

1 PAUL J. ANDRE (State Bar No. 196585)
2 pandre@kramerlevin.com
3 LISA KOBIALKA (State Bar No. 191404)
4 lkobialka@kramerlevin.com
5 JAMES HANNAH (State Bar No. 237978)
6 jhannah@kramerlevin.com
7 HANNAH LEE (State Bar No. 253197)
8 hlee@kramerlevin.com
9 KRAMER LEVIN NAFTALIS
& FRANKEL LLP
990 Marsh Road
Menlo Park, CA 94025
Telephone: (650) 752-1700
Facsimile: (650) 752-1800

10 *Attorneys for Plaintiff*
11 FINJAN, INC.

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

15
16 FINJAN, INC., a Delaware Corporation,

17 Plaintiff,

18 v.

19 BLUE COAT SYSTEMS, LLC, a Delaware
20 Corporation,

21 Defendant.

Case No.: 15-cv-3295-BLF-SVK

**PLAINTIFF FINJAN, INC.'S REPLY
BRIEF IN SUPPORT OF ITS PARTIAL
RENEWED MOTION FOR JUDGMENT
AS A MATTER OF LAW PURSUANT TO
FED. R. CIV. P. 50(b)**

Date: January 5, 2018

Time: 3:00 p.m.

Place: Courtroom 3, 5th Floor

Before: Hon. Beth Labson Freeman

1 Blue Coat does not have legally sufficient evidence to support its defenses, particularly with
2 respect to Finjan's claim of damages for GIN/Webpulse. The record evidence at trial was undisputed,
3 namely that Blue Coat made its infringing GIN/Webpulse in the United States. Each and every
4 element of the asserted system claims were put together in the United States. Finjan presented
5 substantial evidence in support of its claims with respect to the '844 and '494 Patents through the
6 extensive and credible testimony of several highly regarded expert witnesses in the field (Drs. Cole,
7 Mitzenmacher, and Medvidovic), Finjan fact witnesses, numerous exhibits including Blue Coat
8 documents, source code, and the deposition testimony of Blue Coat witnesses. By contrast, Blue Coat,
9 in rebuttal, failed to present legally sufficient evidence to support its rebuttal case, relying principally
10 on the conclusory and contradictory testimony of its fact witnesses and single expert witness, Dr.
11 Nielson.

12 For Blue Coat's infringement of GIN/Webpulse, which is not a product that Blue Coat sells and
13 has no reported revenue for in its accounting records, Finjan applied Blue Coat's users to value Blue
14 Coat's infringement for the '844 and '494 Patents, and based its claim of damages on the smallest
15 infringing components in GIN/Webpulse: (i) the FRS portion of GIN that infringes the '844 Patent,
16 which is newly added technology that was not part of *Blue Coat I* and (ii) a 2.7% increase in use of
17 new technology in DRTR for infringement of the '494 Patent that was not accounted for in the *Blue*
18 *Coat I* verdict. This approach for a reasonable royalty, however, is not based on a case of finding
19 *infringement* based on use, as the infringement is already established with the fact that Blue Coat
20 *makes* the entire GIN/Webpulse that infringes Finjan's asserted claims for the '844 and '494 Patents in
21 the United States. Thus, for the reasons discussed herein and in Finjan's opening brief, Finjan
22 respectfully requests the Court grant Finjan's Partial Renewed Motion for Judgment as a Matter of
23 Law ("Motion").

24 **I. Finjan is entitled to JMOL that Blue Coat owes damages for making an infringing**
25 **system in the United States.**

26 Notwithstanding the fact that Blue Coat waived any argument that GIN/Webpulse is not made
27 in the United States, as discussed below, the record evidence in this case establishes that
28

1 GIN/Webpulse is made in the United States. For Blue Coat’s infringement of making the infringing
2 system in the United States, Finjan is entitled to a reasonable royalty. As a preliminary matter, the
3 Federal Circuit has held that infringement occurs when *one* of the following enumerated activities —
4 making, using, selling, offering for sale *or* importing into the United States -- is established within the
5 territory of the United States. *Carnegie Mellon Univ. v. Marvell Tech. Grp., Ltd.*, 807 F.3d 1283, 1306
6 (Fed. Cir. 2015) (“territoriality is satisfied when and only when any one of those domestic actions for
7 that unit (*e.g.*, sale) is proved to be present, even if others of the listed activities for that unit (*e.g.*,
8 making, using) take place abroad.”).

9 Once infringement is established domestically, a reasonable royalty can be calculated based on
10 some other metric with respect to the infringing product, such as the use or sale of the infringing
11 product, even if that use or sale would not constitute infringement itself under § 271(a) because the use
12 or sale occurred extraterritorially. *Id.* (“[o]nce one extends the extraterritoriality principle to confining
13 how *damages* are calculated, it makes no sense to insist that the action . . . for measurement itself be an
14 *infringing* action.”)(emphasis in original). In fact, a reasonable royalty based on worldwide use can
15 apply where an infringing product is made in the United States and used extraterritorially. *Goulds’*
16 *Mfg. Co. v. Cowing*, 105 U.S. 253 (1881) (approving an award for damages based on an accounting of
17 defendant’s profits, reaching units made in the United States even though some were to be used only
18 abroad); *see also Card-Monroe Corp. v. Tuftco Corp.*, No. 1:14-cv-292, 2017 WL 3841878, at *45
19 (E.D. Tenn. Sept. 1, 2017) (citing *Carnegie Mellon*, the Court permitted patent damages from foreign
20 sales based on *making* the infringing system in the United States). Thus, all of Blue Coat’s arguments
21 conflate infringement principles with damages, which is wholly improper.

