Juanita R. Brooks (CA SBN 75934) brooks@fr.com
Roger A. Denning (CA SBN 228998) denning@fr.com
Jason W. Wolff (CA SBN 215819) wolff@fr.com
John-Paul Fryckman (CA 317591) fryckman@fr.com
K. Nicole Williams (CA291900) nwilliams@fr.com
FISH & RICHARDSON P.C.
12860 El Camino Real, Ste. 400
San Diego, CA 92130
Telephone: (858) 678-5070 / Fax: (858) 678-5099

Proshanto Mukherji (*Pro Hac Vice*) mukherji@fr.com
FISH & RICHARDSON P.C.
One Marina Park Drive
Boston, MA 02210
Phone: (617) 542-5070/ Fax: (617) 542-5906

Robert Courtney (CA SNB 248392) courtney@fr.com
FISH & RICHARDSON P.C.
3200 RBC Plaza
60 South Sixth Street
Minneapolis, MN 55402
Phone: (612) 335-5070 / Fax: (612) 288-9696

Attorneys for Plaintiff
FINJAN LLC

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)

PLAINTIFF FINJAN LLC'S MOTION *IN LIMINE* NO. 2 TO PRECLUDE CERTAIN DAMAGES TESTIMONY BY DR. BECKER

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

REDACTED VERSION OF DOCUMENT SOUGHT TO BE SEALED

I. INTRODUCTION

Pursuant to Federal Rules of Evidence 401, 402, 403, and 702, Finjan LLC ("Finjan") respectfully requests that the Court exclude from presentation to the jury damages opinions by Stephen Becker, Ph.D. that (1) are based on a legally improper damages model, or (2) rely on post-Complaint events not cognizable under a properly formed royalty analysis.

II. ARGUMENT

The model proposed by Dr. Becker, SonicWall's damages expert, contravenes settled law by basing damages on SonicWall's ***pre-notice revenues***, conflicting with 35 U.S.C. § 287(a). It also ***ignores years of infringement*** for which Finjan is entitled to relief, conflicting with § 284. Dr. Becker also improperly relies on events long after the hypothetical negotiation, namely Finjan's change in ownership in late 2020. The Court should preclude such opinions.

A. Damages Start No Earlier Than June 10, 2014, and Could Extend to 2025

In this case, damages begin on the date SonicWall received actual notice of Finjan's claims. The dates of notice, and thus the damages start dates, are disputed, with SonicWall consistently urging later dates than Finjan. In no event might damages for this case begin ***before*** June 10, 2014 (Finjan's date for the '926 patent), and in no event would damages for other patents begin before other dates Finjan has urged (from Sept. 2014 ('780 patent) through the date of the complaint). Finjan's damages expert DeForest McDuff, Ph.D. has collected the earliest damages start dates in a table. *See* Exh. 10 ¶¶ 105–07. As to the end of damages, they could extend until the expiration of the '154 patent, which is December 12, 2025.

B. Dr. Becker Relied on Pre-Notice Revenue and Excluded Years of Infringement

Dr. Becker's damages model (reflected in his report (Exh. 7), with errata (Exh. 8) and supplementation (Exh. 9)) does not reflect the appropriate start of damages, under any party's contentions. It estimates damages based on SonicWall revenues from long before the start of

4A–4–J; *see also* Exh. 7 ¶¶ 107–12, 339–40, 421, 429.[1] Dr. Becker's model ignores years of accused SonicWall revenue. For the '780 patent, Dr. Becker's model stops at January 31, 2015, ignoring three years of subsequent term. For the '154 patent, the model is worse; awarding damages on revenues on February 1, 2014 (i.e., long before damages start on March 2017), and stopping on January 31, 2019 (i.e., years before Dec. 12, 2025 expiration). *See* SLB-2J; SLB-4J.

At deposition, Dr. Becker confirmed that his model relied on pre-notice revenue. Exh. 9 at 113:5–16. He also confirmed that, because of this, his royalty was mostly attributable to pre-notice revenue. *Id.* at 134:7–12. And his "lump sum" computations for patent royalties (in Exhibits SLB-1A and SLB-1B) were similarly based on pre-notice revenues. *Id.* at 141:7–13. And he confirmed that ***all*** his damages computations relied on pre-notice revenues. *Id.* at 142:22–143:15 [redacted].

