

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.)

**PERSONALIZED USER MODEL, L.L.P.'S AND DR. YOCHAI KONIG'S
RULE 59(a) MOTION FOR NEW TRIAL**

OF COUNSEL:

Marc S. Friedman
DENTONS US LLP
1221 Avenue of the Americas
New York, NY 10020-1089
(212) 768-6700

Mark C. Nelson
Richard D. Salgado
DENTONS US LLP
2000 McKinney Avenue, Suite 1900
Dallas, TX 75201
(214) 259-0901

Jennifer D. Bennett
DENTONS US LLP
1530 Page Mill Road, Suite 200
Palo Alto, CA 94304-1125
(650) 798-0300

MORRIS, NICHOLS, ARSHT & TUNNELL LLP
Karen Jacobs (#2881)
Jeremy A. Tigan (#5239)
Regina Murphy (#5648)
1201 N. Market Street
P.O. Box 1347
Wilmington, DE 19899-1347
(302) 658-9200
kjacobs@mnat.com
jtigan@mnat.com
rmurphy@mnat.com

*Attorneys for Personalized User Model, L.L.P. and
Dr. Yochai Konig*

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NATURE AND STAGE OF PROCEEDINGS

A jury trial was held in this action beginning on March 10, 2014. The jury reached its verdict on March 20, 2014 (D.I. 666), and the Court entered judgment on the verdict on April 17, 2014. (D.I. 689). Pursuant to Rule 59 of the Federal Rules of Civil Procedure, Personalized User Model, LLP (“PUM”) and Dr. Yochai Konig move for a new trial on infringement and invalidity, and in the alternative, on breach of contract (in the event their motion for JMOL is not granted).

SUMMARY OF ARGUMENT

This is a patent infringement case about technology that allows for personalization of Internet services, including search and advertising results. The primary issues at trial should have been whether Google Inc.’s (“Google’s”) products infringe PUM’s asserted patents and whether the patents are invalid. But that trial did not happen. Instead, throughout the trial, Google used its breach of contract claim—only asserted against one of the named inventors, Dr. Yochai Konig—to hijack the proceedings and render PUM’s infringement claims and Google’s invalidity defense peripheral. The jury never should have heard the breach of contract claim because it was time-barred (as the Court has indicated it is inclined to rule), and because it had nothing to do with the infringement and invalidity issues. Google nevertheless capitalized on that claim’s inclusion to relentlessly attack PUM and Dr. Konig and improperly transform what would have otherwise been a straightforward infringement and validity case into a case primarily about the importance of “making people honor their obligations,” the alleged “hiding” and “concealment” of evidence, and—most significantly—the character, integrity, and credibility of Dr. Konig and PUM’s trial counsel.

Google accomplished this transformation in several ways. First, Google presented the jury with highly prejudicial and inflammatory argument and evidence, purportedly in support of

its breach of contract claim. Because this argument and evidence was irrelevant to infringement and invalidity, the jury never would have heard it if the Court had either bifurcated the case or decided the breach of contract claim as a matter of law before trial, as PUM requested. Second, Google connected that disparaging evidence to the infringement case by tasking the jury with holding Dr. Konig accountable for alleged broken promises to his employer and telling the jury that a verdict of infringement would allow Dr. Konig to “make a lot of money” from his alleged misdeeds.

It is highly likely that the jury verdict was heavily influenced by this inflammatory evidence and argument. As set forth below, other courts have excluded evidence and argument far less inflammatory than was presented here because of the potential of “extreme prejudice.” The inclusion of such evidence and argument at trial calls into question the integrity of the verdict on all counts, was improper, unfairly prejudiced PUM, and warrants a new trial.

STATEMENT OF FACTS

This is a patent infringement case in which PUM alleged that Google’s products infringe two patents owned by PUM. Google’s counterclaims and affirmative defenses include breach of contract, ownership, conversion, and constructive trust.

Several times before trial, PUM asked the Court to resolve Google’s state law counterclaims and related defenses as a matter of law based on the applicable statute of limitations or, at a minimum, try them in a separate bench trial to avoid unfair prejudice and jury confusion during trial. These issues were ripe for resolution as a matter of law based on undisputed facts, and they were fundamentally distinct from the infringement and invalidity

issues. Because there was virtually no overlap in the issues to be decided,¹ trying them together as Google proposed offered no judicial economy benefit, but, as was subsequently confirmed during trial, posed substantial risks of juror confusion and prejudice.

PUM first moved for leave to file a summary judgment motion on its statute of limitations defense on January 2, 2013 (D.I. 444), which leave was denied. (D.I. 522). PUM next asserted in the parties' September 9, 2013 Joint Status Report that a bench trial should be scheduled on PUM's statute of limitations defense to the extent there were any factual disputes to be decided. (D.I. 529 at 2). PUM explained (*see id.*):

If the Court determines that Google's ownership claims are time-barred, then these issues need not be tried. This would greatly minimize the complexity of the trial and the potential confusion of including issues relating to SRI and its business having nothing to do with the issues of infringement and invalidity.

