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8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA
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11 FINJAN, INC.,

12 Plaintiff,

13 v.

14 ESET, LLC and ESET SPOL. S.R.O.,

15 Defendants.

Case No.: 17-cv-00183-CAB-BGS

**ORDER GRANTING MOTION TO
STRIKE AFFIRMATIVE DEFENSES
AND DISMISS COUNTERCLAIMS
[Doc. No. 127]**

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17 On April 24, 2017, Plaintiff Finjan, Inc. (“Finjan”) filed a motion to strike
18 affirmative defenses and dismiss counterclaims. [Doc. No. 127.] On May 16, 2017,
19 Defendants ESET, LLC and ESET SPOL. S.R.O. (collectively “ESET”) filed an opposition
20 to the motion. [Doc. No. 134.] On May 23, 2017, Finjan filed a reply to the opposition.
21 [Doc. No. 135.] For the reasons set forth below, the motion is **GRANTED**.

22 **I. BACKGROUND**

23 Finjan is the owner of six patents which protect computers and networks from
24 malicious code that may exist in content downloaded from the internet. [Doc. No. 1 ¶¶ 10-
25 27.] Finjan alleges ESET has infringed on those patents and filed a complaint asserting
26 direct and indirect infringement of each of the six patents at issue here (collectively the
27 “patents in suit”): U.S. Patent Nos. 6,154,844 (the “844 Patent”); 6,804,780 (the “780
28 Patent”); 7,975,305 (the “305 Patent”); 8,079,086 (the “086 Patent”); 9,189,621 (the

1 “‘621 Patent”); and 9,219,755 (the “‘755 Patent”). ESET’s answer asserts twelve
2 affirmative defenses and sixteen counterclaims.

3 Finjan’s answer to the counterclaims includes the present motion to strike and
4 motion to dismiss. [Doc. No. 127-1.] Finjan moves to strike the following affirmative
5 defenses for failure to give fair notice:

- 6 • prosecution history estoppel (affirmative defense two); and
- 7 • acquiescence (affirmative defense eleven).

8 Finjan also moves to dismiss the following counterclaims and associated affirmative
9 defenses for failure to state a claim:

- 10 • declaratory judgment of unenforceability for prosecution laches of the ‘305, ‘086,
11 ‘621, and ‘755 patents (counterclaim thirteen and associated twelfth affirmative
12 defense);
- 13 • declaratory judgment of unenforceability of the patents in suit for patent misuse
14 (counterclaim fourteen and associated fifth affirmative defense);
- 15 • declaratory judgment of unenforceability of the ‘621 patent for inequitable conduct
16 (counterclaim fifteen); and
- 17 • declaratory judgment of unenforceability of the ‘755 patent for inequitable conduct
18 (counterclaim sixteen).

19 **II. LEGAL STANDARD**

20 **A. Rule 12(f)**

21 A motion to strike an affirmative defense is allowable under Federal Rule of Civil
22 Procedure 12(f), which provides that “a court may strike from a pleading an insufficient
23 defense or any redundant, immaterial, impertinent, or scandalous matter.” Fed. R. Civ. P.
24 12(f). “The key to determining the sufficiency of pleading an affirmative defense is
25 whether it gives plaintiff fair notice of the defense.” *Simmons v. Navajo Cty.*, 609 F.3d
26 1011, 1023 (9th Cir. 2010). “Fair notice generally requires that the defendant state the
27 nature and grounds for the affirmative defense.” *Nguyen v. HOVG, LLC*, No. 14cv837,
28 2014 WL 5361935, at *1 (S.D. Cal. Oct. 20, 2014) (quoting *Roe v. City of San Diego*, 289

