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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 THE
TESTIMONY OF DR. MCDUFF'S PRICE
PER SCAN OPINIONS (METHOD NO. 3)
(MOTION *IN LIMINE* NO. 4)**

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

REDACTED

1 **TABLE OF REFERENCED EXHIBITS¹**

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September 4, 2020 Expert Report of DeForest McDuff, Ph.D	Ex. 1
Order on Daubert Motions [Re: ECF 421, 423, 425, 427, 429, 431], <i>Finjan, Inc. v. Cisco Systems, Inc.</i> , Case No. 17-cv-00072-BLF, Dkt. No. 555 (N.D. Cal. Apr. 21, 2020)	Ex. 2
September 3, 2020 Expert Report of Dr. Aaron Striegel	Ex. 6
November 3, 2020 Deposition Transcript of Aaron Striegel, Ph.D.	Ex. 9
November 2, 2020 Deposition Transcript of DeForest McDuff, Ph.D.	Ex. 10
Marker Advisors, LLC document marked as McDuff Deposition Ex. No. 5	Ex. 13
Agreement for VirusTotal Services, bearing bates numbers SonicWall-Finjan_00101991 - SonicWall-Finjan_00101996, marked as Striegel Deposition Ex. No. 2	Ex. 22
Agreement for VirusTotal Services, bearing bates numbers FINJAN-SW 158696 - FINJAN-SW 158701, marked as Striegel Deposition Ex. No. 3	Ex. 23
January 8, 2017 Email, bearing bates numbers Finjan-SW 403972 - Finjan-SW 403972	Ex. 24
February 27, 2020 Deposition Transcript of Julie Mar-Spinola	Ex. 25
September 7, 2016 Transcript of Proceedings, <i>Finjan, Inc. v. Sophos, Inc.</i> , Case No. C 14-1197 WHO (N.D. Cal.), bearing bates numbers FINJAN-SW158070 - FINJAN-SW158104	Ex. 26
2018 SonicWall Cyber Threat Report, bearing bates numbers FINJAN-SW 433167 – FINJAN-SW 433191, marked as McDuff Deposition Ex. No. 4	Ex. 27
October 9, 2020 Expert Report of Stephen L. Becker, Ph.D. on Behalf of Defendant	Ex. 28

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

1 they both purchased and obtained a license to a completely *separate and distinct* [REDACTED] service
2 – “[REDACTED]” – which both Drs. Striegel and McDuff admit was priced at
3 [REDACTED] or less per look-up (*i.e.*, [REDACTED] scan figure that Dr. McDuff uses for his Method 3
4 royalty rate). Ex. 9 at 33:23-40:18, 41:20-22; Ex. 22; Ex. 23; Ex. 10 at 159:9-163:17. Put simply,
5 Dr. Striegel was just plain wrong in opining that either Finjan or SonicWall had a license to
6 [REDACTED]. And by relying on the higher [REDACTED] pricing (instead of the
7 much lower pricing for [REDACTED] service that SonicWall and Finjan actually
8 licensed), Dr. McDuff calculated a royalty rate that was over-inflated by at least 16X, improperly
9 skewing the damages range. Because his royalty rate analysis is not tied to the facts of record, Dr.
10 McDuff’s per scan royalty rate is flawed, and his opinions regarding this method must be excluded.
11 *See CSIRO*, 809 F.3d at 1302 (“[A]s damages models are fact-dependent, a distinct but integral part
12 of the admissibility inquiry is whether the data utilized in the methodology is sufficiently tied to the
13 facts of the case.”).

14 Nor would it be acceptable for Dr. McDuff to simply maintain his use of the price of the
15 [REDACTED] service even though it was never used by either party. To be clear, in
16 determining the royalty rate to apply to this method, Dr. McDuff relied heavily on his understanding
17 that the [REDACTED] figure was consistent with “[REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]” Ex. 1 ¶ 154(b), (c). Absent the threshold relevance of both parties subscribing to and
21 licensing the technology there is no reason for Dr. McDuff to have chosen the pricing for this service
22 as relevant to the hypothetical negotiation. In fact, it is used by neither, and therefore there is no
23 reason that it would have been considered at the hypothetical negotiation and Finjan has failed to
24 provide the requisite technical and economic relevance to be considered here, warranting exclusion.
25 *Wordtech Sys, Inc. v. Integrated networks Solutions, Inc.*, 609 F.3d 1308, 1319-20 (Fed. Cir. 2010)
26 (“[C]omparisons of past patent licenses to the infringement must account for ‘the technological and
27 economic differences between them.’”) (quoting *ResQNet.com, Inc. v. Lansa, Inc.*, 594 F.3d 860, 870
28 (Fed. Cir. 2010)).

1 Although Dr. McDuff briefly mentions other alleged bases of support, none could possibly
2 provide a methodologically sound basis for use of this royalty rate here. First, he references otherwise
3 undocumented discussions with Mr. Hartstein and Ms. Mar-Spinola saying that they used [REDACTED]/scan
4 in negotiations with “[REDACTED].” Ex. 1 ¶ 154 & n. 346. As to Sophos, the final settlement
5 itself says nothing at all about a price per scan, and contemporaneous emails between Sophos and
6 Finjan confirm that [REDACTED] either. *See, e.g.*, Ex. 24
7 (offering terms “[REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]” Ex. 1 ¶ 45(b). The “others” are never identified and thus cannot be a basis for an analysis
11 of technical or economic comparability, especially in view of Ms. Mar-Spinola’s testimony that
12 Finjan does not have “a standard pricing” and instead “[i]t’s all dependent on the prospect.” Ex. 25
13 at 57:18-58:5. Nor do any of Finjan’s other licenses reflect any price per scan rate, much less a
14 [REDACTED]/scan rate. *Id.* at 55:6-11 (confirming that “[REDACTED]
15 [REDACTED]”). In short, there is no basis to even begin an
16 analysis of economic or technical comparability from these data points; indeed, it is even worse than
17 the “starting point” rejected by the Federal Circuit in *Finjan, Inc. v. Blue Coat Sys., Inc.*, 879 F.3d
18 1299, 1312 (Fed. Cir. 2018), as there is nothing tying a [REDACTED] to what the parties
19 would have used at the hypothetical negotiation in the 2012-2014 period. *See id.* (“Mr. Chaperot’s
20 testimony that an 8–16% royalty rate would be the *current starting point* in licensing negotiations
21 says little about what the parties would have proposed or agreed to in a hypothetical arm’s length
22 negotiation in 2008.”).

23 Dr. McDuff also references Mr. Hartstein’s testimony from the *Sophos* case (Ex. 1 at n. 346,
24 citing Finjan-SW 158070, at -85 (Ex. 26)), but the cited testimony is clearly discussing the *Blue Coat*
25 *I* jury verdict, which had nothing to do with a price per scan, and in any event, was overturned on
26 appeal after the Federal Circuit found that Finjan’s testimony used figures that were “plucked from
27 thin air and, as such, cannot be the basis for a reasonable royalty calculation.” *Blue Coat*, 879 F.3d
28 at 1312. This level of *ipse dixit* cannot sustain a methodology that would increase damages by an

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