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10
11 **IN THE UNITED STATES DISTRICT COURT**
12 **FOR THE NORTHERN DISTRICT OF CALIFORNIA**
13 **SAN JOSE DIVISION**

14 FINJAN, INC., a Delaware Corporation,

15 Plaintiff,

16 v.

17 BLUE COAT SYSTEMS LLC, a Delaware
18 Corporation,

19 Defendant.

Case No.: 15-cv-03295-BLF-SVK

**PLAINTIFF FINJAN INC.'S
OPPOSITION TO DEFENDANT'S
MOTION *IN LIMINE* NO. 4 RE
IRRELEVANT AGREEMENTS**

Date: October 5, 2017

Time: 1:30 pm

Place: Courtroom 3, 5th Floor

Judge: Hon. Beth Labson Freeman

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24 **REDACTED VERSION OF DOCUMENT SOUGHT TO BE SEALED**
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1 Finjan's OEM Agreement with Blue Coat and Finjan's patent license agreements for the
2 Asserted Patents and related patents are probative of the hypothetical negotiation and the factors from
3 *Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 F. Supp. 1116 (S.D.N.Y. 1970) used for
4 determining reasonable royalty damages. Finjan's OEM Agreement is probative of the beginnings of
5 Finjan's relationship with Blue Coat that continued over the years, which eventually culminated in
6 litigation, and is evidence of the parties' state of mind at the hypothetical negotiation. The Microsoft
7 agreement, which licenses the Asserted Patents, is probative of issues of secondary considerations of
8 nonobviousness, the early interest in Finjan's patented technology and the financial support Finjan
9 received for its technology. Further, Finjan's patent license agreements are probative of *Georgia*
10 *Pacific* Factors No. 1 and 2 ("royalties received by the patentee for the licensing of the patent in suit"
11 and "rates paid by the licensee for the use of other patents comparable to the patent in suit") because
12 they are licenses to Finjan's Asserted Patents and related patents. 318 F. Supp. at 1120. Like the OEM
13 Agreement, they also provide context and relevant information regarding royalties for the Asserted
14 Patents, the parties' relationship and how the parties would negotiate a license.

15 Blue Coat seeks to exclude the overwhelming majority of Finjan's patent license agreements,
16 broadly calling them settlement agreements, even though the overwhelming majority of them are not
17 borne out of litigation. These agreements, however, are licenses for the Asserted Patents and related
18 patents, and Finjan accounts for how they are being used and the specific circumstances for each
19 agreement. The Federal Circuit has recognized that the "most reliable license" for assessing a
20 reasonable royalty can be one that arises out of litigation. *ResQNet.com v. Lansa, Inc.*, 594 F.3d 860,
21 872 (Fed. Cir. 2010); *Prism Techs. LLC v. Sprint Spectrum L.P.*, 849 F.3d 1360, 1369-71 (Fed. Cir.
22 2017) (confirming no error to admit settlement agreement involving other patents and other unrelated
23 patents despite prejudice objections). Finjan's jury instruction regarding the appropriate use of
24 settlement agreements, and the discussion Finjan's expert will provide at trial regarding the
25 circumstances surrounding Finjan's various agreements and how she used them, ensures that Blue Coat
26 will not be prejudiced.

1 **A. The OEM Agreement Between Finjan and Blue Coat Evidences the Parties’**
2 **History and Relationship**

3 Finjan’s 2002 OEM agreement, under which Blue Coat agreed to sell Finjan’s computer
4 security products, is evidence of Finjan’s relationship over time with Blue Coat. *See* Dkt. No. 305-9,
5 Declaration of Robin L. Brewer (“Brewer Decl.”), Ex. 1, Meyer Rpt. at ¶ 65. This history between the
6 parties as partners and competitors in the computer security market is probative of Finjan’s relationship
7 with Blue Coat and the considerations the respective parties had at the time of the hypothetical
8 negotiation, which is part of the analysis for calculating a reasonable royalty. *See Georgia-Pacific*, 318
9 F. Supp. at 1120-21.

10 Blue Coat’s attempt to characterize the OEM agreement as a non-comparable license is a red
11 herring because the analysis of whether a license is “comparable” is for agreements relied upon for
12 determining a reasonable royalty. Here, this agreement shows the history and relationship of the parties
13 and Finjan’s backstory as a company, and is not being relied upon for damages, such that Blue Coat’s
14 cited law does not apply here. *See* Motion at 2:17-18 (citing *TV Interactive Data Corp. v. Sony Corp.*,
15 No. 10-cv-000475-JCS, Dkt. No. 686, slip op. at *10 (N.D. Cal. Mar. 1, 2013) (*Daubert* ruling
16 involving precluding an expert from relying on non-comparable licenses to support his royalty rate)).

17 **B. The Microsoft License, Which Licenses the Asserted Patents, Is Probative**

18 Because Finjan’s license agreement with Microsoft covers the Asserted Patents in this case, it is
19 probative of wide range of issues, including the early interest in Finjan’s patented technology, the
20 financial support Finjan received for its technology, Finjan’s licensing of its patents and validity. This
21 agreement was one of Finjan’s first patent license agreements, and [REDACTED]
22 [REDACTED] showing Finjan’s decision to “retain an
23 increased measure of control over its patents” and also noted [REDACTED].
24 Brewer Decl., Ex. 1, Meyer Rpt. at ¶¶ 66-67. [REDACTED] and decision to license Finjan’s patents
25 at that time when Finjan was a startup company is probative of Finjan’s development of its patented
26 technology and third party interest in it.

