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13 Attorneys for Plaintiff
14 FINJAN LLC

15 UNITED STATES DISTRICT COURT
16 NORTHERN DISTRICT OF CALIFORNIA
17 (SAN JOSE DIVISION)

18 FINJAN LLC., a Delaware Limited Liability
19 Company,

20 Plaintiff,

21 v.

22 SONICWALL, INC., a Delaware Corporation,

23 Defendant.
24

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

25
26 REDACTED VERSION OF DOCUMENT SOUGHT TO BE SEALED
27
28

1 **I. INTRODUCTION**

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

6 **II. ARGUMENT**

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

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

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

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

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

1 4A–4–J; *see also* Exh. 7 ¶¶ 107–12, 339–40, 421, 429.¹ Dr. Becker’s model ignores years of
 2 accused SonicWall revenue. For the ’780 patent, Dr. Becker’s model stops at January 31, 2015,
 3 ignoring three years of subsequent term. For the ’154 patent, the model is worse; awarding
 4 damages on revenues on February 1, 2014 (i.e., long before damages start on March 2017), and
 5 stopping on January 31, 2019 (i.e., years before Dec. 12, 2025 expiration). *See* SLB-2J; SLB-4J.

6 At deposition, Dr. Becker confirmed that his model relied on pre-notice revenue. Exh. 9 at
 7 113:5–16. He also confirmed that, because of this, his royalty was mostly attributable to pre-
 8 notice revenue. *Id.* at 134:7–12. And his “lump sum” computations for patent royalties (in
 9 Exhibits SLB-1A and SLB-1B) were similarly based on pre-notice revenues. *Id.* at 141:7–13.
 10 And he confirmed that *all* his damages computations relied on pre-notice revenues. *Id.* at 142:22–
 11 143:15 [REDACTED]

13 C. Legal Standards

14 Where, as here, a patentee relies on actual notice to the infringer to support infringement,
 15 the Patent Act makes clear that any damages must be limited to “infringement occurring after such
 16 notice.” 35 U.S.C. § 287(a). The Federal Circuit expressly held that this provision of § 287 is a
 17 “*limitation on damages*, and not an affirmative defense.” *Arctic Cat Inc. v. Bombardier*
 18 *Recreational Products Inc.*, 876 F.3d 1350, 1366 (Fed. Cir. 2017) (emphasis added). However,
 19 once the notice requirement has been satisfied, a patentee who proves infringement has an
 20 absolute right to appropriate damages for infringing post-notice acts. *Lindemann Maschinenfabrik*
 21 *GmbH v. Am. Hoist & Derrick Co.*, 895 F.2d 1403, 1406 (Fed. Cir. 1990) (“In patent law, the fact
 22 of infringement establishes the fact of damage because the patentee’s right to exclude has been
 23 violated.”). These considerations are central to determination of the “royalty base” (the corpus of
 24

¹ The “SLB” exhibits were part of Dr. Becker’s report, and are in Exhs. 7, 8, and 12.

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

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

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

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

11 35 U.S.C. § 287(a) (emphasis added). The Federal Circuit has reminded courts and litigants to
 12 take care when computing a royalty base for damages purposes. “The royalty base for reasonable
 13 royalty damages cannot include activities that do not constitute patent infringement, as patent
 14 damages are limited to those ‘adequate to compensate for the infringement.’” *AstraZeneca*, 782
 15 F.3d at 1343 (Fed. Cir. 2015) (quoting 35 U.S.C. § 284).

16 *AstraZeneca’s* logic should control here. There, the Federal Circuit reversed a district
 17 court’s determination that the royalty base for patent damages should include revenues during a
 18 “pediatric exclusivity period” that ran past the expiration of the patent. *Id.* at 1343. Reversing,
 19 *AstraZeneca* pointed out the “familiar principle that the royalty due for patent infringement should
 20 be the value of what was taken—the value of the use of the patented technology.” *Id.* at 1344
 21 (quote marks omitted). Under that principle, it was improper to include post-expiration in an
 22 infringement revenue base because those revenues took nothing from the patentee attributable to
 23 the patent. Here, the presentation is different but the outcome should be the same. By operation
 24 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

1 **E. Because It Accords Zero Value to Late-Term Infringement for the '780, '968,**
 2 **'305, '408, and '154 Patents, Dr. Becker's Model is Doubly Improper**

3 Dr. Becker's model ignores infringement more than five years after the hypothetical
 4 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

5 Again, Dr. Becker's approach is irreconcilable with the law. A patentee is entitled to a
 6 reasonable royalty for *all* infringement, not just a fraction. *See, e.g.*, 35 U.S.C. § 284; *see also*
 7 *Dow Chem. Co. v. Mee Indus., Inc.*, 341 F.3d 1370, 1381–82 (Fed. Cir. 2003) (“The statute
 8 [§ 284] is unequivocal that the district court *must award damages* in an amount no less than a
 9 reasonable royalty.”) (emphasis added); *Lindemann Maschinenfabrik GmbH v. Am. Hoist &*
 10 *Derrick Co.*, 895 F.2d 1403, 1406 (Fed. Cir. 1990) (“[t]he fact of infringement establishes the *fact*
 11 *of damage* because the patentee's right to exclude has been violated.”) (emphasis added). The
 12 Court should not permit Dr. Becker to present a damages model under which Finjan would be
 13 uncompensated—and SonicWall would receive a windfall—for years of infringement.
 14

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

16 Searching for support, Dr. Becker cited *Georgia-Pacific*'s hypothetical negotiation
 17 framework. *E.g.*, Exh. 8 ¶¶ 423–24. But that case cannot overwhelm § 287's bar on pre-notice
 18 damages, or § 284's requirement of a remedy for infringement. While the hypothetical negotiation
 19 pre-dates the litigation, it does not permit an accused infringer to propose blinding the jury to the
 20 extent of infringement. The negotiation's point is to help the jury “assess damages for *post-notice*
 21 *infringement* relative to market conditions at the point in time when infringement began.” *Power*
 22
 23
 24

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