1 F.R.D. 604, 608 (S.D. Cal. 2013)). “It does not, however, require a detailed statement of
2 facts.” *Id.*

3 Motions to strike are generally disfavored and “should not be granted unless it is
4 clear that the matter to be stricken could have no possible bearing on the subject matter of
5 the litigation.” *Neveau v. City of Fresno*, 392 F. Supp. 2d 1159, 1170 (E.D. Cal. 2005)
6 (citing *Colaprico v. Sun Microsystems, Inc.*, 758 F. Supp. 1335, 1339 (N.D. Cal. 1991)).
7 “[C]ourts often require a showing of prejudice by the moving party before granting” a
8 motion to strike, and “[u]ltimately, whether to grant a motion to strike lies within the sound
9 discretion of the district court.” *Cal. Dept. of Toxic Substances Control v. Alco Pac., Inc.*,
10 217 F. Supp. 2d 1028, 1033 (C.D. Cal. 2002) (citing *Fantasy, Inc. v. Fogerty*, 984 F.2d
11 1524, 1528 (9th Cir. 1993)). In exercising its discretion, the court views the pleadings in
12 the light most favorable to the non-moving party, and “resolves any doubt as to the
13 relevance of the challenged allegations or sufficiency of a defense in the defendant’s
14 favor.” *Cal. Dept. of Toxic Substances Control*, 217 F. Supp. 2d at 1033. “Even when the
15 defense under attack presents a purely legal question, courts are reluctant to determine
16 disputed or substantial questions of law on a motion to strike.” *SEC v. Sands*, 902 F. Supp.
17 1149, 1166 (C.D. Cal. 1995).

18 **B. Rule 12(b)(6)**

19 Under Rule 12(b)(6), a party may file a motion to dismiss based on the failure to
20 state a claim upon which relief may be granted. A Rule 12(b)(6) motion challenges the
21 sufficiency of a complaint as failing to allege “enough facts to state a claim to relief that is
22 plausible on its face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). A facial
23 plausibility standard is not a “probability requirement” but mandates “more than a sheer
24 possibility that a defendant has acted unlawfully.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678
25 (2009) (internal quotations and citations omitted). For purposes of ruling on a Rule
26 12(b)(6) motion, the court “accept[s] factual allegations in the complaint as true and
27 construe[s] the pleadings in the light most favorable to the non-moving party.” *Manzarek*
28 *v. St. Paul Fire & Marine Ins. Co.*, 519 F.3d 1025, 1031 (9th Cir. 2008). “[D]ismissal may

1 be based on either a lack of a cognizable legal theory or the absence of sufficient facts
2 alleged under a cognizable legal theory.” *Johnson v. Riverside Healthcare Sys.*, 534 F.3d
3 1116, 1121 (9th Cir. 2008) (internal quotations and citations omitted); *see also Neitzke v.*
4 *Williams*, 490 U.S. 319, 326 (1989) (“Rule 12(b)(6) authorizes a court to dismiss a claim
5 on the basis of a dispositive issue of law.”).

6 Even under the liberal pleading standard of Rule 8(a)(2), under which a party is only
7 required to make “a short and plain statement of the claim showing that the pleader is
8 entitled to relief,” a “pleading that offers ‘labels and conclusions’ or ‘a formulaic recitation
9 of the elements of a cause of action will not do.” *Iqbal*, 556 U.S. at 678 (quoting *Twombly*,
10 550 U.S. at 555). “[C]onclusory allegations of law and unwarranted inferences are
11 insufficient to defeat a motion to dismiss.” *Adams v. Johnson*, 355 F.3d 1179, 1183 (9th
12 Cir. 2004); *see also Starr v. Baca*, 652 F.3d 1202, 1216 (9th Cir. 2011) (“[A]llegations in
13 a complaint or counterclaim may not simply recite the elements of a cause of action, but
14 must contain sufficient allegations of underlying facts to give fair notice and to enable the
15 opposing party to defend itself effectively.”). The court must be able to “draw the
16 reasonable inference that the defendant is liable for the misconduct alleged.” *Iqbal*, 556
17 U.S. at 663. “Determining whether a complaint states a plausible claim for relief . . . [is]
18 a context-specific task that requires the reviewing court to draw on its judicial experience
19 and common sense.” *Id.* at 679.