C. Legal Standards

Where, as here, a patentee relies on actual notice to the infringer to support infringement, the Patent Act makes clear that any damages must be limited to "infringement occurring after such notice." 35 U.S.C. § 287(a). The Federal Circuit expressly held that this provision of § 287 is a "***limitation on damages***, and not an affirmative defense." *Arctic Cat Inc. v. Bombardier Recreational Products Inc.*, 876 F.3d 1350, 1366 (Fed. Cir. 2017) (emphasis added). However, once the notice requirement has been satisfied, a patentee who proves infringement has an absolute right to appropriate damages for infringing post-notice acts. *Lindemann Maschinenfabrik GmbH v. Am. Hoist & Derrick Co.*, 895 F.2d 1403, 1406 (Fed. Cir. 1990) ("In patent law, the fact of infringement establishes the fact of damage because the patentee's right to exclude has been violated."). These considerations are central to determination of the "royalty base" (the corpus of

[1] The "SLB" exhibits were part of Dr. Becker's report, and are in Exhs. 7, 8, and 12.

value to which the royalty rate is applied) for damages purposes. "The royalty base for reasonable royalty damages ***cannot include activities that do not constitute patent infringement***, as patent damages are ***limited to those 'adequate to compensate for the infringement***.'" *AstraZeneca AB v. Apotex Corp.*, 782 F.3d 1324, 1343 (Fed. Cir. 2015) (quoting 35 U.S.C. § 284, emphasis added).

D. Because It Bases Damages on Pre-Notice Acts for All Asserted Patents, Dr. Becker's Model Contravenes the Patent Act and Appellate Authority

To Finjan's knowledge, no authority from the Federal Circuit or from any other tribunal authorizes a royalty on revenues outside the limits in § 287(a). The statute says the opposite:

> [Absent constructive notice,] no damages shall be recovered . . . , except . . . ***for infringement occurring after [actual] notice.***

35 U.S.C. § 287(a) (emphasis added). The Federal Circuit has reminded courts and litigants to take care when computing a royalty base for damages purposes. "The royalty base for reasonable royalty damages cannot include activities that do not constitute patent infringement, as patent damages are limited to those 'adequate to compensate for the infringement.'" *AstraZeneca*, 782 F.3d at 1343 (Fed. Cir. 2015) (quoting 35 U.S.C. § 284).

AstraZeneca's logic should control here. There, the Federal Circuit reversed a district court's determination that the royalty base for patent damages should include revenues during a "pediatric exclusivity period" that ran past the expiration of the patent. *Id.* at 1343. Reversing, *AstraZeneca* pointed out the "familiar principle that the royalty due for patent infringement should be the value of what was taken—the value of the use of the patented technology." *Id.* at 1344 (quote marks omitted). Under that principle, it was improper to include post-expiration in an infringement revenue base because those revenues took nothing from the patentee attributable to the patent. Here, the presentation is different but the outcome should be the same. By operation of § 287, Finjan has no right under to pre-notice damages, and has never sought pre-notice damages. Dr. Becker's model, by including pre-notice revenues (to the exclusion of post-notice

E. Because It Accords Zero Value to Late-Term Infringement for the '780, '968, '305, '408, and '154 Patents, Dr. Becker's Model is Doubly Improper

Dr. Becker's model ignores infringement more than five years after the hypothetical negotiation. Such a five year horizon omits years of revenue:

Patent	End of Damages	Dr. Becker's Revenue Period	Unaddressed Term
'780 patent	November 6, 2017	Feb. 1, 2010 through Jan. 31, 2015	2 years, 280 days
'968 patent	September 5, 2023	Feb. 1, 2014 through Jan. 31, 2017	6 years, 218 days
'305 patent	August 18, 2020	Feb. 1, 2014 through Jan. 31, 2019	1 year, 145 days
'408 patent	May 27, 2021	Feb. 1, 2014 through Jan. 31, 2019	2 years, 119 days
'154 patent	December 12, 2025	Feb. 1, 2014 through Jan. 31, 2019	6 years, 317 days

Again, Dr. Becker's approach is irreconcilable with the law. A patentee is entitled to a reasonable royalty for ***all*** infringement, not just a fraction. *See, e.g.*, 35 U.S.C. § 284; *see also Dow Chem. Co. v. Mee Indus., Inc.*, 341 F.3d 1370, 1381–82 (Fed. Cir. 2003) ("The statute [§ 284] is unequivocal that the distict court ***must award damages*** in an amount no less than a reasonable royalty.") (emphasis added); *Lindemann Maschinenfabrik GmbH v. Am. Hoist & Derrick Co.*, 895 F.2d 1403, 1406 (Fed. Cir. 1990) ("[t]he fact of infringement establishes the ***fact of damage*** because the patentee's right to exclude has been violated.") (emphasis added). The Court should not permit Dr. Becker to present a damages model under which Finjan would be uncompensated—and SonicWall would receive a windfall—for years of infringement.

F. No Part of *Georgia-Pacific* Justifies Dr. Becker's Distorted Model

Searching for support, Dr. Becker cited *Georgia-Pacific*'s hypothetical negotiation framework. *E.g.*, Exh. 8 ¶¶ 423–24. But that case cannot overwhelm § 287's bar on pre-notice damages, or § 284's requirement of a remedy for infringement. While the hypothetical negotiation pre-dates the litigation, it does not permit an accused infringer to propose blinding the jury to the extent of infringement. The negotiation's point is to help the jury "assess damages for ***post-notice infringement*** relative to market conditions at the point in time when infringement began." *Power*

DOCKET ALARM

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.