

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

FINJAN, INC.,
Plaintiff,
vs.
QUALYS INC.,
Defendant.

CASE NO. 4:18-cv-07229-YGR

**ORDER GRANTING IN PART AND DENYING
IN PART DEFENDANT’S MOTION TO STRIKE**

Re: Dkt. No. 156, 157, 158, 163

United States District Court
Northern District of California

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Plaintiff Finjan, Inc. (“Finjan”) brings this patent infringement action against defendant Qualys Inc. (“Qualys”) for direct and indirect infringement of its patents. Now before the Court is Qualys’ motion strike certain portions of Finjan’s infringement and damages expert reports. (Dkt. No. 158 (“Mot.”).) Qualys contends that Finjan’s expert, Dr. Nenad Medvidovic, introduced six new theories in his report that were not disclosed in Finjan’s infringement contentions. Having carefully considered the pleadings and the papers submitted,¹ the Court **GRANTS IN PART** and **DENIES IN PART** Qualys’ motion to strike.

I. BACKGROUND

Finjan accuses Qualys of infringing several patents, including U.S. Patent No. 8,225,408 (the “’408 Patent”). The ’408 Patent broadly relates to scanning content for “exploits” (security vulnerabilities). (See ’408 Patent at 1:59-64.) It does so using a scanner that is specific to each programming language and that includes rules to dynamically break down incoming content into “tokens” and analyze patterns in those tokens. (See *id.* at 1:65-2:19.) Claim 1 recites:

- 1. A computer processor-based multi-lingual *method* for scanning incoming program code, comprising:

¹ The Court finds the motion appropriate for resolution without oral argument and the

1 *receiving*, by a computer, an incoming stream of program code;

2 *determining*, by the computer, any specific one of a plurality of *programming*
3 *languages* in which the incoming stream is written;

4 *instantiating*, by the computer, *a scanner for the specific programming language*,
5 in response to said determining, the scanner *comprising parser rules and analyzer*
6 *rules* for the specific programming language, wherein the parser rules define certain
7 patterns in terms of tokens, tokens being lexical constructs for the specific
8 programming language, and wherein the analyzer rules identify certain
9 combinations of tokens and patterns as being indicators of potential exploits,
10 exploits being portions of program code that are malicious;

11 *identifying*, by the computer, *individual tokens* within the incoming stream;

12 *dynamically building*, by the computer while said receiving receives the incoming
13 stream, *a parse tree* whose nodes represent tokens and patterns in accordance with
14 the parser rules;

15 *dynamically detecting*, by the computer while said dynamically building builds the
16 parse tree, *combinations of nodes in the parse tree which are indicators of potential*
17 *exploits*, based on the analyzer rules; and

18 *indicating*, by the computer, *the presence of potential exploits* within the incoming
19 stream, based on said dynamically detecting.

20 Finjan accuses the Qualys Cloud Platform, which comprises several interrelated products.
21 (Dkt. No. 1 (“Complaint”) ¶ 35; *see* Dkt. No. 164-3 (“Medvidovic Report”) ¶ 94.) Finjan served
22 its infringement contentions on April 19, 2019, describing generally how “each of the Accused
23 Products” meets the claim limitations. (Dkt. No. 158-6 (“Contentions”) at 2-18.) Fact discovery
24 closed on October 1, 2020, and the parties served their opening expert reports six weeks after that.
25 (Dkt. Nos. 39, 78.) Dr. Medvidovic and Dr. Eric Cole opined on infringement on behalf of Finjan.
26 (Medvidovic Report; Dkt. No. 158-3 (“Cole Report”).) Dr. DeForest McDuff opined on damages.
27 (Dkt. No. 158-4 (“McDuff Report”).)

28 II. LEGAL STANDARD

29 The Patent Local Rules “require parties to crystallize their theories of the case early in the
30 litigation and to adhere to those theories once they have been disclosed.” *Simpson Strong-Tie Co.,*
31 *Inc. v. Oz-Post Int’l, LLC*, 411 F. Supp. 3d 975, 980-81 (N.D. Cal. 2019) (citation omitted).

