IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OFDELAWARE

PERSONALIZED USER MODEL, L.L.P.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	
	)	
GOOGLE, INC.,	)	
	)	
Defendant.	)	
	)	C.A. No. 09-525 (LPS)
	)	
GOOGLE, INC.	)	
	)	
Counterclaimant,	)	
	)	
v.	)	
	)	
PERSONALIZED USER MODEL, L.L.P. and YOCHAI KONIG,	)	
	)	
Counterclaim-Defendants.	)	

PUM'S OPPOSITION TO GOOGLE'S MOTION FOR RECONSIDERATION OF THE COURT'S SUMMARY JUDGMENT ORDER ON GOOGLE'S BREACH OF CONTRACT COUNTERCLAIM

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INTRODUCTION

PUM respectfully requests that the Motion for Consideration be denied for the following reasons. Google moves for reconsideration of the Court's denial of its motion for summary judgment on its Breach of Contract Counterclaim based on its assertion that the Court committed "clear legal error" in finding that factual disputes exist regarding the meaning of "conception" in Dr. Konig's Employment Agreement. Google Br., D.I. 523. From this proposition, Google concludes it is entitled automatically to summary judgment.[1]

First, Google has not demonstrated the Court committed "clear legal error." As the Court properly held, the term "conception" is ambiguous because it is "capable of more than one reasonable interpretation."[2] The Court also did not commit legal error in holding that ambiguity of the term "conception" creates an issue of fact where, as here, there is extrinsic evidence that bears on that dispute.[3]

Second, Google's motion for reconsideration should be denied because, in addition to the ambiguity in the meaning of the term "conception," there are other pivotal and disputed facts not resolved by the Court's Opinion. For example, the Court did not find as a matter of law that

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[1] To be clear, Google has moved for reconsideration only with respect to Count VIII of its Counterclaim - (Breach of Contract [against Konig]), and not the other counts related to its ownership claims.

[2] *People ex rel. Lockyer v. R.J. Reynolds Tobacco Co.*, 107 Cal. App. 4th 516, 524-25 (Cal. Ct. App. 2003).

[3] The Court also did not commit legal error in concluding that it could not find as a matter of law that conception occurred during Dr. Konig's employment at SRI, D.I. 522 at 16. The Court has not yet decided whether "conception" should be given a lay or legal meaning - or what the lay definition is – and there is conflicting evidence over when conception occurred that cannot not be resolved on summary judgment.

Dr. Konig's invention resulted from his employment at SRI or was related to its business.[4] Even Google acknowledges that its assignor, SRI, acquired no rights under the terms of the Employment Agreement if the invention did not result from Dr. Konig's employment or relate to any SRI business. *See* D.I. 413 at 1-2 (discussing California Labor Code § 2870). But Google totally ignores § 2870 in its motion.

Third, Google also ignores Dr. Konig's defense that the Counterclaim is barred by Delaware's three year statute of limitation. It was unnecessary for the Court to decide this issue in light of its denial of Google's motion. Yet, Google now essentially asks the Court to grant summary judgment in its favor on the statute of limitations defense, which it fails to address.

PUM, therefore, respectfully requests that Google's motion for reconsideration concerning its breach of contract Counterclaim be denied.

ARGUMENT

I. GOOGLE HAS NOT MET THE STRINGENT STANDARD FOR RECONSIDERATION

As a general rule, "[m]otions for reconsideration . . . are granted sparingly and only in limited circumstances."[5] Granting a motion for reconsideration under D. Del. LR 7.1.5 is only appropriate if there is: (1) an intervening change in the controlling law, (2) new evidence that was not available when the court issued its order; or (3) the need to correct a clear error of law or fact or to prevent manifest injustice.[6] Such motions "should not be used to rehash

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[4] Indeed, the Court expressly acknowledged in its Opinion that, because of its ruling on the meaning of "conception," it did not need to address § 2870 of the California Labor Code. (Mem. Op., D.I. 522, at 16 n.6).

