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**

REPLY BRIEF 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[1]

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[1] Google's Opposition Brief to PUM's Cross-Motion for Summary Judgment on these issues is set forth in a separate paper (D.I. 486).

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I. THERE IS NO GENUINE DISPUTE THAT THE PATENTED INVENTION WAS CONCEIVED BY JULY 1999, DURING KONIG'S EMPLOYMENT AT SRI[2]

A. PUM's Interrogatory Responses Prove that the Patented Invention was Conceived by July 1999

As recounted in Google's Opening Brief, PUM stated in its Second and Third Supplemental Responses to Interrogatory No. 1 that the invention was conceived "no later than July 1999," indisputably before Konig left SRI. PUM then changed the conception date to September 1999 in its sham Fourth Supplemental Response, only after learning of the SRI issue. (Opening Br., 2-3, 7-8). Yet, critically, PUM now admits that "PUM does not rely on [the Fourth Supplemental Response] in contesting summary judgment." (Opp., 10 n.16) (emphasis added). Because the Second and Third Responses assert a July 1999 conception date, and because PUM has disclaimed any argument that the Fourth Response should alter that date for purposes of summary judgment, the July 1999 conception date in the Second and Third Responses must control. Fed. R. Civ. P. 37(c)(1).

B. The Record Evidence Shows the Invention Was Conceived By July 1999.

Even if PUM's Second and Third Responses were somehow considered non-dispositive, the other record evidence also compels a finding that the patented invention was "conceived" under Konig's Employment Agreement by July 1999. This is because: (1) the word "conceived" in the Employment Agreement must track the layman's definition of the word; and (2) there is no genuine dispute that the invention was "conceived" in the layman sense by July 1999.

1. The Word "Conceived" in the Konig-SRI Employment Agreement *Must* Be Defined According to its Ordinary, Layman Meaning

PUM makes a legal argument that the word "conceived" in the Employment Agreement embodies the patent law definition of "conception," and that the patented invention was not fully

[2] In arguing that the Court held "'there is a dispute' on conception," PUM falsely suggests that the Court already held there was a genuine issue of material fact precluding summary judgment. (Opp., 1). But the Court merely observed that PUM disputed Google's motion and that Google should wait until the end of discovery to move for summary judgment. (6/29/11 Tr. at 21:11-14).

conceived in the patent law sense by the time Konig left SRI. (Opp., 9-11). As detailed in Google's Motion, PUM's argument fails as a matter of law. The word "conceived" in the Employment Agreement must be given its ordinary layman's definition, not the Federal patent law definition of "conception." Yet PUM does not even address Google's argument that "a contract must be so interpreted as to give effect to the mutual intention of the parties"[3] and that Konig's only understanding of "conceived" when he signed the Employment Agreement was [redacted] (D.I. 414, Ex. O at 405:9-11); *see also* Cal. Civ. Code § 1644 (erecting a presumption that "[t]he words of a contract are to be understood in their ordinary and popular sense, rather than according to their strict legal meaning."). And, even if the meaning of "conceived" from the Employment Agreement was somehow ambiguous, the ambiguity must be resolved in favor of [redacted] because Konig was the promisor in this aspect of the contract. (D.I. 414, Ex. A (disclosing Konig's promise to SRI)). Cal. Civ. Code. § 1649 specifically provides that "[i]f the terms of a promise are in any respect ambiguous or uncertain, it must be interpreted in the sense in which the promisor believed, at the time of making it, that the promisee understood it."

Moreover, as detailed in Google's Opening brief, *AT&T v. Int. Net. Corp.*, 972 F.2d 1321, 1324 (Fed. Cir. 1992) held that "conceived" in invention-assignment agreements should often take on a "generic" meaning and not track patent law "conception." PUM argues that *AT&T* was referring to non-patentable inventions, such as trade secrets, in reaching this holding. (Opp. at 10-11, n. 17). But this is incorrect. In *AT&T*, the suit was over title to a patent, based (as here) on an employee's agreement to assign to his employer all "inventions . . . conceived" during his employment. *Id.* Yet *AT&T* held that determining when the patented invention was "conceived" does not necessarily turn on Federal patent law, as the agreement could have used "conceived" in a

[3] Cal. Civ. Code § 1636.

generic sense. *Id.* Thus, *AT&T* acknowledges that "conceived" in invention-assignment agreements should often not track Federal patent-law conception, even when applied to patents.