During the February 26, 2014 Pretrial Conference, PUM again asked the Court to decide all legal and equitable issues, including the statute of limitations, apart from the fact issues submitted to the jury. Tr. 26:23-27:5; 27:14-19; 77:12-78:20. On March 2, 2014, PUM then submitted a written memorandum pursuant to the Court's February 27, 2014 Order (D.I. 606), clarifying PUM's request that the Court determine whether Google's counterclaims and related defenses are time-barred. (D.I. 610) ("This is a purely legal determination that should not be left to the jury to decide."). PUM again emphasized that presentation of the breach of contract claim to the jury would risk substantial and unfair prejudice to the PUM (*id.* at 9-10 (emphasis added)):

Submitting the breach of contract claim to the jury under these circumstances, where such claims are plainly time-barred, not only is likely to cause jury confusion, but creates a serious risk that the jury will decide the unrelated infringement and validity issues based on its views of the contract dispute. Indeed, that is presumably why Google has fought so hard for these issues to be submitted to the jury. The Court acknowledged this prejudice in ruling that

¹ Indeed, the Court required Dr. Konig, the only common witness on these issues, to testify separately, first in PUM's case on infringement, and then in Google's case on breach of contract. (D.I. 627 at 2).

conversion will not be part of this jury trial. D.I. 606 at 5-6. ***The same prejudice applies to the breach of contract claim.***

The Court denied PUM's request and allowed Google to present its breach of contract counterclaim against Dr. Konig to the jury. (D.I. 627).

At trial, Google capitalized on the breach of contract evidence to create the very jury confusion and prejudice that PUM had cautioned against. Google began and ended its case by using the breach of contract claim as a soapbox from which it could assail the character of PUM's inventors and counsel, thereby shifting the focus of the entire case. Indeed, 37 pages of the transcript of Google's closing are devoted to the breach of contract claim, compared to 21 pages for infringement and 10 pages for validity. From start to finish, Google dominated its presentation with the breach of contract claim and its accompanying evidence and argument disparaging the character and integrity of Dr. Konig and PUM's counsel, notwithstanding that such evidence and argument had nothing to do with whether Google's products infringe the asserted claims, or whether those claims are invalid in light of the asserted prior art. Following an eight day jury trial, the jury returned a verdict against PUM on all issues. (D.I. 666). The Court entered judgment on April 17, 2014. (D.I. 689).

LEGAL STANDARD

The court may grant a new trial "for any reason for which a new trial has heretofore been granted in an action at law in federal court." Fed. R. Civ. P. 59(a)(1)(A). The decision to grant or deny a new trial is within the sound discretion of the trial court. *See Allied Chem. Corp. v. Daiflon, Inc.*, 449 U.S. 33, 36 (1980). In deciding whether to grant a new trial, courts must consider the overall setting of the trial, the character of the evidence, and the complexity or simplicity of the legal principles which the jury had to apply to the facts. *Lind v. Schenley Indus., Inc.*, 278 F.2d 79, 89 (3d Cir. 1960). Unlike the standard for determining judgment as a

matter of law, the court need not view the evidence in the light most favorable to the verdict winner. *Allied Chem. Corp.*, 449 U.S. at 36; *TA Instruments, Inc. v. Perkin-Elmer Corp.*, 277 F. Supp. 2d 367, 372 (D. Del. 2003). The Court may grant a new trial “even though there may be substantial evidence to support the verdict.” *Schreffler v. Bd. Of Ed. Of Delmar Sch. Dist.*, 506 F. Supp. 1300, 1306 (D. Del. 1981). Likewise, a party can obtain a new trial by showing that the erroneous admission of evidence or argument had a “substantial prejudicial effect.” *Burchfield v. CSX Transp., Inc.*, 636 F.3d 1330, 1333 (11th Cir. 2011). “[T]he inquiry is always directed at the same central question—how much of an effect did the improperly admitted or excluded evidence have on the verdict?” *Peat, Inc. v. Vanguard Research, Inc.*, 378 F.3d 1154, 1162 (11th Cir. 2004).

The Federal Circuit has recognized the need for a new trial based on the unfairly prejudicial effect of evidence disparaging a patentee on a jury’s infringement determination. *See Magnivision, Inc. v. Bonneau Co.*, 115 F.3d 956, 960 (Fed. Cir. 1997) (remanding case for new trial because alleged infringer prejudiced jury throughout trial with evidence regarding inequitable conduct, explaining that “a trial need not be perfect; it must, however, be fair”). This Court also has recognized the danger of unfair prejudice unfairly swaying the jury during trial. *See, e.g., Lucent Techs., Inc. v. Extreme Networks, Inc.*, 229 F.R.D. 459 (D. Del. 2005) (defendant’s repeated references to counterclaims and affirmative defenses during infringement stage of bifurcated trial warranted a new trial).

ARGUMENT

A new trial should be granted here because Google’s time-barred breach of contract claim should never have been presented to the jury. Had that claim not been tried together with infringement and invalidity, Google could not have presented the extremely prejudicial breach of contract evidence to the jury and biased the jury’s decisions on infringement and invalidity.

