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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

FINJAN, LLC, a Delaware Limited Liability
Company,

Plaintiff,

v.

SONICWALL INC., a Delaware Corporation,

Defendant.

Case No.: 5:17-cv-04467-BLF-VKD

**DEFENDANT SONICWALL INC.'S
MOTION *IN LIMINE* TO EXCLUDE DR.
MCDUFF'S METHOD NO. 1
(MOTION *IN LIMINE* NO. 2)**

Date: March 18, 2021
Time: 1:30 PM
Courtroom: 3, 5th Floor
Judge: Hon. Beth Labson Freeman

REDACTED

TABLE OF EXHIBITS REFERENCED¹

September 4, 2020 Expert Report of DeForest McDuff, Ph.D	Ex. 1
September 3, 2020 Expert Report of Michael Mitzenmacher, Ph.D. Regarding Infringement by SonicWall, Inc. of Patent Nos. 6,804,780; 6,965,968; and 7,613,926	Ex. 4
October 26, 2020 Deposition Transcript of Michael Mitzenmacher, Ph.D.	Ex. 8
November 2, 2020 Deposition Transcript of DeForest McDuff, Ph.D.	Ex. 10
Juniper Networks, Inc.'s Motion for Attorneys' Fees Pursuant to 35 U.S.C § 285, <i>Finjan, Inc. v. Juniper Networks, Inc.</i> , 3:17-cv-5659-WHA, Dkt. 634 (N.D. Cal. Nov. 30, 2020)	Ex. 11
Order RE Request for Attorney Fees, <i>Finjan, Inc. v. Juniper Networks, Inc.</i> , 3:17-cv-5659-WHA, Dkt. 648 (N.D. Cal. Jan. 9, 2021)	Ex. 12
Marker Advisors, LLC document marked as McDuff Deposition Ex. No. 5	Ex. 13
February 28, 2017 Email marked as McDuff Deposition Ex. No. 10	Ex. 14
Order on Motions in <i>Limine, Finjan, Inc. v. Cisco Sys., Inc.</i> , No. 17-cv-72-BLF, Dkt. 660 (N.D. Cal. June 5, 2020)	Ex. 15
Order Regarding Motions in <i>Limine, Finjan, Inc. v. Blue Coat Sys.</i> , No. 15-cv-03295, Dkt. 404 (N.D. Cal. Nov. 4, 2017),	Ex. 16
January 16, 2014 Email, bearing the bates numbers FINJAN-SW 403755 - FINJAN-SW 403759	Ex. 17
Joint Statement Regarding Dispute Regarding Additional Deposition Time of Dr. Christine Meyer, <i>Finjan, Inc. v. Symantec Corp.</i> , No. 14-cv-02998-HSG, Dkt. 361 (N.D. Cal. Feb. 6, 2018)	Ex. 18

¹All exhibits are attached to the Declaration of Jarrad M. Gunther.

1 Pursuant to FRE 702 and *Daubert*, SonicWall seeks to exclude Finjan’s damages expert, Dr.
 2 McDuff, from presenting his Method 1 royalty opinions. Method 1 [REDACTED]
 3 [REDACTED]
 4 [REDACTED],” and
 5 results in a worldwide, undiscounted opinion of “[REDACTED].” Ex. 1 ¶ 8(c). Both
 6 the royalty base and royalty rate reflect disqualifying methodological flaws.

7 Royalty Base: Dr. McDuff’s royalty base fails to account for instances where Finjan accuses
 8 a *combination* of products, not the individual products. He includes within his royalty base the entire
 9 revenue earned from every sale of every product, even if the customer did not buy all of the required
 10 components (and is thus not an infringement under Finjan’s theory).

11 Royalty Rate: Dr. McDuff opines that the [REDACTED], Symantec, and Sophos lump sum settlements
 12 are “highly relevant” and that the jury verdicts confirm that the lump sum amount reflects application
 13 of 8 and 16% royalty rates. But there is no evidence to suggest that the royalty rates found by the
 14 juries played any part in the calculation of the lump sum settlement figures agreed to years later.

15 I. Dr. McDuff’s Royalty Base Is Not Tied to Finjan’s Actual Infringement Theories

16 Dr. McDuff’s royalty base includes substantially more than “[REDACTED]
 17 [REDACTED]” (Ex. 1 ¶ 8(c)), because it ignores that most of Finjan’s infringement allegations
 18 require *combinations* of multiple products, not just the individual products themselves.

19 ’968 Patent: Finjan’s only infringement theory for the ’968 Patent accuses the *combination*
 20 of a SonicWall WXA *with* a SonicWall Gateway. Ex. 4 ¶ 18; Ex. 8 at 72:25-73:14. Dr. McDuff
 21 agrees that SonicWall has sold only [REDACTED] units to date, earning less than [REDACTED]
 22 in worldwide revenues. Ex. 10 at 212:14-214:2. Nonetheless, his royalty base for the ’968 Patent
 23 includes all revenues for every SonicWall Gateway and WXA sold – making no attempt to identify
 24 the very small portion of Gateways actually sold or used with a WXA (which by definition could not
 25 exceed [REDACTED]). Ex. 1, at Attachment B-5.