32 Specifically, Patent Local Rule 3.1 requires a party asserting patent infringement to disclose each

1 “Accused Instrumentality” separately for each asserted claim, together with a chart “identifying
2 specifically where and how each limitation of each asserted claim is found within each Accused
3 Instrumentality.” Patent L.R. 3-1(b). Once these disclosures are made, they can only be amended
4 by Court order upon a showing of good cause. Patent L.R. 3-6.

5 The purpose of these rules is to “provide structure to discovery and to enable the parties to
6 move efficiently toward claim construction and the eventual resolution of their dispute.” *Huawei*
7 *Techs., Co., Ltd v. Samsung Elecs. Co, Ltd.*, 340 F. Supp. 3d 934, 945 (N.D. Cal.2018) (citation
8 omitted). As such, “a party may not use an expert report to introduce new infringement theories,
9 new infringing instrumentalities, new invalidity theories, or new prior art references not disclosed
10 in the parties’ infringement contentions or invalidity contentions.” *Looksmart Group, Inc. v.*
11 *Microsoft Corp.*, 386 F. Supp. 3d 1222, 1227 (N.D. Cal. 2019) (citation omitted). Undisclosed
12 theories “are barred . . . from presentation at trial (whether through expert opinion testimony or
13 otherwise).” *MediaTek Inc. v. Freescale Semiconductor, Inc.*, No. 11-CV-5341-YGR, 2014 WL
14 690161, at *1 (N.D. Cal. Feb. 21, 2014).

15 A theory, however, is not the same as proof of that theory. Parties “need not ‘prove up’”
16 their case in contentions, and a patentee need only “provide reasonable notice to defendant why
17 [it] believes it has a reasonable chance of proving infringement.” *Finjan, Inc. v. Blue Coat Sys.,*
18 *Inc.*, No. 13-cv-03999-BLF, 2015 WL 3640694, at *2 (N.D. Cal. June 11, 2015) (citations and
19 quotation marks omitted). Courts thus distinguish “identification of the precise element of any
20 accused product alleged to practice a particular claim limitation” and “every evidentiary *item of*
21 *proof* showing that the accused element did in fact practice the limitation.” *Genetech, Inc. v. Tr. of*
22 *Univ. of Penn.*, No. C 10-2037 LHK (PSG), 2012 WL 424985, at *1 (N.D. Cal. Feb. 9, 2012)
23 (citation and internal quotation marks omitted) (emphasis in original). In deciding whether to
24 strike expert testimony, the dispositive question is whether “the expert permissibly specified the
25 application of a disclosed theory” or “impermissibly substituted a new theory altogether.” *Digital*
26 *Reg of Tex., LLC v. Adobe Sys. Inc.*, No. CV 12-01971-CW (KAW), 2014 WL 1653131, at *2
27 (N.D. Cal. Apr. 24, 2014) (citation omitted).

1 **III. ANALYSIS**

2 Finjan moves to strike six “theories” in Dr. Medvidovic’s report, including purportedly
3 new theories related to (1) the Cloud Agent, (2) dynamically building a parse tree and detecting
4 exploits, (3) receiving content, (4) date of first infringement, (5) doctrine of equivalents, and (6)
5 foreign sales.² The Court addresses each.

6 **A. Cloud Agents**

7 Qualys first moves to strike Finjan’s Cloud Agent theories. According to Dr. Medvidovic,
8 the accused Qualys Cloud Platform collects data through either a scanner—a physical or virtual
9 appliance deployed on a network—or a Cloud Agent, which is an application that resides on the
10 endpoint itself (e.g., on a laptop). (Medvidovic Report ¶¶ 96-100.) Dr. Medvidovic opines that
11 both methods satisfy the limitations of “scanning incoming code” and “receiving, by a computer,
12 an incoming stream of program code.” (*Id.* ¶¶ 183, 185, 187 & n.6, 195-96.)