Google’s breach of contract claim was far simpler than the infringement and invalidity issues, yet it dominated the trial. Google injected its assertions of Dr. Konig’s allegedly deceitful behavior into every facet of the case. This is unfair prejudice. FED. R. EVID. 403 Advisory Committee’s Notes (“Unfair prejudice” occurs when there is “an undue tendency to suggest decision on an improper basis, commonly, though not necessarily, an emotional one.”). By design, Google began and ended its case by injecting such inflammatory and prejudicial evidence, purportedly in support of its breach of contract claim. The trial transcript establishes that:

- Google argued its breach of contract claim to the jury in its opening *before* turning to its defenses of infringement and invalidity. Tr. 385-86; 391:16-406:6.
- Throughout the trial, Google used the breach of contract claim as a basis to attack the credibility and integrity of Dr. Konig and urged the jury to hold him accountable. *See Section I infra*.
- Google conflated the breach of contract claim with the infringement claim—warning the jury that Dr. Konig stood to “earn a lot of money” if the jury were to return an infringement verdict. Tr. at 1978: 1-7
- Google attacked the credibility and integrity of PUM’s counsel. *See Section I.C. infra*.
- Google attacked the credibility of other principals of PUM. *See fn. 6 infra*.
- Google began and ended its closing argument with the breach of contract claim, dedicating more than half of it to that single issue, *see* Tr. 1955-2024, repeatedly casting Dr. Konig and PUM’s counsel as untruthful, and finished its argument by urging the jury to decide “who is telling the truth and who is not.” Tr. 2022: 10-12.

The cumulative effect of this argument and evidence unfairly prejudiced PUM on the infringement and invalidity claims, likely caused the jury to decide those issues on an improper basis, and could have been avoided either by resolving the breach of contract claim before trial as a matter of law or through bifurcation. *See Stewart v. RCA Corp.*, 790 F.2d 624, 629 (7th Cir. 1986) (“The statute of limitations is a prime candidate for a limited trial under Rule 42(b), both because the issues may overlap very little with the merits of the case and because the potential savings are greatest when a case is put to death at an early stage.”). Because the integrity of the

verdict is called into question by this extensive highly prejudicial evidence and argument, PUM should be granted a new trial.

That unfair prejudice was magnified by the fact that, as this Court has stated it is inclined to rule, no reasonable jury could find that Google even had a breach of contract claim to assert because that claim was time barred. Yet the jury found for Google not only on statute of limitations, but every other issue before it.

I. Google Repeatedly Attacked The Integrity And Character Of Dr. Konig, Tasked The Jury With Holding Dr. Konig Accountable, And Invited The Jury To Conflate Breach Of Contract With Infringement And Invalidity.

A. Courts Routinely Exclude Highly Prejudicial Evidence From A Trial On Infringement And Invalidity

The risk of unfair prejudice is especially high in patent cases because the complexity of such cases may lead jurors to resort to alternative, improper bases for reaching a decision. Judge Moore of the Federal Circuit has previously warned of this danger:

If juries are unable to understand the technology or apply the law, their decisions will be based on less meritorious influences such as bias, likeability, or emotion.

Kimberly A. Moore, *Jury Demands: Who's Asking?*, 17 BERKELEY TECH L.J. 847, 852 (2002).²

For these reasons, courts in analogous circumstances prevent such inflammatory evidence from reaching the jury, either by exclusion or by bifurcation, as PUM requested here. In the context of inequitable conduct, for example, courts have held that evidence that an inventor “withheld information from the patent office,” or committed what amounted to “fraud” would be so likely to prejudice the jury on other issues that such issues should be tried separately. *See, e.g., Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs, Inc.*, No. 03-0597-PHX, 2007 WL

² INDRANEEL GHOSH, *THE ROAD TO TRANSPARENCY: ABOLISHING BLACK-BOX VERDICTS ON PATENT OBVIOUSNESS*, 26 BERKELEY TECH. L.J. 171, 182 (2011) (in “patent cases involving complex technology that is unfamiliar to a typical juror, it is likely that jurors will frequently take refuge in . . . heuristic reasoning”).

3208540, *2 (D. Ariz. 2007); *Trading Tech. Int'l, Inc. v. eSpeed, Inc.*, 507 F. Supp. 2d 870, 874 (N.D. Ill. 2007). As several courts have observed, such evidence may result in “extreme prejudice”:

[I]f the instant trial is not bifurcated and [Defendant’s] evidence relevant solely to inequitable conduct is presented in the jury’s presence ***there would be extreme prejudice to [the Plaintiff]*** because of the serious allegations of, inter alia, withholding evidence from the PTO and destruction of evidence. If this evidence is presented to the jury, ***it may be so prejudicial that a jury would have a difficult time finding in [Plaintiff’s] favor on infringement.***

Bard, 2007 WL 3208540, *2 (emphasis added); *Japan Cash Mach. Co. v. MEI, Inc.*, No. 2:05-cv-01433-RCJ-RJJ, 2008 WL 5051245, *8–10 (D. Nev. Nov. 20, 2008) (same).³

As another court explained, the presentation of such evidence could “contaminate” the jury’s factual findings on infringement and invalidity:

[M]uch of [the defendant’s] evidence deliberately highlights [the plaintiff’s] alleged misconduct, which could needlessly confuse the jury and tempt them to decide the patent infringement claims on the basis of equitable factors. ***Presenting the jury with such evidence may contaminate their factual findings on legal issues, which must be made strictly on the basis of the evidence and the law, without reference to considerations of fairness or equity.***

Illinois Tool Works, Inc. v. MOC Products Co., Inc., 946 F. Supp. 2d 1042, 1046 (S.D. Cal. 2012) (emphasis added); *THK Am., Inc. v. NSK, Ltd.*, No. 90-C-6049, 1996 WL 33398071, *2 (N.D. Ill. Jan 9, 1996) (“Evidence tending to show fraud on the part of the inventor is so likely to prejudice the jury on other issues that the fraud issue should be tried separately.”).

