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**

MEMORANDUM IN SUPPORT OF GOOGLE'S MOTION FOR SUMMARY JUDGMENT ON ITS BREACH OF CONTRACT COUNTERCLAIM, ITS DECLARATION OF OWNERSHIP COUNTERCLAIM, AND ITS AFFIRMATIVE DEFENSE OF LACK OF STANDING

OF COUNSEL:
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
Charles K. Verhoeven
David A. Perlson
Joshua Lee Sohn
Antonio R. Sistos
Margaret Pirnir Kammerud
50 California St.
San Francisco, CA 94111

Andrea Pallios Roberts
555 Twin Dolphin Drive, Suite 560
Redwood Shores, CA 94065

Richard L. Horwitz (#2246)
David E. Moore (#3983)
Bindu A. Palapura (#5370)
POTTER ANDERSON & CORROON LLP
Hercules Plaza, 6th Floor
1313 N. Market Street
Wilmington, DE 19801
Tel: (302) 984-6000
rhorwitz@potteranderson.com
dmoore@potteranderson.com
bpalapura@potteranderson.com

Attorneys for Defendant Google Inc.

Dated: December 6, 2012
PUBLIC VERSION
Dated: December 13, 2012
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NOTES ON CITATIONS

Unless otherwise noted, all Exhibits (denoted with an "Ex.") are Exhibits to the Declaration of Andrea P. Roberts, filed concurrently herewith. Citations to the body of the Declaration of Andrea P. Roberts are denoted with "Roberts Decl."

U.S. Patent No. 6,981,040, one of the patents-in-suit, is referred to herein as "'040 Patent." U.S. Patent No. 7,685,276, the other patent-in-suit, is referred to herein as "'276 Patent."

Nature and Stage of the Case

Google files this motion for summary judgment on its counterclaims for breach of contract against Yochai Konig and for a declaration that Google co-owns the patents-in-suit. As co-owner, Google has a right to practice the patents and PUM lacks standing.

Summary of Argument

PUM served two different interrogatory responses stating that inventions in the patents-in-suit were conceived "no later than July 1999," while Konig was indisputably employed by SRI International ("SRI"). Konig's SRI Employment Agreement obliged him to assign to SRI any inventions conceived during his employment, unless the inventions were unrelated to Konig's work at SRI or to SRI's business or research. Konig's testimony and contemporaneous documents show that the patents relate to SRI's business and Konig's work at SRI. Yet, in breach of his contractual obligations, Konig did not transfer the patents to SRI. After Google purchased SRI's ownership rights to the patents-in-suit and the right to practice them, PUM amended its interrogatory responses to change the alleged conception to September 1999, after Konig had left SRI. This "sham" response should be rejected outright. Even if considered, however, it does not raise a genuine issue of material fact as to whether the patents are covered by the SRI Employment Agreement.

Statement of Facts

I. KONIG HAD A DUTY TO DISCLOSE AND TRANSFER TO SRI ANY INVENTIONS CONCEIVED OR MADE DURING HIS EMPLOYMENT.

From April 1996 through August 1999 Konig worked at SRI, a research and development entity that focuses heavily on the areas of computers and artificial intelligence. (*See* *http://www.sri.com/focus_areas/computing.html*; *http://www.ai.sri.com/about*). Konig's Employment Agreement with SRI required Konig to disclose and transfer to SRI any "discoveries, improvements, and inventions" that are "conceived or made by me" during the time of his employment, unless the

inventions fully qualifies for the exclusion under Section 2870 of the California Labor Code. (Ex. A). None of the § 2870 exceptions apply.

II. THE PATENTS RELATE TO SRI'S BUSINESS AND KONIG'S WORK FOR SRI.

Every asserted claim requires a "learning machine." [redacted] (Ex. B at 72:16-23; 73:5-7.) The asserted patents discuss using "speech recognition software" in the preferred embodiment. ('040 Patent, 18:50). They also state: "[t]he present invention, referred to as Personal Web, provides automatic, personalized information and product services to a computer user." (*Id.*, 7:4-6; '276 Patent, 7:6-8 (emphasis added).) [redacted]

III. PUM ASSERTS A "NO LATER THAN JULY 1999" CONCEPTION DATE AND CITES JULY 1999 DOCUMENTS TO SUPPORT THIS ASSERTION.

Google's Interrogatory No. 1 sought the conception date for the patents-in-suit. PUM's Second and Third Supplemental Responses to this Interrogatory, both citing the [redacted] documents discussed above, asserted that "the inventions claimed in the patents-in-suit were conceived and/or reduced to practice . . . no later than July 1999." (Ex. F at 3, 5) (emphasis added).