[5] *Inline Connection Corp. v. AOL Time Warner Inc.*, 395 F. Supp. 2d 115, 117 (D. Del. 2005).

[6] *See Max's Seafood Cafe ex rel. Lou-Ann, Inc. v. Quinteros*, 176 F.3d 669, 677 (3rd Cir. 1999).

arguments already briefed or to allow a 'never-ending polemic between the litigants and the Court.'"[7] New arguments are not permitted in a motion for reconsideration.[8]

Here, Google's motion for reconsideration does not raise any intervening change in the controlling law. Nor does it reference new evidence that was not available when the Court issued its order. The only question Google now raises is whether the Court must correct a clear error of law based on new arguments that Google did not even make in its summary judgment briefs concerning the relevance of extrinsic evidence. The answer is no, because the Court made no error in its summary judgment order.

II. THE COURT CORRECTLY DENIED GOOGLE'S MOTION FOR SUMMARY JUDGMENT

A. The Court Correctly Found There Were at Least Two Factual Disputes Concerning the Term Conception that Required Denial of Google's Motion for Summary Judgment.

First, the Court found that the term "conception" is ambiguous because "there is a question of fact as to whether the parties intended at the time of contracting to use the lay or legal definition." Mem. Op., D.I. 522, at 15.[9] Second, the Court found that even under the lay meaning, which neither party briefed and the Court has yet to define, there were factual

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[7] *Dentsply Int'l, Inc. v. Kerr Mfg. Co.*, 42 F. Supp. 2d 385, 419 (D. Del. 1999) (*quoting Oglesby v. Penn Mutual Life Ins. Co.*, 877 F. Supp. 872, 892 (D. Del. 1995)).

[8] *See Cooper Notification, Inc. v. Twitter, Inc.*, Civ. A. No. 09-865-LPS, Order at 3-4 (D. Del. July 16, 2012) (denying motion for reconsideration, including because issues raised were "beyond the scope of Defendants' summary judgment motions and the Court's Opinion"); *Flash Seats, LLC v. Paciolan, Inc.*, Civ. A. No. 07-575-LPS, 2011 WL 4501320, at *2 (D. Del. Sept. 28, 2011) (quoting *Karr v. Castle*, 768 F. Supp. 1087, 1093 (D. Del. 1991) ("Reconsideration should not be granted where it would merely accomplish repetition of arguments that were or should have been presented to the court previously.").

[9] The Federal Circuit has also stated that employment contracts may use "conceive" in a "generic" sense when, unlike in the case here, referring to "unpatentable inventions and inventions held as trade secrets." *AT&T Co. v. Integrated Network Corp.*, 972 F.2d 1321, 1324 (Fed. Cir. 1992). The Court merely sought to include other legally protectable inventions in addition to patentable ones, but it did not define what the generic meaning of "conceive" is.

issues concerning the parties' understanding of the term "conception" at the time of execution of the Employment Agreement. *Id.* The Court thus held it could not "conclude as a matter of law that Dr. Konig conceived of the invention during his employment at SRI." *Id.* at 16.

Nothing in Google's motion for reconsideration clarifies these issues or demonstrates that the Court committed clear legal error such that summary judgment should be granted.

1. There Are Disputed Issues Concerning the Meaning of the Term "Conception" as Used in the Employment Agreement

Google bases its motion on the assertion that the Court should have decided the meaning of conception as a matter of law because "there is no conflicting extrinsic evidence regarding the meaning of [conception]," based on its additional assertion that there is no "further evidence" other than Dr. Konig's testimony of what "he thought lay conception to mean." D.I. 523. Google is wrong on all counts.[10]

First, Google never previously argued that, under California law, the Court should determine the meaning of "conception" as a matter of law based on the purported lack of conflicting extrinsic evidence. Its motion should therefore be denied for improperly asserting new arguments not previously raised.[11] Second, contrary to Google's assertion, the record is replete with relevant extrinsic evidence concerning the circumstances surrounding the