Courts are also mindful of this in contexts other than inequitable conduct, routinely recognizing that evidence that casts the patentee in a bad light endangers the jury’s ability to properly decide issues of infringement and invalidity. For example, Judge Farnan in *Enzo Life*

³ See also *Server Tech., Inc. v. Am. Power Conversion Corp.*, No. 06- 00698-LRH, 2014 WL 1308617, at *2 (D. Nev. Mar. 31, 2014) (granting motion to bifurcate when evidence of inequitable conduct “would be prejudicial to STI because of the seriousness of the allegations that STI withheld information from the patent office, especially when such evidence is not relevant to the jury’s determination of infringement and invalidity”).

Sciences, Inc. v. Digene Corp., No. 02-212-JJF, 2003 WL 21402512 (D. Del. June 10, 2003), bifurcated infringement and business tort claims to avoid juror confusion. And Judge Thyng found in *Masimo Corp. v. Philips Electronics N. Am. Corp.*, No. 09-80-JJF-MPT, 2010 WL 925864 (D. Del. Mar. 11, 2010), that “allegations of monopolization could bias the jury when it evaluates [the Plaintiff’s] patent claims.”

There can be little question that exposure to inflammatory and otherwise irrelevant evidence likewise hindered the jury’s ability to decide the infringement and invalidity issues on a proper basis in this case.

B. Google Encouraged The Jury To Decide The Case Based On Inflammatory And Highly Prejudicial Evidence And Argument Having Nothing To Do With Infringement Or Validity

The “extremely prejudicial” evidence of inequitable conduct that courts find warrants bifurcation for fear of juror contamination pales in comparison to the inflammatory evidence and argument Google presented to this jury. Throughout its presentation, Google portrayed Dr. Konig as a deceitful promise-breaker who effectively stole property from his employer and lied to cover it up. In essence, Google appointed the jury as the moral watchdog to hold Dr. Konig accountable, conflating breach of contract with infringement, and suggesting that an infringement verdict would enable Dr. Konig to “earn a lot of money” from his alleged misdeeds. Tr. 1978:1-7. *None* of this evidence and argument had anything to do with infringement or validity. *See Trading Tech.*, 507 F. Supp. at 872-74 (“It is the patent, not the patentee, on trial before the jury.”).

The prejudicial onslaught began in opening statement when Google established the breach of contract claim as an issue of significant moral weight:

- “And what we need to do, members of the jury, is make people honor their obligations. You sign a contract, you need to abide by it. And what they are trying to do here is breach their contract and get away with it.” Tr. 402:25-403:4.

- “It’s important, it’s very important in this country that people abide by their promises.” Tr. 406:4-6.

Google then portrayed Dr. Konig as a flagrant violator of this important principle.

- “[T]here is his signature right down there—an employment agreement with SRI.” Tr. 394:19-396:7.
- “He *promised* his employer that he would promptly disclose to that employer all discoveries, improvements, and inventions that he came up with while he was there. He also *promised* to effect transfer of ownership in or to impart a full understanding of such discoveries, improvements and inventions to SRI. . . . This is the way employment agreements work.” Tr. 395:1-10 (emphasis added).

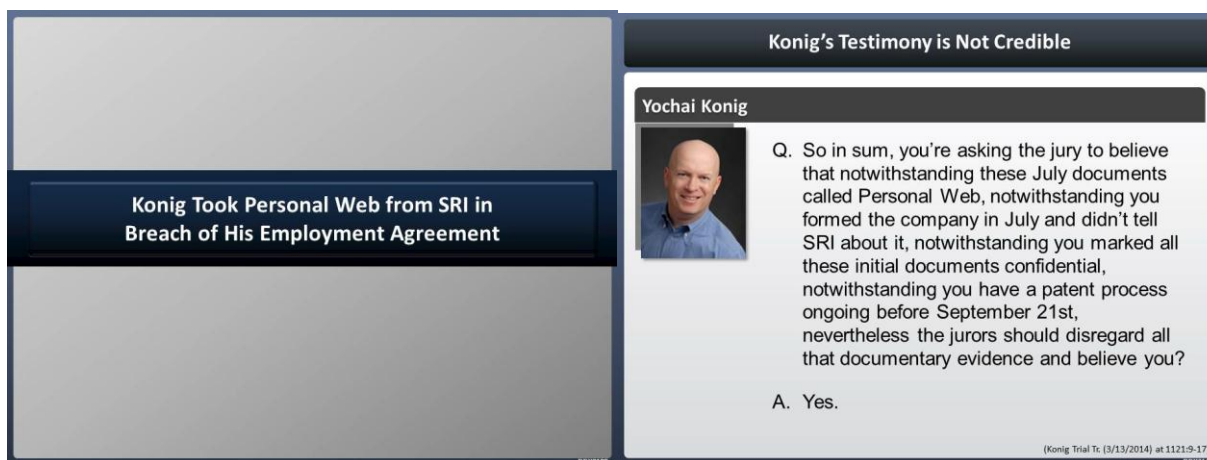
Google also repeatedly argued that Dr. Konig affirmatively “hid” important information from SRI. Google then went even further by relentlessly alleging that Dr. Konig not only hid evidence, but also stole his invention from his employer:

