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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

FINJAN, LLC,
Plaintiff,
v.
ESET, LLC and ESET SPOL. S.R.O.,
Defendant.

Case No.: 17-cv-183-CAB-BGS

**ORDER ON DISCOVERY DISPUTE
REGARDING ACQUISITION
DOCUMENTS**

[ECF 849]

Defendants ESET, LLC and ESET SPOL. S.R.O (“ESET”) move to compel Plaintiff Finjan, LLC (“Finjan”) to produce documents in response to eleven requests for production of documents (“RFPs”). (ECF 849 at 4.¹) The parties have briefed the issues in dispute through a Joint Statement. (ECF 849.)

I. BACKGROUND

This case was stayed from May 7, 2018 until July 23, 2020 as to the ’305 Patent, one of six patents Finjan asserts ESET has infringed, and is currently stayed. (ECF 215, 802.) After the stay was lifted and the parties were proceeding with discovery, the Court

¹ This Order cites the CM/ECF electronic pagination unless otherwise noted.

1 ordered the parties to submit proposed deadlines to complete any '305 discovery that was
2 not completed prior to the stay. (ECF 811.) The Court then issued two orders setting
3 deadlines to complete discovery as to the '305. (ECF 819, 832.²)

4 Since this briefing was filed, the district judge issued an order granting ESET's
5 renewed motion for summary judgment of indefiniteness as to all the other patents in this
6 case. (ECF 864.) The decision was followed by an order granting the parties' joint
7 request to sever the '305 patent from the others and stay it pending a final determination
8 on the decision as to the other patents. (ECF 871.)

9 The documents at issue in this dispute are related to Fortress Investment Group's
10 ("Fortress") acquisition of Finjan Holdings, Inc. on July 24, 2020 for \$43.9 million.
11 (ECF 849 at 2-5, 13-17.) ESET seeks communications between and documents
12 exchanged by Fortress and Finjan regarding: the patents asserted in this case and Finjan's
13 patent portfolio as a whole, including valuations for any damages claims for any of the
14 patents or any Finjan litigation (RFPs 222, 223, 226, 230 and 231); ESET (RFP 224);
15 substitution of Finjan's counsel in any litigation (RFP 225); any allocation associated
16 with the acquisition (RFP 227); potential invalidity, unenforceability, and prior art as to
17 any of the patents-in-suit (RFP 232); and any communications between Finjan and its
18 shareholders regarding the acquisition (RFP 229). (ECF 849.)

19 Fortress' acquisition of Finjan Holdings included Plaintiff Finjan, Inc., now Finjan,
20 LLC.³ (*Id.* at 13-14.) Finjan represents that Fortress' due diligence for this acquisition
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23 ² The Court had ordered the parties to identify what additional discovery was needed as to
24 the '305 Patent and when it could be completed, however, the parties' initial proposals
25 only addressed written discovery as to the '305 Patent. A second order addressed
26 additional deadlines after receiving the parties' proposed deadlines to address all
27 remaining discovery deadlines as to the '305 Patent.

28 ³ After the acquisition, Finjan filed a Motion to Amend the Caption seeking to change the
name of the Plaintiff from Finjan Inc. to Finjan, LLC because Finjan's entity status had
been changed from a corporation to a limited liability corporation. (ECF 835.) ESET
opposed the Motion, arguing Finjan was acting in bad faith in not disclosing the

1 began in August 2018; and as part of it, Fortress and Finjan executed a non-disclosure
2 agreement (“NDA”) and common interest agreement (“CIA”), both in 2018. (*Id.* at 14
3 (citing Decl. of Regis Worley, Ex. G (Finjan’s Supplemental Privilege Log) at Doc. Nos.
4 2322-23)⁴.)

5 **II. DISCUSSION**

6 There are three primary issues raised in the parties’ briefing: (1) do ESET’s RFPs
7 seek discovery within the scope authorized by the Court; (2) do they seek discovery that
8 is relevant and proportional to the needs of the case; and (3) whether the withheld
9 documents are protected by the common legal interest doctrine. The Court first addresses
10 whether the discovery sought is within the scope of discovery authorized and if it is
11 relevant and proportional to the needs of the case.

12 **A. Relevant to the ’305 and Proportional to the Needs of the Case**

13 The relevance section of ESET’s briefing groups the RFPs as follows: (1)
14 valuation documents (RFPs 222, 223, 226, 227, 230, and 231); (2) documents regarding
15 ESET (RFPs 224); (3) Finjan’s shareholder communications (RFP 229); and (4)
16 documents regarding the validity and enforceability of the ’305 Patent (RFPs 232, 233).
17 (ECF 849 at 6-7.) In a different section of the Joint Statement, ESET identifies only
18 RFPs 222 and 226 as patent valuation documents and separates out RFP 223 as
19 documents referring to the asserted patents, RFP 227 as documents referring to the
20 allocation of the acquisition, and RFPs 230 and 231 as documents referring to the
21 valuation of infringement damages for the asserted patents. (ECF 849 at 4.) This section
22 also includes one RFP not identified in the relevance section, RFP 225, documents
23 referring to substitution of counsel. (*Id.*)

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26 acquisition documents that are in dispute here. (ECF 840.) The assigned district judge
27 granted the motion to amend the caption and understandably did not reach the issue of
28 these discovery documents. (ECF 846.)