20 III. ANALYSIS

21 A. Motion to Strike Affirmative Defenses

22 Finjan moves to strike ESET’s second and eleventh affirmative defenses because the
23 pleadings fail to provide fair notice of the defenses. [Doc. No. 127-1 at 9.] ESET’s second
24 affirmative defense provides in its entirety:

25 Plaintiff’s claims of infringement of the ’844 patent, ’780 patent, ’305 patent,
26 ’086 patent, ’621 patent, and ’755 patent are barred in whole or in part by the
27 doctrine of prosecution history estoppel.

28 [Doc. No. 118 at 23.]

1 ESET’s eleventh affirmative defense provides in its entirety:
2 Plaintiff’s claims and requested relief under Title 35 of the United States Code
3 are barred by the equitable doctrine of acquiescence.

4 [Doc. No. 118 at 24.]

5 Fair notice requires “some fact or argument . . . be presented in order for the [c]ourt
6 to conclude that the defense asserted is indeed an affirmative defense.” *Stevens v.*
7 *Corelogic, Inc.*, No. 14-cv-1158-BAS-JLB, 2015 WL 7272222, at *4 (S.D. Cal. Nov. 17,
8 2015) (quoting *Baker v. Ensign*, No. 11-cv-2060-BAS(WVG), 2014 WL 4161994, at *4
9 (S.D. Cal. Aug. 20, 2014)). “[M]ere reference to a legal doctrine . . . [does not] provide[]
10 fair notice of an affirmative defense absent some fact or argument explaining the defense.”
11 *Id.*

12 Here, ESET has failed to provide fair notice of its asserted defenses. In the second
13 affirmative defense, it merely alleges that the claims for infringement are barred by the
14 doctrine of prosecution history estoppel, but it does not provide any “fact or argument”
15 explaining the defense. The same is true for the eleventh affirmative defense. They are
16 “mere reference[s] to a legal doctrine.” *Stevens*, 2015 WL 7272222, at *4.

17 ESET requests that should the Court grant the motion to strike, it be granted leave
18 to amend the answer and adequately plead the defenses. [Doc. No. 134 at 8.] Rule 15(a)(2)
19 advises that before trial, courts “should freely give leave when justice so requires.” Fed.
20 R. Civ. P. 15 (a)(2); *see, e.g., Eminence Capital, LLC v. Aspeon, Inc.*, 316 F.3d 1048, 1051
21 (9th Cir. 2003) (internal quotations omitted) (“This policy is to be applied with extreme
22 liberality.”). Finjan’s motion to strike the second and eleventh affirmative defenses is
23 **GRANTED WITH LEAVE TO AMEND.**

24 **B. Motion to Dismiss Counterclaims**

25 **1. Counterclaim Thirteen: Prosecution Laches**

26 Finjan moves to dismiss ESET’s counterclaim for declaratory judgment of
27 unenforceability of the ‘305, ‘086, ‘621, and ‘755 patents due to prosecution laches. [Doc.
28 No. 127-1 at 13.] “The doctrine of prosecution laches ‘may render a patent unenforceable

1 when it has issued only after an unreasonable and unexplained delay in prosecution’ that
2 constitutes an egregious misuse of the statutory patent system under the totality of the
3 circumstances.” *Cancer Research Tech. Ltd. v. Barr Labs., Inc.*, 625 F.3d 724, 728 (Fed.
4 Cir. 2010) (quoting *Symbol Techs., Inc. v. Lemelson Med.*, 422 F.3d 1378, 1385-86 (Fed.
5 Cir. 2005) (“*Symbol Techs. II*”). It also requires a showing of prejudice, “*i.e.*, that either
6 the accused infringer or others invested in, worked on, or used the claimed technology
7 during the period of delay.” *Id.* at 729. “[T]here are no strict time limitations for
8 determining whether continued refileing of patent applications is a legitimate utilization of
9 statutory provisions or an abuse of those provisions. The matter is to be decided as a matter
10 of equity, subject to the discretion of [the] district court” *Symbol Techs. II*, 422 F.3d
11 at 1385. The Federal Circuit has warned:

12 There are legitimate grounds for refileing a patent application which should not
13 normally be grounds for a holding of laches, and the doctrine should be used
14 sparingly lest statutory provisions be unjustifiably vitiated. The doctrine
15 should be applied only in egregious cases of misuse of the statutory patent
system.