- “He hid that invention from SRI.” Tr. 385:18-386:14.
- He “formed a company without telling SRI about it.” *Id.*
- “He improperly took the Personal Web invention from SRI.” *Id.*
- He “hid it from them.” *Id.*
- “He formed a company secretly.” Tr. 394:19-396:7.
- “Dr. Konig took [these patents] and they were actually SRI’s.” Tr. 405:8-11.
- He “[took] this intellectual property that belonged to SRI for himself.” *Id.*
- “Q. You hid, you hid the Utopy company from SRI while you were working there. You didn’t disclose your Personal Web in violation of the contract and you took it for yourself, didn’t you, sir?” Tr. 1076:5-8.
- “Q. And it says you are operating in stealth mode. That means you are hiding; right?” Tr. 1120:22-23.
- “He kept it for himself.” Tr. 1961: 3-10
- “He took it for himself.” *Id.*
- “He hid it all from SRI.” TR. 1961:11-17

Google even analogized Dr. Konig’s actions to stealth aircraft to drive home the theme that Dr. Konig hid information from his employer and thereby broke his promise (Tr. 1989:14- 22):

Given the ongoing patent application process, we are still in a stealth mode, stealth mode, like the Stealth fighter jets. They elude radar. Stealth mode is you’re private. Nobody knows what you are doing. So the evidence shows that Google, SRI, they had no knowledge of this. They had -- it was all hidden from them.

These assertions were accompanied by various slides to emphasize that Dr. Konig stole from his employer:



Slide 9 to Google’s Closing Argument.

Slide 47 to Google’s Closing Argument; Tr. 1121:9-17.

After presenting this mountain of extremely prejudicial evidence and argument—none of which related to infringement or invalidity—Google tasked the jury with holding Dr. Konig accountable for his actions (Tr. 406:2-6):

Unless you enforce that breach of contract claim, then Dr. Konig will get away without abiding by the terms of the agreement.

Most troubling, after urging the jury to hold Dr. Konig accountable and not let him “get away” with his alleged deceit, Google invited the jury to conflate the breach of contract issue with the infringement claims. Put another way, Google exploited the very danger about which numerous courts have warned. Specifically—and even though damages were not part of the

trial—Google’s counsel warned the jury that a favorable *infringement* verdict would allow Dr. Konig to profit significantly from his breach of contract (Tr. 1978:2-7 (emphasis added)):

[T]he overwhelming weight and majority of the evidence based on historical documents . . . outweighs a self-interested inventor who stands to earn a lot of money if there is an infringement finding on his oral recollection, based on nothing except his memory 15 years ago.

In other words, Google suggested to the jury that *regardless of how the jury decided the breach of contract claim*, the *only* sure way the jury could prevent Dr. Konig from “getting away” and earning “a lot of money” was by returning of verdict of *non-infringement*.⁴ Otherwise, the jury would have failed in its critical duty of making sure that “in this country . . . people abide by their promises.” After mounting these repeated character attacks, Google ended its closing by encouraging the jury to reach its decision based on the credibility of the witnesses it had disparaged on the breach of contract claim. Tr. 2022-23. Google thus not only used the breach of contract claim as a basis to attack Dr. Konig’s credibility, but also improperly connected that claim to infringement. This alone warrants a new trial. *See Commil USA, LLC v. Cisco Sys., Inc.*, 720 F.3d 1361, 1370-71, 107 U.S.P.Q.2d 1290 (Fed. Cir. 2013) (affirming grant of new trial based on defense counsel’s improper remarks in closing statements and during trial trying to bait jury); *Novo Nordisk A/S v. Becton Dickinson and Co.*, 304 F.3d 1216, 1220 (Fed. Cir. 2002) (“Inflammatory insinuations and incorrect statements are improper, and their

⁴ This was in addition to Google’s repeated disparagement of PUM and its principals, portraying PUM as business with no operations whose principals did not value the patents but sought only to capitalize on them. *See, e.g.*, Google’s closing arguments, Tr. 1956-58 (“So we don’t even know who PUM is. We don’t know what they do. They have no employees and their only asset is the patents.”); Tr. 1818-22 [Aspitz] (referring to the “precarious [financial] situation of Utopy”); Tr. 1824-25 [Black] (stating he was not aware of any interest in licensing the patent-in-suit and that he was aware that potential investors contacted in Israel indicated that “we don’t get a lot of value for our patent”). The Court overruled PUM’s relevance and prejudice objections to this testimony. (*See* D.I. 606 at 7; D.I. 655). These character attacks had nothing to do with any issue in the case, particularly given the bifurcation of damages.

presentation to prejudice the jury is not condoned”); *Waddington N. Am., Inc. v. Sabert Corp.*, No. 09-4883-GEB, 2011 WL 3444150, *4–*20 (D.N.J. Aug. 5, 2011) (granting patentee’s motion for new trial in part due to defense counsel’s egregious behavior in introducing inequitable conduct allegations and foreign patent invalidity determination).