27 Furthermore, contrary to Blue Coat’s claim, Dr. Meyer did not claim that the Microsoft
28 agreement has no value at all. Rather, she testified that she analyzed all the agreements, including the

1 Microsoft agreement, and identified how it informed her opinion. Declaration of Hannah Lee (“Lee
2 Opp. Decl.”) filed herewith, Ex. 12, Meyer 5/8/17 Depo Tr. at 122:13-125:7 (testifying that her
3 testimony was taken out of context and that she could not assign relative importance of the Microsoft
4 agreement versus other information contained in her report). While this agreement may not be
5 “informative as to the hypothetical license that would have occurred between Finjan and Blue Coat,”
6 (Brewer Decl., Ex. 1 at ¶ 112) it is probative of *Georgia Pacific* Factor 1 which is “royalties received
7 by the patentee for licensing of the patent in suit, proving or tending to prove an established royalty.”
8 *Id.*, ¶ 62. For this very reason, this agreement was admitted in other cases, even though Finjan’s expert
9 in those cases, including in *Blue Coat I* and *Sophos*, did not rely upon them.

10 Also, while finding the Microsoft license fundamentally different because it involved an
11 [REDACTED] addition to a monetary license fee, Dr. Meyer explains that the Microsoft license had an
12 element common to Finjan’s other license agreements, e.g., [REDACTED]
13 [REDACTED] Brewer Decl., Ex. 1, Meyer Rpt. at ¶¶ 66-67,
14 120, 123. Based on the common licensing provision in Microsoft and other licenses, Dr. Meyer
15 explained that [REDACTED]
16 [REDACTED], showing Finjan’s intent and policies regarding licensing its
17 patents, as well as the nature and scope of its licenses. *Id.*; *Georgia-Pacific* factor 3 and 4 (“nature and
18 scope” and restrictions on license and “licensor’s established policy”). Thus, the Microsoft license is
19 also probative of various *Georgia Pacific* factors.

20 Finally, the Microsoft agreement, like the other licenses covering the Asserted Patents, is
21 probative of secondary considerations of non-obviousness. *In re GPAC Inc.*, 57 F.3d 1573, 1580 (Fed.
22 Cir. 1995) (“Licenses taken under the patent in suit may constitute evidence of nonobviousness”).
23 Finjan’s three validity experts, Drs. Jaegar, Goodrich and Lyon, provided opinion testimony regarding
24 this agreement. Lee Opp. Decl., Ex. 26, Goodrich Reb. Rpt. at ¶¶ 443-47; *id.* Ex. 27, Dr. Jaeger Reb.
25 Rpt. at ¶¶ 266-70, *id.* Ex. 28, Dr. Lyon Reb. Rpt. at ¶¶ 290-93. Thus, it should not be excluded.

26 **C. Finjan’s Patent License Agreements For the Asserted Patents Are Probative Of**
27 **The Issue of Validity and Damages**

28 Finjan’s license agreements with Intel/McAfee, Webroot, Websense, F-Secure, Proofpoint,

1 Avast, ██████████ F5, Veracode, Sophos, and Avira are all licenses that cover the
2 Asserted Patents, such Blue Coat has no support for its claim that they are “non-comparable.”¹ First,
3 for the same reasons explained above, they are probative of secondary considerations of
4 nonobviousness. *In re GPAC*, 57 F.3d at 1580.

5 Second, Finjan’s settlement agreements (which are only the Intel, Webroot, Websense,
6 Proofpoint and Sophos agreements out of the 14 total agreements Blue Coat raised) where the Asserted
7 Patents are licensed is probative of *Georgia Pacific* factors 1-4, as they evidence royalties Finjan has
8 received for the Asserted Patents, rates that licensees are willing to pay for the Asserted Patents, the
9 scope and restrictions on Finjan’s licenses, and Finjan’s licensing practices. For this reason, Finjan’s
10 settlement agreements were admitted in prior litigations, including in *Blue Coat I* and *Sophos*. Further,
11 this information regarding Finjan’s licensing practices and Blue Coat’s position for the hypothetical
12 negotiation provided Dr. Meyer background and the basis for those agreements she found to be the
13 most informative or relied upon for her opinion. Brewer Decl., Ex. 1, Meyer Rpt. at ¶¶ 109-111.

14 Settlements are often admissible where they involve the Asserted Patents. *Prism*, 849 F.3d
15 1360 at 1369-71 (admitting settlement covering patents in suit where there was “consideration of
16 various aspects ... of the particular litigation settlements offered for admission into evidence”); *see also*
17 *In re MSTG, Inc.*, 675 F.3d 1337, 1348 (Fed. Cir. 2012) (“settlement agreements can be pertinent to the
18 issue of reasonable royalties.”). Here, Dr. Meyer considered all Finjan agreements that license the
19 Asserted Patents, and accounted for the similarities and differences in the agreements and how they
20 impacted her ultimate opinion. Brewer Decl. Ex. 1, Meyer Rpt. at ¶¶ 64-123. She found Finjan’s
21 settlement license agreements relevant because aside from the Asserted Patents, there is significant
22 overlap in the technology covered in the agreements with the Asserted Patents and consistency across
23 agreements in Finjan’s approach to licensing. *Id.*, ¶¶ 64, 73-82, 89-90, 109-111, 114-117, 119. Her
24 discussion included describing the circumstances of the Intel agreement and how she used the facts
25 leading up to that agreement, which is a license for all the Asserted Patents. *Id.*, ¶¶ 73-77, 111, 114-
26 115. The amount of the license alone does not make it inadmissible.

27
28 ¹ *Georgia Pacific* factor 2 for comparability addresses “other patents”. *i.e.*, not the patents-in-suit.

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