16 *Id.*

17 Finjan makes no argument that ESET has not adequately pleaded prejudice, so its
18 motion will depend on a failure to plead an “unreasonable and unexplained delay in
19 prosecution’ that constitutes an egregious misuse of the statutory patent system under the
20 totality of the circumstances.” *Cancer Research Tech.*, 625 F.3d at 728 (quoting *Symbol*
21 *Techs. II*, 422 F.3d at 1385-86).

22 ESET’s allegations of unreasonable and unexplained delay are limited to a recitation
23 of the number of years that lapsed between the time Finjan filed its application for the
24 parent patent¹ and the applications for the four patents at issue. *See* [Doc. No. 118 at 32-
25 33.] These lapses of time span from seven to seventeen years. *See [Id.]* However,
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28 ¹ U.S. Patent No. 6,092,194 is not at issue in this suit.

1 allegations of a bare lapse in time between patent applications, without other factual
2 allegations of unreasonable or unexplained delay, are insufficient to plausibly state a claim
3 of prosecution laches. *See Sonos, Inc. v. D&M Holdings, Inc.*, No. 14-1330-RGA-MPT,
4 2016 WL 4249493 (D. Del. Aug. 10, 2016) (dismissing a prosecution laches defense that
5 “contain[ed] no information to support the elements of unreasonable and inexcusable
6 delay”); *Feit Electric Co. v. Beacon Point Capital, LLC*, No. 13-cv-09339, 2015 WL
7 557262, at *3 (N.D. Ill. Feb. 9, 2015) (dismissing a defense of prosecution laches with an
8 alleged delay of more than twenty years that did not otherwise make allegations of
9 unreasonableness). *But see Seaboard Int’l., Inc. v. Cameron Int’l. Corp.*, No. 1:13-CV-
10 00281-MLH-SKO, 2013 WL 3936889, at *4 (E.D. Cal. July 30, 2013) (finding an
11 allegation of a six-and-a-half year delay, without other allegations of unreasonableness,
12 sufficient to state a claim of prosecution laches).

13 Finjan’s motion to dismiss ESET’s thirteenth counterclaim and motion to strike the
14 associated twelfth affirmative defense is **GRANTED WITH LEAVE TO AMEND**.

15 **2. Counterclaim Fourteen: Patent Misuse**

16 Finjan moves to dismiss ESET’s counterclaim for declaratory judgment of
17 unenforceability of the patents in suit due to patent misuse. [Doc. No. 127-1 at 32-33.]
18 Patent misuse is “the patentee’s act of ‘impermissibly broaden[ing] the “physical or
19 temporal scope” of the patent grant with anticompetitive effect.’” *Princo Corp. v. Int’l*
20 *Trade Comm’n*, 616 F.3d 1318, 1328 (Fed. Cir. 2010) (alteration in original) (quoting
21 *Windsurfing Int’l, Inc. v. AMF, Inc.*, 782 F.2d 995, 1001 (Fed. Cir. 1986)). “[T]he basic
22 rule of patent misuse [is] that the patentee may exploit his patent but may not ‘use it to
23 acquire a monopoly not embraced in the patent.’” *Id.* at 1327 (quoting *Transparent-Wrap*
24 *Mach. Corp. v. Stokes & Smith Co.*, 329 U.S. 637, 643 (1947)). Patent misuse is an
25 affirmative defense to patent infringement and an “accused infringer may invoke the
26 doctrine of patent misuse to defeat the patentee’s claim.” *Id.* at 1328. However, the Federal
27 Circuit has emphasized the “narrow scope of the doctrine” and clarified that even otherwise
28 unlawful anticompetitive conduct does not establish patent misuse “unless the conduct in

1 question restricts the use of that patent and does so in one of the specific ways that have
2 been held to be outside the otherwise broad scope of the patent grant.” *Id.* at 1329.