C. Google Repeatedly Attacked The Integrity And Character Of PUM’s Counsel.

Google’s improper exploitation of the breach of contract claim was not limited to attacks on Dr. Konig. Google also attacked the credibility and character of PUM’s trial counsel personally, accusing them of serious ethical violations and casting a shadow over their credibility in the jury’s eyes. Specifically, Google alleged that PUM’s counsel improperly changed interrogatory answers regarding the conception date of the patents at issue after being served with Google’s counterclaims. Tr. 400:10-401:25 (“All of a sudden, four days later after they get a breach of contract claim, the attorneys say, whoop, it wasn’t July. Even though we cited all these documents and repeated it twice, it’s September.”). Google argued, based on this issue—which never would have come before the jury but for the breach of contract claim—that PUM’s lawyers were dishonest (Tr. 402:15-23):

[I]f they had kept their admissions, they would be found in breach of contract. But you can’t just say, oops, I want a do-over after you have been made binding admissions repeatedly.

In particular, Google focused on the fact that PUM’s counsel are lawyers (Tr. 1969:25-1970:7):

[Y]ou heard Mr. Friedman say, . . . the specific requirements for conception aren’t technically met. Well, their attorneys know what the requirements are for conception. They’re attorneys, they’re patent lawyers, they know what the requirement is

Based on that, Google suggested to the jury that PUM’s lawyers must be lying (Tr. 1972:12-20):

What happened obviously is they saw our counterclaim and they said, ah, we're in trouble because we admitted, rightfully so, that Dr. Konig conceived this in July So what did they do? They reversed course and they say, whoop. Whoop. We didn't mean it, even though we signed it, and we gave it, and we're lawyers and we're patent lawyers and we gave it to the Court, a formal document. We didn't mean it.

Google also urged the jury that just as it should hold Dr. Konig accountable, it should also hold PUM's counsel accountable (Tr. 1973:8-14 (emphasis added)):

It's up [to] you to make an inference. I suggest the inference is they changed the dates because they got our breach of contract claim. And if they didn't change the dates, they know they would lose. But you can't just do a give-me, a do-over when you sign a document formally and you file it with the Court. It's a binding admission, members of the jury. *And you should hold them to it.*

This evidence and argument—unrelated to infringement or invalidity—contaminated the entire proceeding and disparaged PUM's counsel in the eyes of the jury. *See Draper v. Airco, Inc.*, 580 F.2d 91, 96-97 (3d Cir. 1978) (reversing and remanding case for a new trial where counsel for plaintiff prejudiced the jurors through repeated inappropriate reference to defendant's character and made several prejudicial and insulting references to opposing counsel). This evidence and argument also inevitably contaminated the jurors' perceptions on infringement and invalidity.

D. The Improper Admission Of Evidence And Arguments Relating To The Character Of Dr. Konig And PUM's Counsel Substantially Prejudiced The Outcome.

But for the prejudice caused by the evidence and arguments relating to the breach of contract claim, the outcome of the trial would have likely been very different, particularly given the strength of PUM's infringement evidence and Google's lack of invalidity evidence. Trying breach of contract alongside infringement and invalidity was thus far from harmless error.

Google proffered three primary non-infringement arguments: (1) with respect to "documents," that Google does not update user specific data files containing "a set of documents associated with the user" or analyze "documents" to identify their properties; (2) that Google

does not have “learning machines,” either because it does “aggregate” learning or is a “forgetting machine”; and (3) that Google does not “estimate” parameters or probabilities. At least with respect to Google Search,⁵ PUM proved that Google met each of these elements.

First, the evidence established that Google Search met the “document” limitations. Google improperly argued that the “a set of documents associated with the user” limitation required *storing* a set of documents associated with the user. Nothing in the Court’s construction, however, required that the documents be “stored” with the user, only that the documents be “associated with the user.” Google’s own expert Dr. Fox conceded this (Tr. 1462:23-25). Dr. Fox also conceded that documents are associated with the user by their IDs and that as the user continues to search and click on links new documents are associated with the user. (Tr. 1466:1-1467:2 (user IDS -- GAIA ID, Zweiback ID, and prefID -- are users under the Court’s definition), Tr. 1463:9-11, 16-25 (documents are identified by document IDs), Tr. 1472:6-1475:6 (as user continues to search rows are added in Kansas, those rows are keyed to the user’s identifier, and new document identifiers are added to the rows based on the user’s actions)). In this way, “a set of documents associated with the user” is updated.

Google’s documents further evidenced that this element is met. For example, both documents and users have unique identifiers in the Google system. *See e.g.*, PTX 0011, PTX 0012, PTX 0013, PTX 0014, PTX 0015, PTX 0373, PTX 0375, PTX 0576, PTX 1312. Google’s Technical Lead of Personal Search, Bryan Horling, testified on cross examination that user IDs (*e.g.*, Zweiback ID) are associated with a user’s account in Kansas, that there is a logical association between a document ID and a document, and that the user ID is associated with the

⁵ These arguments also apply to Search Ads and Content Ads (if “document” were construed correctly). *See infra* at 19. With respect to Search, however, there was also no dispute that webpages are “documents” under the Court’s construction.

document through the document ID. Tr. 1372:7-1374:19.⁶ In sum, there was more than substantial evidence that Google's accused products performed this step.

There also was more than substantial evidence to establish that Google Search "analyzes a document d to identify properties of the document." For example, Google admitted in its interrogatory responses that, "[t]he Rephil boostmap is created using a process that analyzes web documents." PTX 0024 at 28; *see also* PTX 0017, PTX 0025, PTX 0030; Tr. 813:6-817:7. Dr. Fox described the rephil profiler as acting on properties of the document [the rephil clusters] that result from analysis of the document: "[t]his [describing rephil profile] is yet a third category system that is used to *describe web pages*...So rephil as *an analysis from again all these different web pages* and behaviors..." *See, e.g.*, Tr. 1427:14-1428:6 (emphasis added); PTX 24, PTX 30.

