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March 5, 2014

The Honorable Leonard P. Stark   *VIA ELECTRONIC FILING*
United States District Court
   for the District of Delaware
844 North King Street
Wilmington, DE 19801

> Re: *Personalized User Model, L.L.P. v. Google, Inc.*
>   C.A. No. 09-525 (LPS)

Dear Judge Stark:

As the Court directed in its February 26, 2014 Order (D.I. 606), set forth below are the parties' competing proposals for the order of proofs at trial and how to handle the examination of witnesses both sides seek to call.

PUM's Proposal:

PUM proposes that the trial order of proofs follow the parties' respective burdens of proof, with the sole exception of Dr. Konig's testimony.[1] To allow for the orderly and cohesive presentation of facts, and to minimize the risk of jury confusion, PUM believes the most reasonable and efficient course is for Dr. Konig to provide the full scope of his testimony in PUM's affirmative case. Accordingly, PUM suggests the following trial order:

> Phase I – PUM's infringement case (except that Dr. Konig, as a fact witness, shall
> provide testimony on all issues and Google should be prepared to cross-examine
> him on the same)

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[1]   The Court has discretion regarding the presentation of evidence as well as the order of proof in presenting a case. *See* Fed. R. Evid. 611(a) ("[t]he court should exercise reasonable control over the mode and order of examining witnesses and presenting evidence"); *see also SR Int'l Bus. Ins. Co. v. World Trade Ctr. Props., LLC*, 467 F.3d 107, 119 (2d Cir. 2006) ("we are mindful of the 'wide latitude' that traditionally has been afforded to district courts both in determining whether evidence is admissible, and in controlling 'the mode and order' of its presentation to promote the effective ascertainment of the truth, Fed. R. Evid. 611(a)").

   Phase II – Google's rebuttal on infringement and its affirmative case on invalidity and breach of contract.

   Phase III – PUM's rebuttal on invalidity and breach of contract.

We understand that Google agrees with PUM regarding the structure and order of Phases I, II, and III, except that Google does not agree that Dr. Konig may testify on issues beyond infringement in PUM's affirmative case.[2]

  Dr. Konig will be testifying to facts related to infringement, validity, and Google's breach of contract counterclaim. There will be a substantial overlap of facts in these areas, and Dr. Konig's testimony related to his education, work history, and development of the inventions will be relevant to both PUM's and Google's presentations.[3] Moreover, although Google has the ultimate burden of proof on its breach of contract claim, PUM also has the burden of establishing that section 2870 of the California Labor Code applies to protect Dr. Konig's inventive rights. Presenting Dr. Konig's testimony on all issues as a single block, with appropriate cross-examination, will make more sense for the jury and reduce the risk of confusion and duplication. It will also avoid the problem of artificially splitting up Dr. Konig's testimony, which will only serve to create disputes about what testimony properly belongs in PUM's affirmative case as opposed to Google's rebuttal case. PUM's proposal ensures that Dr. Konig will not be called to the stand multiple times to provide cumulative and disjointed testimony (*i.e.*, providing some of his testimony in PUM's infringement case only to retread some of the same ground during Google's rebuttal). In addition, because each side has been allotted only 17 hours for its trial presentation, the presentation of evidence should be streamlined as much as possible.

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[2] Although Google now disagrees with PUM regarding how to handle the examination of Dr. Konig, at least at the beginning of the pretrial exchange process Google itself proposed that Dr. Konig testify only once, and on all issues. *See* Ex. A, January 31, 2014 version of Google's List of Miscellaneous Issues at 3 ("Given the expected subject matter of his testimony, Google expects that it will be most efficient for [D]r. Konig to only testify once. Therefore, if PUM calls [D]r. Konig as a live witness during its case-in-chief, Google requests that its cross-examination not be limited to the scope of PUM's direct examination. And to the extent that PUM is going to rely on [D]r. Konig's testimony to rebut Google's counterclaims, that testimony should be presented at the same time.").

