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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.: 17CV183 CAB (BGS)

ORDER ON DISCOVERY DISPUTES

[ECF 300, 328]

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17 This Order addresses numerous discovery disputes raised by the parties, argued at
18 discovery conferences, and briefed via joint statements. (ECF 300, 328.) The Court rules
19 as set forth below as to each dispute.

20 **DISCUSSION**

21 **I. Legal Standards¹**

22 **A. Scope of Discovery**

23 The Federal Rules of Civil Procedure provide that “parties may obtain discovery
24 regarding any non-privileged matter that is relevant to any party’s claim or defense and
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27 ¹ The Court sets out general standards as to the scope of permissible discovery and
28 general authority regarding damages to avoid repetition in analyzing each of the disputes.
Authority unique to an individual dispute is discussed in analyzing that dispute.

1 proportional to the needs of the case, considering the importance of the issues at stake in
2 the action, the amount in controversy, the parties’ relative access to relevant information,
3 the parties’ resources, the importance of the discovery in resolving the issues, and
4 whether the burden or expense of the proposed discovery outweighs its likely benefit.”
5 Fed. R. Civ. P. 26(b)(1).

6 District courts have broad discretion in determining what is relevant. *Facedouble,*
7 *Inc. v. Face.com*, No. 12cv1584 DMS (MDD), 2014 WL 585868, at *1 (S.D. Cal. Feb.
8 13, 2014). And, the 2015 Amendments to Rule 26 made clear that “[r]elevancy alone is
9 no longer sufficient—discovery must also be proportional to the needs of the case.” *In re*
10 *Bard IVC Filters Prods. Liability Litig.*, 317 F.R.D. 562, 564 (D. Ariz. 2016). When a
11 dispute implicates proportionality, the party claiming undue burden has an obligation to
12 explain what is burdensome about complying with the request and the party claiming it is
13 important enough to require a response must explain why it is important. Fed. R. Civ. P.
14 26 advisory committee’s notes.² “The court’s responsibility, using all the information
15 provided by the parties, is to consider these, [undue burden or expense and importance of
16 information sought,] and all the other factors in reaching a case-specific determination of
17 the appropriate scope of discovery.” *Id.* Limits on discovery may be issued where the
18 “burden or expense outweighs the likely benefits.” *Id.* (citing Fed. R. Civ. P. 26(b)).

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22 ² In explaining the 2015 Amendments to Rule 26, the Advisory Committee explains it this
23 way:

24 [I]f the parties continue to disagree, the discovery dispute could be
25 brought before the court and the parties’ responsibilities would remain
26 as they have been since 1983. A party claiming undue burden or
27 expense ordinarily has far better information — perhaps the only
28 information — with respect to that part of the determination. A party
claiming that a request is important to resolve the issues should be
able to explain the ways in which the underlying information bears on
the issues as that party understands them.

1 **B. Damages³**

2 “When a patent is infringed, the patentee is entitled to ‘damages adequate to
3 compensate for the infringement, but in no event less than a reasonable royalty for the use
4 made of the invention by the infringer.’” *Whitserve, LLC v Computer Packages, Inc.*,
5 694 F.3d 10, 26 (Fed. Cir. 2012) (quoting 35 U.S.C. § 284). “A reasonable royalty can
6 be calculated from an established royalty, the infringer’s profit projections for infringing
7 sales, or a hypothetical negotiation between the patentee and infringer based on the
8 factors in *Georgia–Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116, 1120 (S.D.
9 N.Y.1970).”⁴ *Wordtech Sys., Inc. v. Integrated Network Solutions, Inc.*, 609 F.3d 1308,

11 ³ Most of the discovery disputes addressed below concern ESET’s discovery requests
12 seeking information it argues is relevant to calculating damages. Although neither party
13 set out any basic authority on the topic in its briefing on most of the damages disputes,
14 (*see* ECF 300), the parties clearly dispute whether the sought discovery is relevant to
15 calculating a reasonable royalty, including a calculation based on a hypothetical
16 negotiation between the parties.

17 ⁴ The parties only address particular *Georgia-Pacific* factors in one dispute addressed
18 below, however, they raise the hypothetical negotiation as to numerous dispute, and the
19 factors are relevant to the hypothetical negation. The *Georgia-Pacific* factors are:
20 (1) royalties the patentee has received for licensing the patent to others; (2)
21 rates paid by the licensee for the use of comparable patents; (3) the nature
22 and scope of the license (exclusive or nonexclusive, restricted or
23 nonrestricted by territory or product type); (4) any established policies or
24 marketing programs by the licensor to maintain its patent monopoly by not
25 licensing others to use the invention or granting licenses under special
26 conditions to maintain the monopoly; (5) the commercial relationship
27 between the licensor and licensee, such as whether they are competitors; (6)
28 the effect of selling the patented specialty in promoting sales of other
products of the licensee; (7) the duration of the patent and license term; (8)
the established profitability of the product made under the patent, including
its commercial success and current popularity; (9) the utility and advantages
of the patent property over old modes or devices; (10) the nature of the
patented invention and the benefits to those who have used the invention;
(11) the extent to which the infringer has used the invention and the value of
that use; (12) the portion of profit or of the selling price that may be
customary in that particular business to allow for use of the invention or