[10] Google also incorrectly asserts that Dr. Konig's subjective thoughts are conclusive evidence of the parties' objective intent at the time of contracting under Cal. Civ. Code § 1649. The inquiry under § 1649 "considers not the subjective belief of the promisor but, rather the 'objectively reasonable' expectation of the promisee." *Buckley v. Terhune*, 441 F.3d 688, 695 (9th Cir. 2006). Under California law, "[u]ndisclosed communications and understandings are not credible extrinsic evidence and may not be used by the Court to determine the parties' mutual intent." *SCC Alameda Point LLC v. City of Alameda*, 897 F. Supp. 2d 886, 897 (N.D. Cal. 2012) (internal quotation marks and citations omitted).

[11] *See Cooper v. Twitter*, Civ. A. No. 09-865-LPS, Order at 3-4; *Flash Seats*, 2011 WL 4501320, at *2.

Employment Agreement; including that it was an SRI form agreement given to Dr. Konig, the parties' intent to require the assignment of intellectual property to SRI, the highly technical subject matter of both the agreement and the business of SRI, and the fact that the agreement was drafted by SRI and not negotiated. *See, e.g.*, D.I. 452 at 4-5, 9-11; D.I. 414, Ex. O.

These facts not only preclude Google's motion, but, if anything, demonstrate that "conception" should be given its technical meaning in the circumstances here. In arguing to the contrary, Google principally relies on § 1644 of the California Civil Code, asserting that it creates a rebuttable presumption that words in a contract "are to be understood in their ordinary and popular sense [,] rather than [according to] their strict legal meaning." D.I. 523 at 5.[12] Google does not, however, recite the entirety of § 1644, which states (emphasis added):

> The words of a contract are to be understood in their ordinary and popular sense, rather than according to their strict legal meaning; ***unless used by the parties in a technical sense, or unless a special meaning is given to them by usage, in which case the latter must be followed.***

The omitted italicized language dramatically alters the rule of contract interpretation Google advances. In fact, in the context of SRI's business of developing valuable and highly technical intellectual property, the intent of the Employment Agreement to require an assignment of such intellectual property, and Dr. Konig's specialized speech analysis and verification work, the evidence suggests that "conception" was, indeed, used in its technical sense. *See, e.g.*, Google Reply Br., D.I. 493, at 4 (quoting *Burroughs Wellcome Co. v. Barr Labs., Inc.*, 40 F. 3d 1223, 1228 (Fed. Cir. 1994) ("Conception is complete only when the [idea] is so

[12] Google also relies on *Sayble v. Feinman* in support but omits that in that case: (1) the parties did not contend that the contract was ambiguous and stipulated to all the facts; (2) the court was interpreting "what would have been the reasonable intention of the parties had they anticipated" an unforeseen event; and (3) the court construed "any uncertainties" against the party drafting the contract. 78 Cal. App. 3d 509, 513-15 (Cal. Ct. App. 1978).

clearly defined in the inventor's mind that only ordinary skill would be necessary to reduce the invention to practice [, without extensive research or experimentation].") As the Federal Circuit has held, the rules of patent law conception "ensure that patent rights attach only when an idea is so far developed that the inventor can point to a definite, particular invention." *Id.* Notably, Google never explains what Dr. Konig could have transferred to Google if anything less than the patent law definition of conception were to apply, or why it was "objectively reasonable" for SRI as the promisee to expect it was contracting to acquire "rights" to something to which no rights had yet attached.