PUM's cited cases do not compel a different result. In *Bd. of Trustees v. Roche Molecular Sys., Inc.*, 487 F. Supp. 2d 1099 (N.D. Cal. 2007), the court was not faced with the question here – whether "conceive" takes a layman's or patent-law meaning. There is no indication that either litigant in *Roche* even advocated for "conceive" to take on a layman's meaning, nor was there any evidence (as here) that this was the only meaning the employee-inventor understood.

PUM's other cited case, *Andreaggi v. Relis*, 408 A. 2nd 455 (N.J. Super 1979), actually notes (consistent with Google's position) that patent-law authorities are not useful in determining when an invention was made for purposes of an employee-assignment agreement. *Id.* at 213-14 ("No useful purpose will be served by citing all the cases and statutory provisions of the patent law . . . The purpose of this contract was to settle a problem between an employer and an employee and not to settle claims of priority between inventors.") And while PUM cites *Andreaggi*'s finding that the defendant's schematics, hardware assembly, and documentation were sufficient to show an invention for purposes of the defendant's invention-assignment agreement, *Andreaggi* nowhere suggested that all these steps would be necessary to show invention. *See id.* at 219.

2. Under an Ordinary Layman Meaning, there Is No Genuine Dispute that the Patented Invention Was Conceived During Konig's SRI Employment

The undisputed facts show that the invention was "conceived" in the layman's sense by July 1999. For example, as discussed in Google's Opening Brief, the July 1999 documents describe [redacted] (*See id.*) While PUM argues that "[n]o specific functionalities or algorithms, essential to the patented invention, were disclosed in these [July 1999 and earlier] documents" (Opp.,

3), none of the asserted claims require or recite any specific algorithms or functionality beyond that of the machine learning "toolkit" that PUM acknowledges was in the prior art. Indeed, PUM has accused a myriad of products that use completely different algorithms. Regardless, [redacted]

The declaration and deposition testimony of co-inventor Roy Twersky likewise demonstrates that the patented invention was conceived in the layman's sense by July 1999. As Mr. Twersky recounted in his May 2011 declaration [redacted]

In the face of all this evidence, PUM relies heavily on certain statements in Konig's deposition testimony [redacted] *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 40 F.3d 1223, 1228 (Fed. Cir. 1994) ("Conception is complete only when the invention is so

[4] This May 1999 document also refutes PUM's statement that "Dr. Konig did not reduce any of his thoughts to writing until late August 1999." (Opp., 4).

clearly defined in the inventor's mind that only ordinary skill would be necessary to reduce the invention to practice."). Similarly, PUM cites Konig's statement that [redacted] (Opp., 4 n.4).[5] But the testimony immediately preceding this snippet shows that Konig was referring to the status of the invention in patent law terms: namely, that [redacted]

II. THERE IS NO GENUINE DISPUTE THAT THE PATENTED INVENTION RESULTED FROM KONIG'S SRI WORK AND RELATES TO SRI'S BUSINESS

Because Konig conceived the patented invention during his SRI employment, he had a duty to transfer this invention to SRI unless the invention was exempt from his transfer obligations under Cal. Labor Code § 2870. The invention would not be exempt under Section 2870 unless it did not result from his work at SRI and did not relate to SRI's business or research. *See* Cal. Labor Code §

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[5] Oddly, PUM argues in its Opposition to Defendants' Motion for Summary Judgment of Invalidity that no one could have practiced the invention at any time in 1999 for the same reason – *i.e.*, there was insufficient user data. (D.I. 455 at 14 ("In 1999 . . . there was insufficient data being recorded about users to be able to learn parameters of a [user-specific] learning machine.")) As PUM argues that this same issue existed even at the time PUM contends the invention was conceived, this issue can hardly be used to show lack of conception in May 1999.

[6] At most, PUM might argue that some of Konig's deposition statements [redacted] (*See* Opp. Br., 4 fn. 5 (citing Konig statements)). But given Konig's detailed statements that [redacted] 1999, the contemporaneous documents showing that [redacted] Twersky's unwavering testimony that [redacted] and PUM's multiple interrogatory responses stating that conception occurred by July 1999, no reasonable jury could find that layman's conception did not occur by July 1999 based solely on a few ambiguous and conclusory statements by Konig. *See U.S. v. One Parcel*, 786 F. Supp. 400, 404 (D. Del. 1992) (to deny summary judgment, "there must be enough evidence to enable a jury to reasonably find for the nonmoving party on that issue."); *Stroud v. New York City*, 374 F. Supp. 2d 341, 351 (S.D.N.Y. 2005) (conclusory, *ipse dixit* assertions will not defeat summary judgment when there is no other record evidence to support these assertions.)