IV. GOOGLE ACQUIRES SRI'S RIGHTS TO THE PATENTS-IN-SUIT

Given PUM's assertions that the patents-in-suit were conceived while Konig was employed by SRI, Google entered into a Purchase Agreement with SRI on January 18, 2011 that granted

Google all of SRI's rights to the patents-in-suit, including "any perfected or unperfected claims of ownership that [SRI] may have" in the patents-in-suit. (Ex. G, § 4.1) Google also acquired "all . . . causes of action (whether known or unknown or whether currently pending, filed, or otherwise) and other enforcement rights under or on account of any of the Patents[-in-suit]." (*Id.* at § 4.2(c)). As consideration, Google paid SRI $40,000. (*Id.* at § 3). The next day, Google produced the Purchase Agreement and sought to amend its Answer to assert its ownership of the patents-in-suit. Google provided its draft Amended Answer to PUM on January 27. (Roberts Decl. ¶ 9, Ex. H).

V. PUM MANUFACTURES A NEW CONCEPTION DATE.

[redacted] (Ex. K at 582:14-20, 585:12-17). The next day, PUM served its Fourth Supplemental Response to Interrogatory No. 1, changing the conception date to "September 1999." (Ex. L at 5-6).

Argument

I. THERE IS NO GENUINE DISPUTE OF MATERIAL FACT THAT KONIG BREACHED HIS EMPLOYMENT AGREEMENT WITH SRI.

"The standard elements of a claim for breach of contract are (1) a contract, (2) plaintiff's performance or excuse for nonperformance, (3) defendant's breach, and (4) damage to plaintiff

therefrom." *Abdelhamid v. Fire Ins. Exch.*, 182 Cal. App. 4th 990, 999 (3d Dist. 2010).[1] Konig breached his Employment Agreement by failing to transfer the patents-in-suit to SRI, and summary judgment is appropriate as to Konig's breach of his Employment Agreement.

A. Konig's Employment Agreement Required Him to Disclose and Transfer His Inventions – Which Do Not Fall Within the § 2870 Exception – to SRI

Konig's Employment Agreement provided that Konig must "promptly disclose to SRI all discoveries, improvements, and inventions, including software, conceived or made" by him during his employment and "do all things which may be necessary, or in the opinion of SRI reasonably desirable, in order to effect transfer of ownership in or to impart a full understanding of such discoveries, improvements and inventions to SRI or its nominee and no other." (Ex. A). It is undisputed that he did neither as to the patents-in-suit.

Konig's Employment Agreement states that Konig's obligation to disclose and transfer his inventions to SRI "does not apply to an invention which fully qualifies for the exclusion under Section 2870 of the California Labor Code." (*Id.*) "[T]here are three independent scenarios in which an agreement assigning an invention to an employer is enforceable under section 2870: (1) The invention was developed using the employer's time or resources; or (2) The invention relates to the employer's business or actual or demonstrably anticipated research or development; or (3) The invention resulted from work performed by the employee for the employer." *Cadence Design Sys., Inc. v. Bhandari*, No. C 07-00823 MHP, 2007 WL 3343085, at *5 (N.D. Cal. Nov. 8, 2007). Konig "bears the burden of establishing his invention comes within Labor Code section 2870." *Cubic Corp. v. Marty*, 185 Cal. App. 3d 438, 451 (4th App. Dist. 1986). Konig cannot meet his burden

[1] To determine which state's law governs a breach of contract action, "the Court looks to the law of the state with the greatest connection to the contract." *Collins & Aikman Corp. v. Stockman*, C.A. No. 07-265-SLR-LPS, 2010 WL 184074, at *4 (D. Del. Jan. 19, 2010). Here, Konig and SRI were both California citizens and the contract was signed in California. Thus, California law governs.

because the patents both (1) resulted from Konig's SRI work and (2) relate to SRI's "business or actual or demonstrably anticipated research or development."

1. The Invention in the Patents-in-Suit Resulted from Konig's Work for SRI.

Every asserted claim requires the use of a learning machine. [redacted] (Ex. B at 72:16-23; 73:5-7.) This is undisputed. Even the patents' shared specification expresses the connection of the patents to [redacted], by discussing the use of "speech recognition software" in the preferred embodiment. ('040 Patent, 18:50). And as detailed above, [redacted] (Ex. D at PUM 42222; Ex. E at PUM 42173). Thus, there can be no genuine dispute that the patented invention arose out of Konig's work at SRI.