3 In support of the counterclaim for patent misuse, ESET makes a number of
4 allegations pertaining to a lawsuit Finjan has filed against ESET’s parent company in
5 Germany for infringement of a European patent. [Doc. No. 118 ¶¶ 72-73.] These
6 allegations are wholly insufficient to state a claim for patent misuse of the patents in suit.
7 Whatever legal action Finjan is taking in Germany, none of ESET’s allegations support a
8 conclusion Finjan is “physically” or “temporally” broadening the scope of the patents in
9 suit. ESET also alleges that on its information and belief, Finjan will only license the
10 patents in suit if it includes a license to the European patent at issue in the German lawsuit
11 referenced above. [*Id.* ¶ 76.] In effect, ESET is alleging Finjan has “tied” a license to the
12 European patent to licenses for the patents in suit.

13 The most common form of patent misuse occurs in “tying,” whereby the holder of a
14 patent “ties” the license of that patent to the purchase or license of another good. *Princo*,
15 616 F.3d at 1327. “[D]epending on the circumstances, tying arrangements can be viewed
16 as per se patent misuse or can be analyzed under the rule of reason.” *U.S. Phillips Corp.*
17 *v. Int’l Trade Comm’n*, 424 F.3d 1179, 1185 (Fed. Cir. 2005). Per se patent misuse includes
18 “so-called ‘tying’ arrangements in which a patentee conditions a license under the patent
19 on the purchase of a separable, staple good, and arrangements in which a patentee
20 effectively extends the term of its patent by requiring post-expiration royalties.” *Id.*
21 (quoting *Va. Panel Corp. v. MAC Panel Co.*, 133 F.3d 860, 869 (Fed. Cir. 1997). “If the
22 particular licensing arrangement in question is not one of those specific practices that has
23 been held to constitute per se misuse,” a court will analyze it under the rule of reason. *Id.*
24 “[U]nder the rule of reason, a practice is impermissible only if its effect is to restrain
25 competition in a relevant market.” *Id.*

26 Congress has further restricted the doctrine of patent misuse in 35 U.S.C. § 271(d).
27 That section provides:
28

1 No patent owner otherwise entitled to relief for infringement or contributory
2 infringement of a patent shall be denied relief or deemed guilty of misuse or
3 illegal extension of the patent right by reason of his having done one or more
4 of the following: . . . (5) conditioned the license of any rights to the patent or
5 the sale of the patented product on the acquisition of a license to rights in
6 another patent or purchase of a separate product, unless, in view of the
7 circumstances, the patent owner has market power in the relevant market for
8 the patent or patented product on which the license or sale is conditioned.

35 U.S.C. § 271(d).

8 ESET's allegation that Finjan will only license the patents in suit unless ESET also
9 licenses the European patent does not constitute patent misuse per se because ESET is not
10 alleging Finjan is tying the use of its patent to an unpatented staple good or requiring post-
11 expiration royalties. Therefore, the practice must be analyzed under the rule of reason.

