months after lawsuit filed); *Enhanced Security Research LLC v. Cisco Systems, Inc.*, 2010 U.S. Dist. LEXIS 63789 (D. Del. June 25, 2010) (reexamination requested six months after lawsuit filed); *Mission Abstract Data LLC v. Beasley Broadcast Group Inc.*, C.A. No. 11-176-LPS, 2011 U.S. Dist. LEXIS 130934 (D. Del. Nov. 14, 2011) (reexamination requested five months after lawsuit filed).

Examiner's April 19, 2012 ACP are pending before the Examiner. PUM, moreover, believes that its arguments and the new, material evidence discussed previously will overcome the Examiner's initial rejections. PUM also believes there is a high likelihood that prosecution will be reopened in the '276 reexamination based on the previously-discussed new evidence. But, as stated previously, even if the '276 prosecution is not reopened, it will be years before the reexaminations are finally resolved. *SoftView LLC*, 2012 U.S. Dist. LEXIS 104677, at * 12 ("The reexamination are likely to require several years to reach a final resolution), *citing Life Tech. Corp.*, 2010 WL 2348737, at *2 ("[R]eexaminations… are likely to take 6 to 8.5 years to reach a final decision."). Moreover, and notwithstanding Google's assertions to the contrary,[8] the outcome of the reexaminations is far from certain. *Power Integrations*, 2008 WL 5335400, at *2 ("No one can predict the outcome or the timing of [reexamination] proceedings" or the appeals therefrom).

b) A Stay Would Complicate, and Not Simplify, the Proceedings

A stay is more likely to complicate and not simplify the proceedings given the advanced stage of the case. As discussed above, fact discovery is complete. The claims have been construed. If anything, a stay would only complicate the proceedings because the passage of time would necessitate discovery into new products that have not yet been developed.

Second, it is undisputed that the issues before the PTO and this Court do not completely overlap. A stay is, therefore, inappropriate. *See, e.g.*, *Belden Techs. Inc.*, 2010 WL 3522327, at *2 ("[A] stay is more appropriate when the only issues left for trial ***completely overlap*** with

[8] The statistics to which Google cites at page 13 of its Motion are either irrelevant or misleading. For example, Google cites statistics related to *ex parte* reexaminations, which are wholly irrelevant to *inter partes* reexamination proceedings. And the statistics on page 13 relating to the number of claims confirmed, cancelled or changed in an *inter partes* proceeding actually support PUM's position that claims are more likely to survive than have all claims cancelled.

those typically resolved upon reexamination . . . . [A] stay is not favored when infringement, validity under 35 U.S.C. § 112, or other issues . . . remain to be tried.") (emphasis added); *see also St. Clair v. Fujifilm*, 2009 WL 192457 at *2 (denying stay where infringement and damages were likely to remain significant and disputed issues). Here, Google raises defenses in this litigation that go substantially beyond the issues that will be decided in the reexamination proceedings. Google has disputed infringement, and alleged invalidity under Sections 101, 102, 103, and 112. None of these issues will be addressed during reexamination. Moreover, there are Section 102 and 103 issues that Google has raised in this litigation that will not be resolved in the reexamination. For example, because only patents and printed publications are examined in an *inter partes* proceeding (37 CFR 1.906), the marketing materials from third party Autonomy that Google has asserted as prior art are not before the PTO. *See* Ex. 13. Likewise, one of the primary references Google has asserted as prior art in this case, Joachims, is also not before the PTO. *Id.* Thus, assuming the patents emerge from reexamination, the PTO will not even resolve all validity issues in this case.[9]

Google's arguments to the contrary are without merit and its cases are inapposite. Google cites extensively to *Enhanced Sec. Research, LLC v. Juniper Networks, Inc.*, No. 09-571, WL 5420147, at *2, to support its position a stay is appropriate. There, however, the litigation was at an early stage—discovery was not yet complete, and parties had not taken depositions or responded to interrogatories. *See also Southwire Co. v. Cerror Wire Inc.*, 750 F. Supp. 2d 775, 777, 780 (E.D. Tex. 2010) (case was at an early stage—a *Markman* hearing had not yet occurred, expert reports had not yet been exchanged, discovery was not completed, and summary judgment motions had not been filed). Moreover, here, unlike in *Southwire*, there have been no

[9] Google also has raised the defenses of laches, lack of standing, and intervening rights, and has brought counterclaims relating to infringement, invalidity, ownership, breach of contract and an imposition of a constructive trust. (D.I. 178.)

amendments to the claims. Also, unlike in *Pegasus Dev. Corp. v. DirecTV, Inc.*, 2003 U.S. Dist. LEXIS 8052 (D. Del. 2003), this action is not "quite complex" from a prosecution sense. The patentee in *Pegasus* had filed "more than 300 related patent applications based upon an original patent application… [containing] an estimated 10,000 claims," all of which could have been relevant to the litigation. *Id.* at *5-7. There are no such facts here.[10]

4. Google's Other Arguments Should be Rejected.

Lastly, Google attempts to deflect from the severe prejudice PUM would suffer from a stay by raising a series of additional arguments, none of which have any merit.