[3] Contrary to Google's contention, there is no inconsistency here with having Dr. Pazzani testify during both Phase I and III. Dr. Konig's largely chronological narrative cannot easily be separated into, for example, an infringement bucket and a breach of contract bucket. Dr. Pazzani, in contrast, is an expert witness providing two sets of opinions based on different sets of underlying facts: one comparing Google's products to the claims for purposes of infringement, and the other comparing personalized search to speech recognition from a technical perspective. Dr. Pazzani's testimony can be separated without confusing the jury; Dr. Konig's cannot.

The parties further disagree as to whether there should be a "Phase IV." Google contends that a fourth phase is necessary to rebut PUM's defenses to Google's breach of contract counterclaim, namely section 2870 of the California Labor Code and statute of limitations. PUM believes that this extra phase is inappropriate and unnecessary for several reasons. First, Phase IV would serve to give Google an improper reply on its breach of contract case. Once a party rests its affirmative case it does not get a second chance to meet its burden. Further, PUM, as the plaintiff, should both open and close the case. Second, although PUM bears the burden of proof on these defenses, the facts relating to Google's breach of contract case overlap almost entirely with the facts relating to PUM's section 2870 and statute of limitations defenses, such that Google should expect to address those facts in its affirmative case in Phase II. That Google must in some sense anticipate PUM's defenses – particularly on section 2870, which is incorporated into the employment contract – is no different from the fact that PUM must likewise anticipate Google's non-infringement arguments in its affirmative infringement case. Google's characterization of PUM's contract defenses as affirmative defenses, in contrast to Google's non-infringement defenses, is a distinction without a difference in the circumstances here. The underlying facts for Google's breach of contract case and PUM's defenses thereto are the same. Third, and finally, four separate phases is neither typical nor realistic given the limited time for trial.

Google's Proposal:

As Google explained during the Pretrial Conference (2/26/14 Hearing Tr., 82:9-84:6), Google proposes that the trial proceed according to the burdens of proof on the parties' claims and defenses, as set forth below:

Phase 1

Infringement – PUM's burden

Phase 2

Google's Rebuttal on Infringement
Invalidity – Google's burden
Breach of Contract – Google's burden

Phase 3

PUM's Rebuttal on Invalidity
PUM's Rebuttal on Breach of Contract
Defenses to Breach of Contract – PUM's burden
     - Cal. Labor Code § 2870
     - Statute of limitations

Phase 4

Rebuttal to PUM's Defenses to Breach of Contract for which PUM has the burden of proof (Cal. Labor Code § 2870; Statute of Limitations)

As is typical, the above ordering will allow the parties to present an affirmative case and a rebuttal case on each issue, and the party bearing the burden of proof on an issue will have the right to present evidence first on that issue.

PUM's proposal, however, does not follow the burdens of proof. For Phase 1, PUM intends to present testimony from Dr. Konig on all issues, including breach of contract. It also intends to have its expert, Dr. Pazzani, testify as to infringement in the same phase. Then, after Google puts on its case in Phase 2 on the breach of contract issues for which Google bears the burden of proof, PUM intends to have Dr. Pazzani further rebut Google's breach of contract claim in Phase 3. But as the party bearing the burden of proof on breach of contract, Google should have the opportunity to present its affirmative case first. Yet, under PUM's proposal, Google will be effectively "sandwiched" on the issue, with Dr. Konig testifying on breach of contract issues before Google, and then Dr. Pazzani testifying on breach of contract issues for which PUM bears the burden of proof after Google puts on its case.

PUM's position is further problematic because, by preventing Google from rebutting the breach of contract issues on which *PUM* bears the burden, PUM will have both the first and last word on the breach of contract claims. That would effectively be like Google going first on non-infringement, PUM putting on its infringement expert, and then Google putting on its non-infringement expert. This is fundamentally unfair. While PUM argues that its proposal is appropriate because "PUM, as the *plaintiff*, should both open and close the case," PUM previously argued to the Court that "Google ignores the fact that it is a 'plaintiff' on both its declaratory judgment claims and third party complaint.'" (D.I. 558, 3.) Apparently, Google is a "plaintiff" in PUM's view only when it is convenient for PUM. Moreover, in a typical patent case, the plaintiff does not both open and close the case on infringement. Rather, the plaintiff typically gets an opportunity to rebut the defendant's invalidity case, on which the defendant bears the burden of proof.