12 The rule of reason states "a practice is impermissible only if its effect is to restrain
13 competition in a relevant market." *U.S. Phillips Corp.*, 424 F.3d at 1185. ESET's
14 allegation that Finjan will not license the patents in suit unless it includes a license to
15 Finjan's European patent fails to state a claim because ESET has not alleged any restraint
16 on competition. *Princo Corp.*, 616 F.3d at 1328; *U.S. Phillips Corp.*, F.3d at 1190; *C.R.*
17 *Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1372 (Fed. Cir. 1998); *Windsurfing Int'l*, 782
18 F.2d at 1001. Anticompetitive effect exists where a practice tends to restrain competition
19 unlawfully in an appropriately defined relevant market." *Princo Corp.*, 616 F.3d at 1334.
20 ESET has not alleged the practice of tying the European patent to the patents in suit results
21 in any restraint on competition. Therefore, Finjan's motion to dismiss ESET's fourteenth
22 counterclaim and motion to strike the associated fifth affirmative defense is **GRANTED**
23 **WITH LEAVE TO AMEND.**

24 **3. Counterclaims Fifteen and Sixteen: Inequitable Conduct**

25 **a. Legal Standard**

26 Finjan moves to dismiss ESET's fifteenth and sixteenth counterclaims for
27 declaratory judgment of unenforceability of the '621 patent and the '755 patent due to
28 inequitable conduct. [Doc. No. 127-1 at 32-33.] "Inequitable conduct is an equitable

1 defense to patent infringement that, if proved, bars enforcement of a patent.” *Therasense,*
2 *Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1285 (Fed. Cir. 2011) (en banc). The
3 elements of “inequitable conduct are: (1) an individual associated with the filing and
4 prosecution of a patent application made an affirmative misrepresentation of a material
5 fact, failed to disclose material information, or submitted false material information; and
6 (2) the individual did so with a specific intent to deceive the [Patent and Trademark Office]
7 (“PTO”).” *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1327 n.3 (Fed. Cir.
8 2009).

9 “Intent and materiality are separate requirements.” *Therasense*, 649 F.3d at 1290.
10 The intent element requires a showing that “the patentee acted with the specific intent to
11 deceive the PTO. A finding that the misrepresentation or omission amounts to gross
12 negligence or negligence under a ‘should have known’ standard does not satisfy this intent
13 requirement.” *Id.* Specific intent to deceive means an “intent to deceive must be ‘the single
14 most reasonable inference able to be drawn from the evidence.’” *Id.* (quoting *Star Sci. Inc.*
15 *v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366 (Fed. Cir. 2008).

16 “[T]he materiality required to establish inequitable conduct is but-for materiality.”
17 *Id.* at 1291. “A misrepresentation or omission is but-for material ‘[i]f the PTO would not
18 have allowed a claim had it been aware’ of the undisclosed information or the falsity of the
19 representation.” *Presidio Components, Inc. v. Am. Tech. Ceramics Corp.*, No. 14-CV-
20 2061-H (BGS), 2016 WL 7319533, at *15 (S.D. Cal. Feb. 10, 2016) (alteration in original)
21 (quoting *Therasense*, 649 F.3d at 1291). In cases of alleged omissions of submissions of
22 prior art to the PTO, “the court must determine whether the PTO would have allowed the
23 claim if it had been aware of the undisclosed reference.” *Therasense*, 649 F.3d at 1291.

24 “An inequitable conduct counterclaim must be pled with ‘particularity’ under
25 Federal Rule of Civil Procedure 9(b).” *Presidio*, 2016 WL 7319533, at *15. Rule 9(b)
26 states: “In alleging fraud or mistake, a party must state with particularity the circumstances
27 constituting fraud or mistake.” In cases of inequitable conduct, the “particularity” in Rule
28 9(b) requires “identification of the specific who, what, when, where, and how of the

1 material misrepresentation or omission committed before the PTO.” *Exergen*, 575 F.3d at
2 1327.

3 Moreover, although “knowledge” and “intent” may be averred generally, a
4 pleading of inequitable conduct under Rule 9(b) must include sufficient
5 allegations of underlying facts from which a court may reasonably infer that
6 a specific individual (1) knew of the withheld material information or of the
7 falsity of the material misrepresentation, and (2) withheld or misrepresented
8 this information with a specific intent to deceive the PTO.

8 *Id.* at 1328-29. “A reasonable inference is one that is plausible and that flows logically
9 from the facts alleged, including any objective indications of candor and good faith.” *Id.*
10 at 1329 n.5.