2. The Patents Relate to SRI's Business and/or Research and Development.

The patents are also not exempt from the Employment Agreement under Labor Code § 2870 because they "relate to" SRI's business, actual or demonstrably anticipated research, and/or development. Courts construe "relate to" in § 2870 broadly. *Cadence Design*, 2007 WL 3343085 at *5. First, [redacted] described above demonstrates that the patents-in-suit "relate to" SRI's business and actual or demonstrably anticipated research and development. Second, SRI's website discloses that its research and development focuses heavily on computers and machine learning. (*See* http://www.sri.com/focus_areas/computing.html; http://www.ai.sri.com/about). As SRI's 30(b)(6) representative testified, [redacted] Thus, there can be no genuine

dispute that the invention in the patents-in-suit "relates to" SRI's business and actual or demonstrably anticipated research and development.

B. The Invention Was Conceived During Konig's Employment at SRI

As detailed above, PUM's Second and Third Supplemental Responses to Interrogatory No. 1 state that "the inventions claimed in the patents-in-suit were conceived and/or reduced to practice by Roy Twersky and Yochai Konig no later than July 1999." (Ex. F at 3, 5) (emphasis added).

Even apart from these interrogatory responses, under the ordinary meaning of "conceived" from the Employment Agreement, there is no genuine dispute that Konig had "conceived" of the patented invention by July 1999. *Elec. Electronic Control, Inc. v. L.A. Unified School Dist.*, 126 Cal. App. 4th 601, 612 (2d Dist. 2005) (construing contracts requires "examining the words the parties have chosen [,] giving effect to the ordinary meaning of those words.") [redacted] All these concepts appear throughout the patents-in-suit. Indeed, Plaintiff's validity expert testified the alleged main innovation of the patents-in-suit is "to customize or personalize the search results to an individual user" (Ex. N at 86:1-7), [redacted] *See Hercules Glue Co. v. Litooy*, 25 Cal.

App. 2d 182, 185 (1st Dist. 1938) (finding that where employee had "discovered the basic principle" of an invention during his time of employment, the invention was invented during his employment for purposes of an invention-assignment agreement).

C. PUM's Fourth Supplemental Response Does Not Raise a Genuine Issue of Material Fact as to the Conception Date Because it is a Sham

Despite two interrogatory responses asserting a July 1999 conception date, and the copious other evidence supporting the July 1999 conception date, PUM may seek to rely on its Fourth Supplemental Interrogatory Response, which asserts a September 1999 conception date. This "sham" response should be rejected. It is well-established that a court may disregard on summary judgment "sham" affidavits—affidavits contradicting previous testimony and prepared solely to support or oppose a motion. *See EBC, Inc. v. Clark Bldg. Sys., Inc.*, 618 F.3d 253, 268-70 (3d Cir. 2010). This rule fully applies to the Fourth Supplemental Interrogatory Response, notwithstanding that the document is not an affidavit. In *EBC*, the Third Circuit applied the sham affidavit rule to a deposition errata, demonstrating that the rule is not limited to affidavits but applies to any *post hoc* amendment to discovery responses, including interrogatory responses, if made solely for the purpose of creating a sham issue for summary judgment. Other courts have recognized as much. *See Prince v. Claussen*, No. 98-1064, 1999 WL 152282, at *6 (10th Cir. March 22, 1999) ("we agree with the district court that the second interrogatories [responses] may be disregarded as an attempt to create a sham issue."); *Alvarado v. J.C. Penney Co., Inc.*, 768 F. Supp. 769, 776 (D. Kan. 1991) ("The circumstances here suggest that Penney is attempting to use the interrogatory answers and admissions to create a sham fact issue.")

Konig admitted that the reason for asserting a post-July 1999 conception date was to [redacted]

[redacted] changed the alleged conception date from July 1999 to September 1999, the precise amount of time that PUM needed to push forward the conception date in order to avoid Konig's SRI employment, which ended in August 1999. In other words, PUM crafted the Fourth Supplemental Response for one reason and one reason only: to try to avoid Google's ownership claims by stating that the patented invention was conceived just after Konig left SRI, not before.

D. Even if It Is Considered, the Fourth Supplemental Response Does Not Create a Genuine Issue of Material Fact

PUM seeks to harmonize its Fourth Supplemental Response with its prior responses by saying that stating that, in July 1999, the inventions had not yet been "conceived as definite and permanent ideas which were sufficiently clear to enable one of skilled [sic] in the art to reduce the invention to practice" (Ex. L at 5-6) – the standard used to determine conception under Federal patent law.[2] But the Employment Agreement does not limit to the word "conceived" to the Federal patent law definition. Konig's disclosure and transfer obligations extend to "all discoveries, improvements, and inventions . . . conceived or made," not merely those discoveries, improvements, and inventions which may be patentable. Thus, it makes no sense to limit the word "conceived" in the Employment Agreement to the Federal patent law definition. Even more, California law holds that "a contract must be so interpreted as to give effect to the mutual intention of the parties." Cal. Civ. Code § 1636. [redacted] (Ex. O at 404:12-405:11). Thus, it could not have been Konig's and SRI's mutual intention to define "conceived" in the Employment Agreement according to the Federal patent law definition of "conception."