First, Google asserts that a stay is appropriate because PUM does not compete with Google. That the parties do not presently compete is not a basis to stay this case. *See, e.g., Intellectual Ventures*, No. 10-cv-1065-LPS (Tr. at 54) (stay denied where plaintiff was a non-practicing entity). Moreover, this is not a situation where Plaintiff merely purchased patents on the marketplace to bring litigation. PUM's principals founded Utopy in 1999 and developed the technology at issue, including their product Market Edge. In October of 2000 they offered Market Edge to beta users. *See* Ex. 14, at 5. Utopy was a practicing entity, and but for Google's infringement, might still be. Additionally, staying this case will also interfere with PUM's ability to license the patents-in-suit, which is a recognized consequence of a reexamination proceeding.[11]

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[10] Google also cites *Canady v. Erbe Elektromedizin GmbH*, 271 F. Supp. 2d 64, 68 (D. D.C. 2002) for the proposition that "wait[ing] for reexamination results… will simplify litigation by eliminating, clarifying, or limiting the claims." But *Canady* dealt with whether an already implemented stay should be lifted during the pendency of a reexamination proceeding, not whether a stay should be granted. *See id.* This is wholly different situation.

[11] *See, e.g.*, Raymond A. Mercado, *The Use and Abuse of Patent Reexamination: Sham Petitioning Before the USPTO*, 12 COLUM. SCI. & TECH. L. REV. 92 (2011) ("An unwarranted reexamination proceeding has an effect on patent rights analogous to that of an improper lis pendens filing on real estate: 'it puts a cloud on title,' vastly complicating

Second, Google uses possible jury confusion to justify stay. But it is far from certain that evidence of an ongoing reexamination would be before the jury. *Power Integrations Int'l, Inc. v. Fairchild Semiconductor, Int'l, Inc.*, C.A. No. 04-371-JJF, 2006 U.S. Dist. LEXIS 100909, *3 (D. Del. Sept. 14, 2006) (granting plaintiff's motion to preclude any reference at trial to the reexamination of plaintiff's patents before the jury because the potential prejudice of having the jury hear that the patents have been called for review by the PTO outweighs the probative value of the evidence). Additionally, unlike in *Dura Global Techs., LLC v. Magna Int'l Inc.*, 2011 U.S. Dist. LEXIS 122679 (E.D. Mich. Oct. 24, 2011) cited by Google, the issue here is whether the prosecution history of a pending reexamination would be before the jury whereas in *Dura Global* the issue related to whether the reexamination materials would be helpful before claim construction or trial. And, as numerous courts recognize, the additional prosecution history of the reexamination may actually complicate issues in the case rather than simplify them.[12]

Third, Google argues that the large amount of time remaining on the patents favors a stay (D.I. 385, at 14). But, as explained previously, Google miscalculates that time remaining on the patents. In reality, granting the stay may well mean that this case is not fully resolved until after the patents-in-suit expire, providing Google a clear, tactical advantage.

Fourth, Google argues there is a significant possibility that the reexamination process will result in a rejection of all claims or encourage settlement. Google offers nothing but speculation to support this assertion, however. As Judge Robinson has noted, "[i]t is the rare case in which a reexamination proceeding concludes in a reasonable time and actually changes the character of the case." *Kenexa Brassring, Inc. v. Taleo Corp.*, No. 07-521-SLR (D. Del. Feb. 18, 2009) (slip

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the attempt to enforce the patent right of exclusion, and effectively precluding the sale or licensing of the patent—at least for anything more than a fraction of its true value. . . .")

[12] *See Roy-G-Biv Corp v. Fanuc Ltd.*, 2009 WL 1080854, at *2 (E.D. Tex. April 14, 2009) (denying stay where reexamination unlikely to result in simplification of issues).

Op. at 1) (Ex. 15). In fact, she could not "recall having experienced such a case, despite [her] 18 years on the bench." *Id*. at n.1. Were the mere possibility that a reexamination could result in a final rejection of claims or drive settlement suffice, a stay would be granted in every case.

Finally, with respect to Google's putative harm, courts deciding whether to grant a stay consider the harm to the *non-moving* party, not the movant. *See SoftView LL*C, 2012 U.S. Dist. LEXIS 104677, *7. Were the situation otherwise, the movant could always cite to the financial burden of having to litigate its case. A defendant cannot rely on its "invest[ment] of substantial resources" (i.e., its own litigation costs) to make out a "clear case of hardship or inequity." *See Cooper Notification, Inc.*, slip op. at fn. 1 (finding Defendants failed to make a showing of a clear hardship or inequity in the absence of a stay where "[t]he only prejudice Defendants argue they will incur in proceeding with the litigation is added cost."). Google, moreover, is far more able to invest resources in litigation than PUM is able to weather a stay. In any event, most of those resources have already been spent during the three years of hard-fought litigation that occurred before Google filed its reexamination requests or the present motion. After engaging in three years of "scorched earth" litigation, Google complaint that, absent a stay, it will be "burdened by needlessly litigating" the case rings hollow.

CONCLUSION

For the reasons stated above Google's Motion for a Stay should be DENIED.

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