13 In addition, Dr. Medvidovic opines that the Cloud Agent provides alternatives methods for
14 performing other steps, including determining a programming language (¶ 214), applying analyzer
15 rules (¶¶ 235-38), identifying individual tokens (¶ 258), dynamically building a parse tree (¶¶ 287-
16 89), dynamically detecting exploits (¶¶ 303-09), and indicating the presence of the exploit (¶¶ 325,
17 327). These opinions are incorporated into Dr. Medvidovic’s damages analysis, in so far as it does
18 not change where cloud agents in place of scanners are used. (*Id.* ¶ 446.)

19 Finjan’s infringement contentions did not identify the Cloud Agent for any limitation.
20 With respect to the “receiving” limitation, Finjan’s contentions disclosed that “[e]ach of the
21 Accused Products” receives incoming content in two ways: first, when executed “on a node that is
22 part of the Qualys Cloud computing environment,” and second, when residing on “Appliance
23 Scanners” dispersed as “endpoints throughout the computer network.” (Contentions at 2, 3-4.)
24 Qualys correctly points out that this does not specifically disclose a Cloud Agent. However, it
25 also does not specifically disclose a scanner (which does not reside at the endpoints). Instead, the

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27 ² Following the filing of the motion, the parties stipulated to dismiss claim 29 of the ’408
28 Patent. (Dkt. No. 185.) The Court therefore denies the motion to strike paragraphs 415-19 and
29 427-30 as moot.

1 contentions appear to generically disclose that the accused product may reside on either the node
2 or the endpoint when receiving data.

3 While these contentions could have been more specific, the Court finds that Finjan
4 sufficiently disclosed its overall theory for this limitation. Finjan specifically identified the Cloud
5 Agent as an accused product in its initial disclosures (*see* Dkt. No. 164-4 at 4), and thus disclosed
6 the possibility of receiving content with a Cloud Agent at an endpoint. A comparison with other
7 contentions shows that Finjan performed a similar analysis for other patents, but then specifically
8 listed a “scanner” for each individual product as performing the claimed functions. (*See* Dkt. No.
9 100-11 at 180, 193 (showing the products at a node and endpoints), 189 (a “scanner for Cloud
10 Agent”).) The difference in specificity between these contentions appears to stem from the claim
11 language: claim 1 requires receiving content “by a computer,” and Dr. Medvidovic opines that the
12 computer is a “scanner engine,” “WAS scanner,” or “Qualys Cloud Platform working with a
13 Cloud Agent”—not the Cloud Agent itself. (*See* Medvidovic Report ¶ 185.) As such, Finjan did
14 not introduce a new theory by failing to specify that the Cloud Agent collects the data before the
15 “computer” associated with the Cloud Agent receives it.³

16 With respect to the other limitations, the difference between the contentions and the report
17 appear to be largely superficial. For instance, Dr. Medvidovic opines that both a scanner engine
18 and a server associated with a Cloud Agent search for exploits. (*Id.* ¶¶ 229-37; *see also id.* ¶¶ 257-
19 58 .) Finjan’s contentions broadly disclosed this theory. (*See* Contentions at 13-14.) Indeed,
20 some of the opinions that Qualys seeks to strike apparently conflate Cloud Agent and network
21 scanner functionality. (*See, e.g.,* Medvidovic Report ¶¶ 325-27 (explaining that a Cloud Agent
22 provides “an internal view” while the scanner provides an “external view”).) Qualys therefore has
23 not shown that these are substantively new theories, as opposed to alternative ways of performing
24 the same accused functionality disclosed in contentions. Dr. Medvidovic’s opinions are therefore
25 properly considered an application of a theory, rather than a new theory itself.

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27 ³ Qualys agrees that the Cloud Agent does not itself scan data, which means that the
28 “computer” that performs these functions must be the Cloud Platform server associated with the
29 Cloud Agent. (Dkt. No. 157 at 3.)

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