⁴ Despite quoting from the NDA in redacted portions of its briefing, Finjan only cites its
privilege log for these two documents. (ECF 849 at 14.)

1 **1. Discovery Limited to '305 Patent**

2 **a) Parties' Positions on Authorized Scope of Discovery**

3 Finjan argues that the RFPs go beyond the '305 discovery authorized by the Court
4 because they seek documents and communications between Finjan and Fortress regarding
5 Finjan's whole patent portfolio, Finjan's former counsel, and ESET generally. (*Id.* at 12.)

6 ESET does not directly dispute that discovery at this point is limited to the '305.
7 However, ESET argues that even if portions of responsive documents are beyond the
8 '305, extending to patent portfolio documents, Finjan should not be allowed to withhold
9 or redact those portions that extend beyond the '305 if they otherwise contain information
10 relevant to the '305. (*Id.* at 6-7, 11 (citing *Finjan, Inc. v. SonicWall, Inc.*, Case No. 17-cv-
11 04467-BLF (VKD), 2020 WL 4192285, at *3 (N.D. Cal. July 21, 2020).) ESET seems to
12 be arguing that if the documents are responsive and relevant for purposes of the '305 then
13 they should not be withheld just because they encompass more than the '305. As to some
14 of the RFPs, ESET also argues they are related to the '305 even though the language of
15 the RFP does not limit its scope to the '305. Additionally, in a footnote, ESET asks that
16 if the Court finds the valuation documents in dispute are not related to the '305 and
17 beyond the scope of current discovery, "ESET requests that an additional discovery
18 period be ordered that will enable ESET to take fulsome discovery of the Fortress
19 transaction sufficiently to assess whether Finjan LLC even retained standing to sue." (*Id.*
20 at 11 n.12.)

21 **b) Analysis of Authorized Scope**

22 The only discovery the parties were authorized to conduct when this dispute arose
23 was '305 discovery. As noted above, discovery in this case was proceeding as to all the
24 patents-in-suit when the case was stayed as to the '305 on May 7, 2018, however, all
25 other discovery was completed, and the case proceeded to trial⁵ while the stay was in
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28 ⁵ A mistrial was declared on March 16, 2020 as a result of the COVID-19 Pandemic.
(ECF 783.) Additionally, since this briefing was filed, ESET's motion for summary

1 place. (ECF 447 (close of expert discovery on March 19, 2019), 780-82 (trial).) In this
2 respect, the only discovery the parties were authorized to pursue once the stay was lifted
3 on July 23, 2020 was on the '305 because discovery was closed as to everything else.
4 (ECF 802, 819, 832.⁶) The Court also notes that the Court's first order requiring the
5 parties to submit proposals to complete '305 discovery ordered them to identify discovery
6 that was not cumulative or duplicative of discovery already completed. (ECF 811.)
7 Additionally, in ordering the parties to address all discovery deadlines (they had only
8 addressed written discovery in their initial competing proposals) the Court reminded
9 them that '305 discovery should only be updated as necessary because discovery as to the
10 '305 was already in progress when it was stayed. (ECF 819.)

11 On their face, the RFPs are not limited to the '305. For example, RFP 222 requests
12 "All Communications between Finjan, Inc. or Finjan Holdings, Inc. and Fortress
13 Investment Group LLC regarding any valuation *of the Patents-in-Suit or the Finjan*
14 *patent portfolio as a whole.*" (ECF 849-6 at 12 (emphasis added).) In this respect, the
15 language of these RFPs is overbroad in seeking discovery beyond the scope authorized
16 by the Court. However, as to this and other similarly worded RFPs, the issue is not
17 necessarily resolved by substituting "the '305 Patent" in place of "Patents-in-Suit or
18 Finjan patent portfolio as a whole" or something similar to narrow every RFP to the '305.
19 As discussed below, in the context of discovery related to a purchase of patents or an
20 acquisition that includes patents, an RFP may arguably seek discovery relevant to the
21 value of one patent even when it encompasses documents related to the value of other
22 patents. (*See* I.A.1.b)(1)(b).) Rather than eliminate RFPs entirely because they do not
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25 judgment of invalidity of the other patents, based on indefiniteness, was also granted.
26 (ECF 864.)

27 ⁶ Neither party has sought to reopen discovery regarding anything beyond the '305 and
28 their briefing does not directly address any of the factors courts are required to consider
in reopening discovery.

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