Second, Google argued that the "learning machine" limitations were not met because the accused Search products/services (i) did not learn (*i.e.*, they were forgetting machines), and (ii) that the systems trained on aggregate data. Both arguments are wrong. The first argument applied only to short-term profiles (Google did not contest this issue for the long-term profiles (link, dilip, and rephil)), and that argument was not supported by Google's own witnesses. For example, Mr. Horling conceded that the short-term profile's performance improved over time (*i.e.*, learned). Tr. 1378:6-1380:22; *see also* Fox Tr. 1617:19-1619:10 (using user-specific data over time can improve system performance even for short-term profiles). Indeed, Google never offered any explanation why it would develop systems that were designed to "forget." And Google's second argument was a red herring because PUM did not identify the aggregate portions of Google's systems as the learning machines.

⁶ PUM's expert, Dr. Pazzani, also presented substantial evidence that Google's accused systems performed the step of "updating user specific data files ... [including] a set of documents associated with the user." Tr. 684:21-685:6; 747:3-751:23; 767:17-768:5; 769:4-19.

Third, Google argued it does not “estimate” parameters or probabilities because the numbers that PUM identified as meeting these limitations are too precise to be estimated. Mr. Horling, however, conceded that a precise calculation is impossible because one can never know for a fact whether the user is more interested in certain results over others. Tr. 1383:3-22. And, Dr. Fox confirmed that expressing a number with precision (*e.g.*, 0.1875 instead of 3/16ths (M&M hypothetical)) did not mean that the number is not an estimate. Tr. 1613:2-1614:8. Rather, as Dr. Fox conceded, it is the intent (not precision) that indicates whether something is an estimate: “the estimate comes from intent.” Tr. 1615:2-4.

On invalidity, Google bore the burden of proving by clear and convincing evidence that each and every element of the claims was disclosed in the three anticipatory references that it presented. Yet, none of those references disclosed, for example, the “probability” limitations in the asserted claims, as Google’s invalidity expert, Dr. Jordan, acknowledged on cross examination. Tr. 1280:17-19 (Montebello) (Q. Right. So its [sic] not your opinion that it [Montebello] teaches calculating logistic regression; is that right? A. No, it does not teach logistic regression), 1282:16-1283:12; Tr. 1295:1-6 (Wasfi); 1297:14-15 (Mladenec) (“Q: Are boolean categories the same as probabilities? A. No, they’re not.”).

Simply put, by contaminating the case with irrelevant and inflammatory evidence and arguments, Google succeeded in divorcing the case from the merits. Accordingly, it is impossible to know with any certainty how the jury would have decided the case without the prejudice. A new trial is thus required.

II. A NEW TRIAL SHOULD ALSO BE GRANTED BECAUSE THE JURY WAS WRONGLY INSTRUCTED.

A. New Trial On Breach Of Contract Claim

If the Court does not grant PUM’s motion for judgment as a matter of law (“JMOL”) on Google’s breach of contract claim, the Court should order a new trial because there was not

sufficient evidence to support the jury verdict, as set forth in PUM’s brief in support of its JMOL motion, being filed herewith. *See also* D.I. 677 at 7. In addition to a lack of sufficient evidence on breach of contract, a new trial should be granted because the jury was erroneously instructed on statute of limitations, on section 2870 of the California Labor Code, and on the construction of the term “document.”

The Court adopted in pertinent part Google’s jury instruction on tolling of the statute of limitations.⁷ The instruction provided as follows:

You must find that the statute of limitations was tolled if, before PUM produced confidential discovery in this case, it was inherently unknowable to Google and SRI that the inventions were conceived during Dr. Konig’s SRI employment, and Google and SRI were blamelessly ignorant of this fact. You must consider whether Google or SRI were aware of the conception date before this lawsuit was filed, whether any facts available to Google or SRI would have caused a person of ordinary intelligence and prudence to conduct an inquiry into the conception date, and whether such an inquiry would have led to the discovery of the conception date. If you find that Google and SRI were unaware of the conception date before this lawsuit and that no inquiry they reasonably should have conducted before this lawsuit would have caused them to discover the conception date, you must find that the statute of limitations was tolled until PUM produced confidential discovery in this lawsuit concerning the conception date.

(Jury Instruction 5.1 (D.I. 663) (emphasis added)).

This instruction was erroneous because it focused the inquiry on whether Google and SRI were “aware” of the conception date of the invention prior to the production of “confidential discovery in this case,” rather than on when SRI was on inquiry notice to investigate whether it “had (or through reasonable diligence, would have had) a basis to begin to investigate whether it had a claim.” *See* D.I. 677 (citing *Cent. Mortg. Co.*, 2012 WL 3201139, at *22-23). That error was not harmless, because it may have caused the jury to believe erroneously that SRI’s cause of action was tolled if SRI was not aware of the conception date.

⁷ PUM timely objected to the instruction. *See* D.I. 651 at 68-69; Tr. at 1541-42; 1872-73.