11 **b. Analysis**

12 **i. The ‘621 patent**

13 ESET’s allegations to support its inequitable conduct counterclaim for the ‘621
14 patent pertain to a decision in the District of Delaware (the “Delaware decision”) that
15 invalidated a patent held by Finjan (the “‘962 patent”)² that was in the priority chain for
16 the ‘621 patent and a PTO decision issuing a non-final rejection of the ‘621 patent
17 application. ESET’s allegations concede Finjan disclosed the Delaware decision to the
18 PTO during the prosecution of the ‘621 patent. [Doc. No. 118 ¶ 86.] However, ESET
19 alleges the PTO examiner did not consider the Delaware decision, and it was thus unaware
20 that the ‘962 patent had been invalidated when it issued the non-final rejection. [*Id.* ¶ 104.]
21 Nevertheless, ESET concedes Finjan submitted (for a second time) the Delaware decision
22 before the PTO ultimately approved the ‘621 patent.³ [*Id.*] ESET additionally alleges
23 Finjan deceived the examiner by not disclosing that the Delaware decision was later
24 affirmed by the Federal Circuit. [Doc. No. 118 ¶¶ 87-89, 94, 97, 103.] ESET further
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27 ² The ‘962 patent is not at issue in this suit.

28 ³ Finjan’s request for judicial notice [Doc. No. 128], which is unopposed, is **GRANTED** pursuant to
Federal Rule of Evidence 201.

1 alleges Finjan deceived the PTO by not submitting any “testimony or exhibits” from the
2 Delaware decision. [*Id.* ¶¶ 104-05.] These argument fail for two reasons. First, after
3 disclosing the Delaware decision to the PTO, Finjan was under no obligation to explain the
4 significance of the decision to the PTO. Second, ESET has failed to allege the withheld
5 disclosures were material.

6 ESET’s argument that Finjan was not forthright with the PTO because the PTO had
7 not considered the Delaware decision when it issued the non-final rejection fails as a matter
8 of law. “An applicant cannot be guilty of inequitable conduct if the reference was cited to
9 the examiner, whether or not it was a ground of rejection by the examiner.” *Fiskars, Inc.*
10 *v. Hunt Mfg. Co.*, 221 F.3d 1318, 1327 (Fed. Cir. 2000). An applicant is not required to
11 “explain the relevance of references listed” *Id.* ESET’s own allegations concede
12 Finjan disclosed the Delaware decision before the PTO issued the non-final rejection and
13 did so again afterwards. [Doc. No. 118 ¶ 104.] Finjan cannot be guilty of inequitable
14 conduct simply because ESET alleges the PTO misunderstood or did not consider the
15 disclosures.

16 ESET’s allegations--that Finjan failed to disclose testimony or exhibits from the
17 Delaware decision or the Federal Circuit decision affirming it--fail to state a claim for
18 inequitable conduct because they fail to satisfy the pleading requirement of Rule 9(b). “In
19 order to satisfy Rule 9(b)’s “why” . . . requirement[], a party pleading inequitable conduct
20 must set forth “why” the withheld information is material and not cumulative”
21 *Presidio*, 2016 WL 7319533, at *16 (quoting *Exergen*, 575 F.3d at 1329-30). ESET’s
22 pleadings fail to do so. In attempting to plead “why” the withheld Federal Circuit decision
23 is material, ESET merely states that the invalidity of the ‘962 would be dispositive of the
24 patentability of the ‘621 patent. [Doc. No. 118 ¶ 106.] However, by ESET’s own
25 allegations, Finjan disclosed the Delaware decision invalidating the ‘962 patent to the PTO.
26 [*Id.* ¶ 94.] ESET makes no allegation why the Federal Circuit decision affirming the
27 Delaware decision would not be cumulative. Neither does ESET allege why testimony or
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1 exhibits from the Delaware decision would not be cumulative of information Finjan already
2 disclosed to the PTO.

