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

PUM'S REPLY IN SUPPORT OF ITS MOTION REGARDING THE STATUTE OF LIMITATIONS APPLICABLE TO GOOGLE'S BREACH OF CONTRACT DEFENSE AND RELATED COUNTERCLAIM

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Google does not address the central premise of PUM's argument, namely that applying § 8117 in the circumstances here would defeat the purpose of the Delaware borrowing statute. Indeed, Google does not even contest that it seeks to avail itself of a longer limitations period in Delaware based on § 8117. Google also raises a strawman, arguing that it is not forum shopping because it filed a counterclaim to PUM's infringement action. But this ignores that the focus is not on whether Google could have sued PUM in California, but whether Google's predecessor, SRI – in whose shoes Google stands – could have sued PUM's predecessor, Utopy, in Delaware had it had any reason to do so. The issue of whether § 8117 applies is an issue solely for the Court and is dispositive in the circumstances here because SRI's stale claims otherwise expired long ago.[1] To the extent the Court finds there are any factual issues remaining for the jury, however, the jury should be instructed that it is § 8121, and its application of § 8106, that applies to this dispute, and not § 8117. Instructing the jury on both statutes would provide inconsistent standards and be confusing to the jury.

I. § 8117 Does Not Apply Here Because It Is Inconsistent with the Borrowing Statute

The Delaware borrowing statute applies here to bar Google's claim because Google seeks to avail itself of a longer limitations period in Delaware pursuant to § 8117. Google fails to rebut that applying § 8117 here, unlike in *Saudi Basic*, would defeat the purpose of the borrowing statute. It also would "result in the abolition of the defense of statutes of limitation in actions involving non-residents." *Hurwitch*, 155 A.2d 593-94.[2] Indeed, Google has no answer to the fact that, were § 8117 interpreted as Google proposes, any defendant could become subject to a

[1] Google accuses PUM of seeking summary judgment. In its Order denying Google's Motion for Reconsideration, however, the Court expressly stated that "to the extent there are factual disputes" they would be tried to the jury. *See* Mem. Order, D.I. 537 at 4. When the proper statute of limitations is applied, there are no issues of fact to be decided.

[2] Google tries to limit *Hurwitch* to the facts of the case and characterizes it as being about substitute service. Its holding, as set forth above, is not so limited, however. Likewise, *Brossman*, which Google also cites, does not address whether tolling should be applied where it is inconsistent with the borrowing statute and where the action arose outside Delaware. 1984 WL 553542, at *2 (Del. Super. June 1, 1984).

host of stale claims arising elsewhere simply by entering the State. D.I. 610 at 6. As the case Google cites makes clear, stretching § 8117 to apply to actions that could have been brought against a defendant in the state where the action arose would be "an absurd result." *McCorriston*, 536 F. Supp. 2d at 1276. Google argues that the borrowing statute somehow does not apply because its cause of action in California was allegedly tolled until discovery in this lawsuit. That assertion is wrong because its claims have otherwise expired under both California and Delaware law.[3] That is why Google seeks the benefit of § 8117 and why the borrowing statute and Delaware's three year statute of limitations must apply. [4]

II. § 8117 Also Does Not Apply Because Utopy Was Subject to Suit in Delaware

SRI could have brought suit against Utopy and gained complete relief for its ownership claim at any time after the inventors assigned their rights in the patents to Utopy in June 2000. D.I. 454 Ex. M. The only relief Google seeks – and the only compulsory counterclaim Google argues it has – is for co-ownership of the patents-in-suit. D.I. 620 at 7-8; D.I. 180 at 18. As of June 2000, Utopy owned the patents. Utopy continued to own the patents for six years, all the

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[3] Google misapplies the inherently unknowable standard to say that the statute was tolled in Delaware or California by arguing that, without litigation, the date of conception was inherently unknowable to SRI, and only when SRI discovered that date and therefore its injury did the statute begin to run. But this is not the law. The discovery rule is a "narrowly confined exception," that only tolls the statute until the plaintiff is on inquiry notice of the existence of facts "which, if pursued, would lead to the discovery [of injury]." *Cent. Mortg.*, WL 2012 WL 3201139, at *22. The wrong could not be inherently unknowable because SRI had actual notice of the invention in 2001-02 when SRI's Dr. Somnez was a beta-test user, and constructive notice in December 2005 when the '040 patent issued listing on its face a December 1999 filing date – four months after Dr. Konig left SRI --which would have put SRI on inquiry notice had it thought it had any claim.

Even if Google were right that its clam did not expire in California, which it is not, then Delaware's borrowing statute would mandate that Delaware's shorter statute of limitations apply. Google cannot both invoke Delaware's nonresident tolling statute *and* tolling under California law to cherry pick favorable aspects of each state's law to resuscitate its stale claim.

[4] If Google is permitted to argue to the jury that Dr. Konig's invention is related to SRI's business, and yet SRI's cause of action was inherently unknowable, then PUM should be allowed to rebut that argument by telling the jury that those actually in the relevant field, including Google, had notice of Dr. Konig's patent, for example, through the rejection of Google's patent application in light of Dr. Konig's patent.

while amenable to suit in Delaware as a Delaware corporation. 10 Del. C. § 3111. Thus, since June 2000, such relief was only available, if at all, from Utopy and its assigns (including PUM); Dr. Konig himself had nothing left to assign. *See Roche*, 583 F.3d at 842 (prior assignment of patent rights by inventor left him with nothing left to assign). As Google admits, § 8117 only tolls the statute for defendants that are not subject to service in Delaware. *See* D.I. 620 at 7; 9 Thus, § 8117 does not apply to Google's case against PUM, Utopy's assignee. Time-barred claims cannot be revived by the assignment of those claims to a new owner. *Madison Fund*, 1980 WL 332958 (Del. Super. Ct. Aug. 11, 1980).

In addition, Google is wrong that Dr. Konig is a necessary party who was not amenable to service prior to this lawsuit.[5] D.I. 620 at 10. SRI could have sought ownership relief from Utopy without suing Dr. Konig for breach of contract. Although Dr. Konig may have been a witness, he would not be an *indispensable party* to SRI's claim because SRI could obtain ownership relief only from Utopy, not Dr. Konig, who had no patent rights left to assign.[6]

CONCLUSION

Google cannot rely on the longer limitations period of § 8117 to revive its stale claims because to do so would defeat the purpose of the borrowing statute. Section 8117 also does not apply because Google cannot demonstrate unavailability. Therefore, to the extent the Court finds that factual disputes remain, the jury should be instructed on § 8121 and its application of § 8106 and not § 8117.

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[5] Google is also wrong that Dr. Konig became amenable to suit in Delaware as PUM's "representative" when PUM brought suit against Google in Delaware. D.I. 486 at 6-8; D.I. 620 at 7. But to the extent Dr. Konig became available with the filing of this lawsuit, he was equally available as an officer of Utopy.

[6] Google misses the point by saying that there is no reason to think Dr. Konig would have consented to suit had SRI sued Utopy in Delaware to avoid multiple actions, "before this lawsuit." D.I. 620 at 10 n.3. This lawsuit is not the relevant focus. SRI could have sued Dr. Konig in California prior to the expiration of its breach of contract claim there, and at the same time brought suit against Utopy in Delaware for a declaration of co-ownership, and it is just as likely Dr. Konig would have consented to join the Delaware action then as he has now.

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March 6, 2014
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CERTIFICATE OF SERVICE

I hereby certify that on March 11, 2014, 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 March 11, 2014, upon the following individuals in the manner indicated:

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