22 Here, because Blue Coat’s infringing system is deployed elsewhere after it is made in the
23 United States, Finjan can calculate damages based on extraterritorial activity. Because Blue Coat does
24 not sell GIN/Webpulse and it is not a product listed with revenues in its accounting records, Finjan
25 applied users to calculate a reasonable royalty since there was no sales information. *Tr. Trans.* at p.
26 1242, lines 16-17, p. 1244, lines 16-19, p. 1388, lines 13-19 (“GIN is not a product just like Webpulse
27 is not a product. You don’t buy Webpulse and you don’t buy GIN”), p. 1884, lines 5- p. 1885, line 9;

1 1887, lines 7-13. If GIN/Webpulse was a product that Blue Coat sold, Finjan could also calculate a
2 reasonable royalty for Blue Coat's infringement of "making" the infringing system in the United States
3 by using revenues. *See, e.g., Railroad Dynamics Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1519 (Fed. Cir.
4 1984) (foreign sales properly included in royalty calculation where infringing product made in the
5 United States and sold outside the United States). Thus, Finjan is entitled to a reasonable royalty for
6 Blue Coat's making in the United States based on worldwide users, who use the infringing system that
7 is made in the United States.

8 Blue Coat's confusing arguments regarding the *NTP, Inc. v. Research in Motion Ltd.*, 418 F.3d
9 1282, 1317 (Fed. Cir. 2005) are misplaced. The *NTP* cases dealt with "use" for the infringement
10 scenario, which is not the subject of Finjan's infringement case. Specifically, *NTP* held that "[t]he use
11 of a claimed system under section 271(a) is the place at which the system as a whole is put into
12 service, i.e. the place where control of the system is exercised and beneficial use of the system
13 obtained." *Id.* As the Court precluded Finjan from presenting to the jury a "use" infringement case,
14 this issue should not be conflated with Finjan's arguments regarding the fact that Blue Coat makes the
15 infringing GIN/Webpulse system in the United States.

16 **II. Blue Coat Is Collaterally Estopped**

17 Blue Coat is collaterally estopped from challenging that GIN/Webpulse is made in the United
18 States. The Court in *Blue Coat I* held that there was substantial un rebutted evidence for the jury to
19 conclude that Webpulse was "made in the United States." Dkt. 543 at 9-10. Contrary to Blue Coat's
20 characterization, the Court in *Blue Coat I* did not restrict its finding regarding worldwide users to the
21 "use" prong of Section 271(a). Therefore, Blue Coat's argument that collateral estoppel does not apply
22 here is baseless.

23 More importantly, Blue Coat does not argue that where GIN/Webpulse is "made" is a different
24 location than what was un rebutted in *Blue Coat I*. Moreover, with respect to GIN, it is undisputed that
25 Webpulse is a part of GIN, and GIN is made in the United States. *See, e.g.,* Dkt. No. 424 at 11-12; Tr.
26 at 482:6-8; 1387:21-24. At trial, it was undisputed that GIN/Webpulse was compiled in the United
27 States. *Id.*; *see also* Tr. Trans. at p. 886, lines 16-23, p. 982, lines 22 through p. 987, line 2; p. 1052,

1 line 22 through p. 1053, lines 24-25; p. 1129, line 9-15, p. 1130, line 9-15. Once it is compiled, it is a
2 completed system. Thus, the fact that it is undisputed that GIN/Webpulse is compiled entirely in the
3 United States establishes that it is made in the United States. At the very least, collateral estoppel
4 applies to preclude Blue Coat from arguing otherwise in this case. *Spectrum Pharm., Inc. v.*
5 *Innopharma, Inc.*, No. 12-260-RGA-CJB, 2015 WL 3374922, at *3 (D. Del. May 22, 2015) (collateral
6 estoppel applies when issues are “substantially similar” to those previously litigated).

7 Further, Blue Coat unsuccessfully argues that Finjan is barred from making its collateral
8 estoppel argument because it did not raise it in its Rule 50(a) motion. Collateral estoppel is an
9 argument, not an “issue” that a party would need to separately raise in a Rule 50(a) motion in order to
10 preserve it in a Rule 50(b) motion. Notwithstanding this, Blue Coat’s waiver argument is meritless
11 because it had sufficient notice of Finjan’s estoppel argument. Finjan specifically raised this argument
12 during trial in its response to Blue Coat’s trial brief submitted to the Court regarding manufacture and
13 use of GIN. *See* Dkt. No. 405 at 1-2; *see also McClure v. Biesenbach*, No. SA-04-CA-0797-RF, 2008
14 WL 3978062, at *1 (W.D. Tex. July 25, 2008) (no waiver when party had notice of the argument
15 during trial).

16 **III. Blue Coat’s Arguments Have Changed Over Time and Are Inconsistent**

17 Blue Coat’s arguments against worldwide users rely upon Blue Coat’s rewriting of the asserted
18 claims to improperly convert them into computer hardware claims or method claims. The asserted
19 claims of the ‘494 and ‘844 Patents cover “systems” that do not necessarily require the use of any
20 physical computer devices or hardware. *See* Claim 15 of the ‘844 Patent (“An inspector system ...”);
21 Claim 10 of the ‘494 Patent (“A system for managing Downloadables...”). Thus, the claims are not
22 necessarily computer hardware claims. Similarly, infringement of the asserted claims do not
23 necessarily require the *use* of the “systems” in the United States, as infringement can be proven with
24 the fact that these “systems” are *made* in the United States. 35 U.S.C. 271(a) (“Except as otherwise
25 provided in this title, whoever without authority makes, uses, offers to sell, or, sells any patented
26 invention, within the United States, *or* imports into the United States any patented invention during the
27 term of the patent, therefor, infringes the patent.”) (emphasis added); *Finjan, Inc. v. Secure Computing*

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.