3 ESET also makes a number of allegations that Finjan attempted to deceive the PTO
4 by filing a terminal disclaimer after the non-final rejection. *See [Id. ¶¶ 96, 98-99, 104.]*
5 Notably, when ESET makes the Rule 9(b) required allegation of “where” the
6 misrepresentation occurred, mention of the terminal disclaimer is omitted. *See [Id. ¶ 105.]*
7 Therefore, ESET has failed to make the necessary allegation of inequitable conduct
8 pertaining to the terminal disclaimer. For these reasons, Finjan’s motion to dismiss ESET’s
9 fifteenth counterclaim is **GRANTED WITH LEAVE TO AMEND**.

10 **ii. The ‘755 patent**

11 ESET’s inequitable conduct claim for the ‘755 patent fails for a more simple reason.
12 ESET does not even allege a misrepresentation or material omission. ESET’s allegations
13 supporting its counterclaim of inequitable conduct for the ‘755 patent pertain to an Action
14 Closing Prosecution (“ACP”) finding all the claims of the ‘962 patent invalid. [Doc. No.
15 118 ¶ 119.] ESET alleges Finjan “failed to inform the Examiner that claims 29-32 and 50-
16 51 of the ‘962 patent had been invalidated” in the ACP. [Doc. No. 118 ¶ 128.]
17 However, ESET’s own pleadings allege that Finjan submitted the ACP to the PTO in the
18 application that matured into the ‘755 patent. [Doc. No. 118 ¶ 115.]

19 Despite the fact that ESET’s own allegations concede that Finjan disclosed the ACP
20 to the PTO, ESET alleges the PTO did not understand the significance of the ACP and that
21 Finjan intentionally failed to correct that misunderstanding. [Doc. No. 118 ¶ 127 (“Despite
22 having submitted the ACP to the Examiner, the rejection based on non-obviousness type
23 double patenting over already invalidated claims should have alerted [Finjan’s counsel]
24 and Finjan that the Examiner was misinformed regarding the validity of the ‘188
25 application.”).] From here ESET attempts to impose a duty on Finjan’s counsel to correct
26 the allegedly mistaken belief. [Doc. No. 118 ¶ 127 (“[I]nstead of raising that issue to the
27 Examiner’s attention, Finjan and its counsel attempted to deceive, and did in fact deceive,
28

1 the Examiner by filing a terminal disclaimer without reference to the already invalidated
2 claims.”).] However, the Federal Circuit has unequivocally stated no such duty exists.

3 As discussed with ESET’s similar accusations with the ‘621 patent, “[a]n applicant
4 can not be guilty of inequitable conduct if the reference was cited to the examiner An
5 applicant is not required to tell the PTO twice about the same prior art, on pain of loss of
6 the patent for inequitable conduct.” *Fiskars*, 221 F.3d at 1327. Neither is an applicant
7 required to “explain the relevance of references listed” *Id.* ESET’s own allegations
8 concede Finjan made the very disclosure that was the source of the information ESET
9 alleges Finjan withheld from the PTO. Here, ESET has failed to even allege a material
10 omission on the part of Finjan. Therefore, Finjan’s motion to dismiss ESET’s sixteenth
11 counterclaim is **GRANTED WITH LEAVE TO AMEND.**

12 **IV. CONCLUSION**

13 For the reasons set forth above, the Court **HEREBY ORDERS:**

- 14 1. Finjan’s motion to strike ESET’s second and eleventh affirmative defenses is
15 **GRANTED WITH LEAVE TO AMEND;**
- 16 2. Finjan’s motion to dismiss ESET’s thirteenth, fourteenth, fifteenth, and
17 sixteenth counterclaims is **GRANTED WITH LEAVE TO AMEND;**
- 18 3. ESET shall file an amended answer and counterclaim by **August 14, 2017.**

19 **IT IS SO ORDERED.**

20 Dated: July 24, 2017



21 _____
22 Hon. Cathy Ann Bencivengo
23 United States District Judge
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