The Court also adopted in pertinent part Google’s jury instruction on section 2870 of the California Labor Code.⁸ That instruction was erroneous because it directed the jury that it “*must* interpret the phrase ‘related to’ broadly” (Jury Instruction 5.4 (D.I. 663) (emphasis added)). The case on which Google relied does not support this sweeping instruction. *See Cadence Design Sys., Inc. v. Bhandari*, No. 07-823, 2007 WL 3343085, *5 (N.D. Cal. Nov. 8, 2007). That court stated in dicta that courts “have construed the ‘related to’ phrase broadly,” citing to *Cubic Corp. v. Marty*, 185 Cal. App. 3d 438 (Cal. Ct. App. 1986). The *Cubic* court, however, never said anything about interpreting “related to” broadly. The only conceivable “broad” interpretation that court gave was that it clarified that § 2870 only requires that one of its exceptions—not both—be met for the statute to apply. 185 Cal. App. 3d at 452 (stating that “[i]f either situation is present, then the employer has a right to the invention”). In neither *Cubic* nor *Cadence* did the court hold that “related” to must be given a broad construction.⁹

This error was also not harmless. The Court’s instruction could have led the jury to believe that any connection would suffice to make the invention related to Dr. König work at SRI. As a result, it is likely that jurors disregarded significant evidence, including testimony that it would be “ludicrous” for SRI to claim it owned these research tools, that the patents “had nothing to do with SRI,” and that SRI was not engaged in personalized internet search utilizing machine learning tools while Dr. König was employed there. Tr. [Stolcke] 1662:20-1663:22;

⁸ PUM timely objected to the instruction. *See* D.I. 651 at 78 n. 69; Tr. at 1541-42; 1872-73.

⁹ Indeed, interpreting the exceptions to § 2870 broadly, as the Court instructed, would negate the very protections to employees that the statute was intended to confer. *See* § 2870(b) (stating that it “is against the public policy of this state” for an employer to require an employee to assign inventions other than pursuant to the terms specified in the statute). *See also Applera v. Illumina, Inc.*, 375 F. App’x 12, 17 (Fed. Cir. 2010) (“§ 2870 does not confer any rights on employers—it protects employees by rendering assignment agreements unenforceable to the extent they exceed permissible limits”).

1665:18-1667:2; [Sonmez] 1656:13-1657:21; [Bercow] 1680: 8-24; 1659:16-1660:10; [Konig] 1085:26-1086:14; 1089:23-1090:4; [Perrault] 1683: 14-1684:22; [Franco] 1157:15-18. Instead, based on the instruction, it is likely the jury incorrectly concluded that Dr. Konig's invention related to SRI's business merely because he used some of the same machine learning tools that SRI indisputably did not develop and over which SRI can claim no ownership.

B. New Trial On Infringement Based On The Term “Document”

A new trial also should be granted because of the erroneous instruction on the term “document,” for the reasons set forth in PUM's claim construction briefing. D.I. 115 at 4; D.I. 119 at 15, D.I. 132 at 16-17. The '040 patent itself explains: “In this context, a document may be a full document, a document excerpt, including paragraphs, phrases, or words, the top result of a search based on a user query, or an email message requesting help with a particular subject.” PTX 1 [’040 Patent], Col. 30, ll. 35-39. As PUM explained at the *Markman* hearing, “electronic file” imposes a non-existent storage requirement on “document.” *Markman* Tr. 37:18-39:17. Including the term “electronic file” in the definition of “document” improperly limited “documents” to certain types (*i.e.*, those stored as electronic files) (*see Markman* Tr. 37:18-39:17), and because such a limitation was improper, PUM did not seek to have the Court construe the term “electronic file” during trial. A new trial is necessary to adjudicate infringement based on the correct construction.

CONCLUSION

For the foregoing reasons, PUM and Dr. Konig respectfully request that the Court grant their motion for a new trial.

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Karen Jacobs

OF COUNSEL:

Marc S. Friedman
DENTONS US LLP
1221 Avenue of the Americas
New York, NY 10020-1089
(212) 768-6700

Mark C. Nelson
Richard D. Salgado
DENTONS US LLP
2000 McKinney Avenue, Suite 1900
Dallas, TX 75201
(214) 259-0900

Jennifer D. Bennett
DENTONS US LLP
1530 Page Mill Road, Suite 200
Palo Alto, CA 94304-1125
(650) 798-0300

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Karen Jacobs (#2881)
Jeremy A. Tigan (#5239)
Regina Murphy (#5648)
1201 N. Market Street
P.O. Box 1347
Wilmington, DE 19899-1347
(302) 658-9200
kjacobs@mnat.com
jtigan@mnat.com
rmurphy@mnat.com

*Attorneys for Personalized User Model, L.L.P. and
Dr. Yochai Konig*

CERTIFICATE OF SERVICE

I hereby certify that on May 14, 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 May 14, 2014 upon the following individuals in the manner indicated:

BY E-MAIL

Richard L. Horwitz
David E. Moore
POTTER ANDERSON & CORROON LLP
1313 N. Market St., 6th Floor
Wilmington, DE 19801

BY E-MAIL

Brian C. Cannon
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
555 Twin Dolphin Dr., 5th Floor
Redwood Shores, CA 94065

Charles K. Verhoeven
David A. Perlson
Antonio R. Sistos
Andrea Pallios Roberts
Joshua Lee Sohn
QUINN EMANUEL URQUHART
& SULLIVAN, LLP
50 California Street, 22nd Floor
San Francisco, CA 94111

/s/ Karen Jacobs

Karen Jacobs (#2881)