26 This is erroneous as a matter of law, as the mere sale of one component of an allegedly
 27 infringing combination does not by itself infringe. *See Deepsouth Packing Co. v. Laitram Corp.*, 406

1 U.S. 518, 528 (1972); *see also Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 344
2 (1961) (“[I]f anything is settled in the patent law, it is that the combination patent covers only the
3 totality of the elements in the claim and that no element, separately viewed, is within the grant.”);
4 *Centillion Data Systems, LLC v. Qwest Commc’ns Int’l, Inc.*, 631 F.3d 1279, 1288 (Fed. Cir. 2011);
5 *Ball Aerosol & Specialty Container, Inc. v. Limited Brands, Inc.*, 555 F.3d 984, 995 (Fed. Cir. 2009).
6 The Court should thus strike Dr. McDuff’s ’968 damages opinions, *i.e.*, that SonicWall would agree
7 to pay Finjan a royalty of [REDACTED]
8 [REDACTED] to license just the ’968 Patent. Ex. 1, at Attachment B-2. By providing Finjan a
9 royalty on Gateway units that Finjan has not shown have been combined with a WXA (and thus do
10 not infringe), the royalty improperly “punishes beyond the reach of the statute.” *ResQNet.com, Inc.*
11 *v. Lansa, Inc.*, 594 F.3d 860, 869 (Fed. Cir. 2010); *Lucent Techs., Inc. v. Gateway, Inc.*, 580 F.3d
12 1301, 1333-34 (Fed. Cir. 2009) (a patent holder must prove the extent of infringement, and cannot
13 recover damages for non-infringing uses). Dr. McDuff’s opinion so far outstrips the revenues from
14 the mere [REDACTED] of the WXA (whose WXA sales generated [REDACTED]),
15 that it cannot possibly be methodologically sound. *See* Ex. 11 (quoting Judge Alsup’s *Daubert* Order:
16 “that Expert Arst would suggest that Juniper would have been willing to pay an eyepopping \$60-\$70
17 million as a royalty for the sake of \$1.8 million in revenue is preposterous. This order therefore agrees
18 with Juniper that Expert Arst’s testimony ‘defies basic laws of economics’ such that its unreliability
19 renders it inadmissible under FRE 702.”); Ex. 12 (“Finjan’s first-round ’968 patent damages fiasco
20 wasted a great deal of everyone’s time and energy. ... Finjan tried to sneak this theory in with its
21 expert-damages report, but we caught it, and the *Daubert* order excluded the trick.”).

22 Even as to the [REDACTED] customers who bought a WXA (the outer limit on ’968 damages), Dr.
23 McDuff has no opinion as to how many have actually been combined with a Gateway into an
24 allegedly infringing system. Ex. 10 at 211:17-22; *id.* at 181:14-25 (“So in terms of determining the
25 number of units that are infringing, that would be a question for the finder of fact and for the technical
26 experts in the case.”). He thus has no opinion on the revenues earned on the combination actually
27 alleged to infringe the ’968 Patent: a WXA *plus* a Gateway.

28 Patents Asserted Against Capture ATP. There are two problems with Dr. McDuff’s damages

1 opinion regarding the other seven patents as they relate to allegations that include Capture ATP.

2 *Combinations.* The first problem is similar to the failure regarding the '968 Patent.
3 Specifically, for each of the other Patents-in-Suit ('305, '408, '844, '494, '154, '780, and '926
4 Patents), many of Finjan's infringement allegations require the *combination* of Capture ATP with
5 either a Gateway or an ESA. Again, Dr. McDuff has no opinion regarding the revenues from sales
6 or the number of customers who bought *both* components of the accused combinations (as opposed
7 to including every sale of a Gateway and ESA, regardless of whether the customer ever bought or
8 used Capture ATP). Instead, he admitted his assumption of infringement was not made "with that
9 level of specificity" as to what combinations were required (Ex. 10 at 79:17-80:20), and he was "not
10 performing that level of technical analysis" to know the product combinations (*id.* at 180:16-22).

11 Consistent with his failure to offer a damages opinion where Capture ATP is required as part
12 of a combination, Dr. McDuff presented a table (Table 14) that purports to identify the "Accused
13 Products by Patent" – but it simply lists dozens of products without noting whether Finjan's experts
14 allege infringement by a combination (and, if so, how that impacts his damages analysis). Ex. 1 at
15 Table 14. This failure to account for the accused combinations will be further compounded if the
16 Court's summary judgment rulings eliminate the Gateway-only theories, such that *every* infringement
17 theory will require Capture ATP (alone or in combination with another product).

18 *Revenue Period.* The second problem on these seven patents is that Dr. McDuff's royalty
19 base erroneously includes tens of millions of dollars generated before Capture ATP was commercially
20 available. Dr. McDuff concedes that Capture ATP was not commercially available with the Gateways
21 until at least August 1, 2016, and not available with ESAs until February 2017. Ex. 10 at 201:5-9,
22 *see also id.* 131:11-133:23; Ex. 13; Ex. 10 at 201:10-203:8; Ex. 14. It is axiomatic that sales of
23 Gateways/ESAs before these dates cannot infringe, because they could not be combined with the
24 product (Capture ATP) required for the purported infringement. Nevertheless, Dr. McDuff's
25 unapportioned royalty base includes [REDACTED] of individual Gateway and ESA
26 revenues before these dates. *See* Ex. 1 at Attachment D-1 – D-17.

27 Both of these errors infect Method 1 ([REDACTED])
28 [REDACTED]) and Method 2, which calculates a royalty per infringing unit. *See* Ex. 1 ¶ 142 & Table 9.

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