Google also fails to discuss other applicable canons of California contract law, including that: (1) a contractual ambiguity is strictly construed against the drafter, particularly in employment contracts to assign intellectual property;[13] (2) a contract must be interpreted to give effect to "the parties' objective intent when they entered into it";[14] and (3) the "interpretation of an ambiguous clause in a contract must be made in reference to the entire contract."[15]

Here, the parties' objective intent as expressed in the contract was the assignment of "discoveries, improvements, and inventions" of intellectual property of a technical nature. *See* D.I. 454, Bennett Decl., Ex. D (Employment Agreement). Dr. Konig could only assign

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[13] *See, e.g., Applera Corp. v. Illumina, Inc.*, 375 F. App'x 12, 17 (Fed. Cir. Mar. 25, 2010) (holding that § 1654 required construing contractual obligations in an employee invention agreement "'most strongly against the party who caused the uncertainty to exist [i.e. the employer]'")); *Hercules Glue Co. v. Littooy*, 25 Cal. App. 2d 182, 186 (Cal. App. 1938) (noting that"[a]n employee's agreement in the contract of employment to assign patents to his employer is specifically enforceable as to patents, clearly within its terms, as strictly construed against the employer").

[14] People *ex rel.* Lockyer, 107 Cal. App. 4th at 524-25.

[15] *Med. Ops. Management, Inc. v. Nat'l Heath Labs., Inc.*, 176 Cal. App. 3d 886, 893 (Cal. Ct. App. 1986).

rights to his patentable invention once patent rights had attached,[16] and there is a dispute as to when that occurred.

In addition, California Civil Code § 1654 states that (emphasis added):

> In cases of uncertainty not removed by the preceding rules [setting forth various rules of contract interpretation], ***the language of a contract should be interpreted most strongly against the party who caused the uncertainty to exist.***

This venerated rule – that an ambiguity is to be construed against the draftsman – is, under California law, especially applicable to employee invention agreements like the one Dr. Konig signed.[17] Google ignores this California law as well.

The Employment Agreement was an SRI form contract, and, as Google notes, there is no evidence that the language - including the term "conception" - was negotiated or discussed. *See* D.I. 523, at 4 (quoting Hearing Tr. at 125:12-20); D.I. 414, Ex. O, at 399-400. Thus, under § 1654 "conception" should be interpreted "most strongly" against SRI and given its technical patent law meaning

There was no legal error in the Court's determination under either California or Delaware law that the term "conception" is ambiguous, or that the ambiguity and conflicting extrinsic evidence create a factual dispute to be decided by the jury.[18]

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16 *See Burroughs Wellcome,* 40 F.3d at 1228.

17 *See, e.g., Applera Corp.*, 375 F. App'x at 17; *Hercules Glue,* 25 Cal. App. 2d at 186.

18 *See, e.g., De Guerre v. Universal City Studios, Inc.*, 56 Cal. App. 4th 482, 505 (Cal. Ct. App. 1997) (citation omitted) ("jury must determine conflicting facts regarding disputed interpretation of contract"); *GMG Capital Investments, LLC v. Athenian Venture Partners I, L.P.*, 36 A.3d 776, 783 (Del. Supr. 2012) ("where reasonable minds could differ as to the contract's meaning, a factual dispute results and the fact-finder must consider admissible extrinsic evidence. In those cases, summary judgment is improper.").

2. Google Misapplies California Law

All the California cases on which Google relies merely state the proposition that, if there are no disputed facts or the extrinsic evidence is "uncontroverted," the court may resolve a contract ambiguity as a matter of law. *See* D.I. 523 at 2-4. Those cases are inapplicable here, where there are fact disputes concerning the objective manifestations of what the parties intended the term conception to mean, whether conception occurred while Dr. Konig was at SRI, and whether the invention was related to SRI's work or resulted from Dr. Konig's employment there.

Under California law, once the Court determines that a contract term is ambiguous, it can consider "evidence presented [that] is relevant to prove a meaning to which the language is reasonably susceptible."[19] PUM has presented evidence of the contract terms, the technical subject matter at issue, and the parties' course of conduct and understanding related to conception. *See, e.g.*, D.I. 452; D.I. 414, Ex. O.[20]

Furthermore, even if the Court were to conclude (contrary to its holding) that there is no conflicting extrinsic evidence over the meaning of the term "conception," under section 1654 and California law, any ambiguity must be construed against Google, standing in the shoes of the drafter SRI, and in favor of a technical definition.