PUM also suggests that Dr. Konig would testify once. But there is no reason why Dr. Konig cannot take the stand in Phase 3. PUM argues both that it appropriate for him to do so because his testimony will be "disjointed" otherwise, and because PUM "has the burden of establishing that section 2870 of the California Labor Code applies to protect Dr. Konig's inventive rights." But this is internally inconsistent with PUM's plans to have Dr. Pazzani testify twice. PUM intends to have its expert Dr. Pazzani testify on issues relating to infringement in Phase 1, and then again on breach of contract in Phase 3. Thus, under its proposal, PUM's entire case rebutting Google's breach of contract claim, irrespective of burden, will be disjointed. And

PUM provides no explanation for why Dr. Konig cannot testify in rebuttal in Phase 3, but Dr. Pazzani can.[4]

Moreover, PUM's position that Google should anticipate PUM's arguments on its defenses under Cal. Labor Code § 2870 and Statute of Limitations, like PUM will need to anticipate Google's non-infringement defenses, compares apples to oranges. PUM has the burden of proof on its infringement case, and so PUM will present its case first and may anticipate Google's non-infringement arguments in connection with presenting its case. Google will do the same with its breach of contract claim and invalidity defense, on both of which it has the burden. But, as PUM acknowledges, Google does *not* have the burden of proof on PUM's defenses under Cal. Labor Code § 2870 and Statute of Limitations. Thus, Google should not have to anticipate PUM's arguments; it should have the opportunity to rebut them. This is consistent with the Court's ruling, in PUM's favor, on the order for pretrial disclosures: "if I were to allow Google to not provide the portions of the pretrial order that relate to the issues on which Google has the burden that Google could wait to provide those to the plaintiff only after the plaintiff has tried to anticipate what that defense case would be and put in and preview what its rebuttal to that anticipated case would be. That just doesn't make any sense, particularly under the circumstances of this case." (1/27/14 Hearing Tr., 20:15-24)

PUM's argument that Google's proposal that it be permitted to rebut PUM's defenses to the breach of contract claim amounts to an "improper reply" fails for the same reason. It is after PUM presents its affirmative case on the defenses for which PUM bears the burden of proof that Google should respond to them, just as PUM will, for example, first address Google's invalidity defense in Phase 3 in both parties' proposals.

PUM further argues that the facts supporting Google's breach of contract claim "overlap almost entirely" with the facts regarding PUM's Cal. Labor Code § 2870 and Statute of Limitations defenses. There are multiple problems with this argument. For example, Google's contract case focuses on the timing of the invention during Konig's employment at SRI. By contrast, PUM's Section 2870 defense focuses on the relationship between the invention and SRI's overall business and research—regardless of the timing of the invention. Although Google may determine during trial that it need not present a rebuttal to PUM's defenses because of overlapping evidence, this does not mean that Google should be precluded from rebutting those defenses on which PUM bears the burden of proof, if needed. Moreover, if the evidence is so overlapping as PUM argues, then PUM could present all of its evidence in Phase 1 and would not need Phase 3 to address issues relating to the breach of contract claim. Of course, that is not what PUM proposes—it proposes getting the last word on breach of contract.

Finally, PUM argued that a four phase trial is not typical or realistic given the Court's allocation of 17 hours per side. But, this is an issue of ordering not timing. Google's proposal is

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[4] PUM inappropriately points to a *draft* of the Joint Pretrial Order that the parties exchanged so they could meet and confer. Both parties revised their positions on numerous topics.

consistent with the ordering that everyone seems to agree is typical: ordering based on burdens of proof. PUM's is not.[5]

Respectfully,

/s/ Karen Jacobs

Karen Jacobs (#2881)

cc: Clerk of the Court (by hand)
       All Counsel of Record (by e-mail)

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[5] Moreover, when the Court provided time limits, it was well aware of the breach of contract claim. Rather than tailoring its case to ensure that it fits within the time limit, PUM is seeking to limit Google's opportunity to rebut PUM's claims as to which it has the burden of proof.