2870; *Cadence Design Sys., Inc. v. Bhandari*, No. C-07-823-MHP, 2007 WL 3343085, at *5 (N.D. Cal. Nov. 8, 2007). Konig can satisfy neither of these criteria.

A. The Patented Invention Resulted From Konig's Work at SRI

The facts showing that the patented invention resulted from Konig's speech recognition work at SRI are undisputed. As discussed in Google's Opening Brief, the May 1999 and July 1999 documents state that the [redacted] (Opening Br., 2, 5). There is no dispute that Konig's SRI work focused on speech recognition, or that [redacted] was Konig's speech research at SRI.

Instead, PUM characterizes Google's position as being that the patents must have resulted from Konig's SRI work because Konig used common machine learning techniques both at SRI and for the patents. (Opp., 12). But Google's actual position – which PUM fails to rebut – is that the patented invention resulted from Konig's speech recognition work at SRI [redacted] (Opening Br., 2, 5 (citing these documents)).[7]

B. The Patented Invention Relates to SRI's Business and Research

The invention also "relates to" SRI's business and research, and is not exempt under Section 2870 for that reason as well. This is not simply because SRI "used computers, the Internet, and machine learning," as PUM represents to the Court. (Opp., 12). Rather, the patented invention arose out of speech recognition research [redacted] SRI was engaged in

[7] PUM quotes deposition testimony from SRI engineer Dr. Sonmez that there was "no link between what [Dr. Konig] was doing before he left SRI and what he did with UTOPY." (Opp., 6 (citing Sonmez Dep. 90:7-18)). But Dr. Sonmez had no role in the development of Utopy's technology or knowledge of its patents. His only experience with this technology was one instance where he "logged in and [] took a quick look" after being invited to be a Beta user. (D.I. 454, Ex. L at pp. 62-63). Given his near-nonexistent experience with the patented technology, Dr. Sonmez is not qualified to opine on whether this technology resulted from Konig's SRI work.

speech recognition research (as shown by Konig's own activities), and so the invention "relates to" this SRI research. There also is no dispute that the patented invention applies computerized machine learning, or that SRI was engaged in computerized machine learning during Konig's employment. (Opening Br., 5). For this reason as well, the invention "relates to" SRI's business or research.

To avoid this conclusion, PUM misstates the law and argues that "[t]he invention must have *a very close* connection to the employer's business to render section 2870 inapplicable." (Opp., 13 (emphasis in original)). This misstatement is shown by the very cases that PUM cites, *Cadence* and *Cubic*, which provide that "relates to" in Section 2870 is to be applied "broadly." *Cadence*, 2007 WL 3343085, at *5 (citing *Cubic Corp. v. Marty*, 185 Cal. Rptr. 438 (4th Dist. 1986)).

PUM finally argues that SRI's business and research does not "relate to" the patented invention because "SRI did not have business or any demonstrably anticipated research or development in personalized user search." (Opp., 6) (emphasis added). But "personalized user search" is even more narrow than the patented invention itself (since "search" appears in only some of the patented claims). PUM cannot stake out a technological field that is even more narrow than the patented invention itself and then argue that SRI's activities do not "relate to" the patented invention unless they fall within this narrow, artificial field. This utterly subverts the case law holding that the phrase "relates to" in Section 2870 must be applied "broadly."[8]

III. CONCLUSION

For the foregoing reasons, Google respectfully requests that the Court grant Google summary judgment on its breach-of-contract and ownership counterclaims and its standing defense.

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[8] PUM's argument that the employee inventions in *Cadence* and *Cubic* were more closely related to their respective employers' businesses than was Konig's invention related to SRI's business is irrelevant. (Opp., 13). Under the proper "broad" view of "relates to," Konig's invention is not exempt under Section 2870. Konig cannot resist this conclusion by arguing that the employee inventions in *Cadence* and *Cubic* (which were also held not to be exempt under Section 2870) were even more closely related to their respective employers' businesses.

Respectfully submitted,

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