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[19] *Appleton v. Waessil*, 27 Cal. App. 4th 551, 555 (Cal. Ct. App. 1994) (internal quotation marks and citation omitted); *see also Parsons v. Bristol Dev. Co.*, 62 Cal. 2d 861, 864-65 (Cal. App. 1965) (court "properly admitted evidence extrinsic to the written instrument to determine the circumstances under which the parties contracted and the purpose of the contract.").

[20] Google relies heavily on *Medical Ops. Management, Inc. v. Nat'l Health Labs., Inc.*, 176 Cal. App. 3d 886 (Cal. Ct. App. 1986). There, however, the court found that the trial court had properly admitted extrinsic evidence to aid in the interpretation of the contract during trial, but the evidence, unlike the evidence here, was not in conflict. *Id* at 891-92. A trial had already occurred, and the court addressed only the roles of the court and the jury in deciding the contract interpretation issues based on that trial evidence. *Id.* at 892-95.

Because the Court has no need "to correct a clear error of law or fact or to prevent manifest injustice," Google's motion for reconsideration should be denied.

B. Other Questions of Fact Require that Motion for Reconsideration Be Denied

Other fact disputes also preclude the automatic summary judgment Google requests, such as whether California Labor Code § 2870 protects Dr. Konig's invention. Google completely ignores § 2870 and its role in the Employment Agreement between Dr. Konig and SRI. In its Answering Brief in Opposition to Google's Motion for Summary Judgment (D.I 452 at 9-12), PUM explained that even if the Court were to find that "conception" occurred while Dr. Konig was employed at SRI, because there is no dispute that Dr. Konig worked on the invention on his own time and without SRI resources (*see* May 8, 2013 Summary Judgment Tr. at 118:24-119:4), SRI acquired no rights to the invention. This is because California Labor Code § 2870, which is incorporated into the Employment Agreement, *see* D.I. 454, Bennett Decl., Ex. D, provides that an employee invention developed on his own time and with his own resources belongs to the employee so long as it does not result from his work for the employer and is not related to the business or demonstrably anticipated business of the employer. *See* D.I. 452 at 6-7, 10-13. Google does not discuss the evidence that PUM presented establishing Dr. Konig's invention is protected by § 2870. *See* D.I. 452 at 6-7, 9-13.[21] And, the Court expressly noted that it was not addressing this issue in light of its denial of Google's Motion. Mem. Op., D.I. 522, at 16, n. 6.[22]

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[21] PUM also introduced evidence that conception occurred after Dr. Konig's employment. *See* D.I. 452 at 3-5, 9-11. Until the definition of conception is decided, these additional factual disputes also preclude Google's motion for reconsideration and for summary judgment.

[22] *See also Enreach Tech., Inc. v. Embedded Internet Solutions, Inc.*, 403 F. Supp. 2d 968, 975 (N.D. Cal. 2005) (summary judgment must be denied where employee claiming (Continued . . .)

C. Google's Motion for Reconsideration Also Should be Denied because Its Breach of Contract Claim is Barred by the Statute of Limitation

Although the Court denied PUM's motion for leave to file a summary judgment motion on its statute of limitation defense, that defense remains and provides another reason that Google's motion for reconsideration should be denied. *See* D.I. 452 at. 7-9. Google cannot be entitled to a judgment on its breach of contract counterclaim at least until the Court determines it is not time-barred. Indeed, Google never even moved for summary judgment on PUM's statute of limitations defense.

For all the reasons stated above, PUM respectfully requests that the Court deny Google's motion for reconsideration and deny summary judgment on Google's breach of contract claim.

(. . . continued)
protection of Cal. Labor Code § 2870 raises issues of fact concerning whether invention resulted from employment or is related to employer's business).

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September 30, 2013

CERTIFICATE OF SERVICE

I hereby certify that on September 30, 2013, I caused the foregoing to be electronically filed with the Clerk of the Court using CM/ECF which will send electronic notification of such filing to all registered participants.

Additionally, I hereby certify that true and correct copies of the foregoing were caused to be served on September 30, 2013, upon the following individuals in the manner indicated:

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