[2] *Solvay S.A. v. Honeywell Intern., Inc.*, 622 F.3d 1367, 1377 (Fed. Cir. 2010) ("The test for conception is whether the inventor had an idea that was definite and permanent enough that one skilled in the art could understand the invention.")

Notably, the Federal Circuit has acknowledged that "conception" in invention-assignment contracts should generally not track the patent law definition of "conception." *See AT&T v. Integrated Network Corp.*, 972 F.2d 1321, 1324 (Fed. Cir. 1992) ("We disagree with the district court that conception of inventions, as used in the employment agreement, is solely a technical question of patent law . . . the contract may have used conception in its generic, broadest sense.") As *AT&T* noted, "when an invention was conceived [under an employment agreement] may be more a question of common sense than of patent law." *Id.* By July 1999, as detailed above, there can be no genuine dispute that Konig had "conceived" the "Personal Web" of the patents-in-suit under any ordinary and commonsense definition of the word – regardless of whether the invention was sufficiently definite and enabled so as to support a conception date under Federal patent law.

II. GOOGLE IS A CO-OWNER OF THE PATENTS-IN-SUIT.

Google has acquired "any perfected or unperfected claims of ownership that [SRI] may have" in the patents-in-suit (Ex. G at § 4.1), and is entitled to summary judgment perfecting this ownership interest by declaring that Google is a co-owner of the patents-in-suit. This means that PUM's infringement claims must be dismissed on the merits, since Google (as co-owner) has a right to practice the patents-in-suit and cannot be liable for infringing them. *See* 35 U.S.C. § 262. PUM also lacks standing, as "an action for [patent] infringement must join as plaintiffs all co-owners." *Ethicon, Inc. v. U.S. Surgical Corp.*, 135 F.3d 1456, 1467 (Fed. Cir. 1998). Needless to say, Google does not consent to PUM's lawsuit, nor could Google be joined as a plaintiff against itself.

Conclusion

For the foregoing reasons, Google respectfully requests that the Court enter summary judgment that Konig breached his SRI Employment Agreement and that Google is now a rightful co-owner of the patents-in-suit; and dismiss PUM's claims against Google for lack of standing.

Respectfully submitted,

POTTER ANDERSON & CORROON LLP

By: */s/ David E. Moore*
Richard L. Horwitz (#2246)
David E. Moore (#3983)
Bindu A. Palapura (#5370)
Hercules Plaza, 6th Floor
1313 N. Market Street
Wilmington, DE 19801
Tel: (302) 984-6000
rhorwitz@potteranderson.com
dmoore@potteranderson.com
bpalapura@potteranderson.com

Attorneys for Defendant Google Inc.

OF COUNSEL:

Charles K. Verhoeven
David A. Perlson
Joshua Lee Sohn
Antonio R. Sistos
Margaret Pirnir Kammerud
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
50 California St.
San Francisco, CA 94111
Tel.: (415) 875-6600

Andrea Pallios Roberts
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
555 Twin Dolphin Drive, Suite 560
Redwood Shores, CA 94065
Tel.: (650) 801-5000

Dated: December 6, 2012
PUBLIC VERSION
Dated: December 13, 2012
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CERTIFICATE OF SERVICE

I, David E. Moore, hereby certify that on December 13, 2012, 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 December 13, 2012, the attached document was Electronically Mailed to the following person(s):

Karen Jacobs Louden
Jeremy A. Tigan
Morris, Nichols, Arsht & Tunnell LLP
1201 North Market Street, 18th Fl.
Wilmington, DE 19899-1347
klouden@mnat.com
jtigan@mnat.com

Marc S. Friedman
SNR Denton US LLP
1221 Avenue of the Americas
New York, NY 10020-1089
marc.friedman@snrdenton.com

Jennifer D. Bennett
Matthew P. Larson
SNR Denton US LLP
1530 Page Mill Road, Ste. 200
Palo Alto, CA 94304-1125
jennifer.bennett@snrdenton.com
matthew.larson@snrdenton.com

Mark C. Nelson
Robert Needham
SNR Denton US LLP
2000 McKinney, Suite 1900
Dallas, TX 75201
mark.nelson@snrdenton.com
robert.needham@snrdenton.com

Christian E. Samay
SNR Denton US LLP
101 JFK Parkway
Short Hills, NJ 07078
christian.samay@snrdenton.com

/s/ David E. Moore
Richard L. Horwitz
David E. Moore
Bindu A. Palapura
POTTER ANDERSON & CORROON LLP
(302) 984-6000
rhorwitz@potteranderson.com
dmoore@potteranderson.com
bpalapura@potteranderson.com

932168 / 34638