1 1319 (Fed. Cir. 2010) (citing *Lucent Techs. v. Gateway, Inc.*, 580 F.3d 1301, 1324 (Fed.
2 Cir. 2009) and *Minks v. Polaris Indus.*, 546 F.3d 1364, 1372 (Fed. Cir.2 008)); *see also*
3 *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292, 1317 (Fed. Cir. 2011) (“This court
4 has sanctioned the use of the *Georgia-Pacific* factors to frame the reasonable royalty
5 inquiry. Those factors properly tie the reasonable royalty calculation to the facts of the
6 hypothetical negotiation at issue.”). “The hypothetical negotiation ‘attempts to ascertain
7 the royalty upon which the parties would have agreed had they successfully negotiated an
8 agreement just before infringement began,’ and ‘necessarily involves an element of
9 approximation and uncertainty.’” *Id.* (citing *Lucent Techs.*, 580 F.3d at 1324–25).

10 **II. Discovery Disputes Regarding Damages⁵**

11 **A. ESET’s Interrogatory No. 11 and Request for Production Nos. 157 and** 12 **160 – Licensing Information and Settlement Negotiations**

13 ESET seeks to compel Finjan to provide a supplemental response to Interrogatory
14 11 with the number of infringing units covered by Finjan’s lump sum licensing
15 agreements to allow ESET’s expert to calculate a running royalty.⁶ Requests for
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18 analogous inventions; (13) the portion of the realizable profit that should be
19 credited to the invention as opposed to its non-patented elements; (14) the
20 opinion testimony of qualified experts; and (15) the results of a hypothetical
negotiation between the licensor and licensee.

21 *i4i Ltd. P’ship v. Microsoft Corp.*, 598 F.3d 831, 853 n.3 (Fed. Cir. 2010).

22 ⁵ Sections A-G address the disputes raised in the parties’ Joint Statement on disputes
23 regarding ESET’s First Set of Interrogatories and Fourth Set of Requests for Production
24 regarding damages. (ECF 300.) Section H addresses a dispute raised as to Finjan’s RFP
155 in a separate Joint Statement that also relates to damages. (ECF 328.)

25 ⁶ Interrogatory 11’s request for “an explanation of the math underlying each of the
26 [Finjan] licensing agreements” is broader than the number of infringing units covered by
27 Finjan’s lump sum licensing agreements. However, the Court understands ESET to be
28 seeking to compel the number “of infringing units that are covered by any Finjan license
agreement that is stated as a lump sum . . . instead of a running royalty,” to calculate a
running royalty. ESET’s briefing on compelling a further response to Interrogatory 11
only addresses compelling Finjan to provide this information. To the extent ESET is

1 production 157 and 160 seek all documents relating to negotiations concerning licenses
2 covering technology that is comparable to the technology covered by any of the asserted
3 patents and all documents related to settlement negotiations in Finjan’s prior litigations.
4 This dispute concerns information and documents underlying the licensing agreements.
5 Finjan has produced the actual licensing agreements.

6 ESET argues the answer to Interrogatory 11 and the documents requested are
7 relevant to determining a reasonable royalty rate. As to RFPs 157 and 160 ESET
8 indicates it is seeking documents reflecting the mathematical calculations needed to
9 answer Interrogatory No 11, Finjan’s settlement negotiations regarding prior licenses, and
10 settlement negotiations in Finjan’s prior litigations that resulted in a license. ESET
11 argues that because Finjan’s damages case against ESET will be predicated on Finjan’s
12 general licensing practices and these practices may be reflected in these underlying
13 settlement negotiation documents, they are relevant and should be produced.

14 Additionally, ESET argues it needs the underlying calculations and negotiation
15 documents because Finjan has indicated in discovery responses that all of its previous
16 licenses and settlement agreements are comparable licenses to the patents-in-suit. ESET
17 relies on *In re MSTG, Inc.* to argue the documents requested are not privileged and are
18 relevant to patent damages analysis. 675 F.3d 137 (Fed. Cir. 2012)

19 Finjan first emphasizes what it has already produced and expects to produce —
20 license agreements, written correspondence to the extent any numbers were identified
21 leading up to the execution of the settlement and license agreements, deposition
22 testimony regarding royalty rates, and an exemplary damages expert report. Finjan then
23 argues the request is overbroad, seeking all documents and discovery “concerning” or
24 “related to” any licensing and settlement negotiations. Finjan also distinguishes *MSTG*,
25 accurately noting that discovery of negotiation documents was only permitted because a

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28 seeking something broader, the Court finds it has not shown it is entitled to more,
particularly in light of Finjan having produced its licensing agreements.

1 specific need was shown, *i.e.* an expert relied on the documents in an expert report.
2 Although Finjan does not specifically address ESET’s argument that it needs the number
3 of infringing units covered by the lump sum agreements for purposes of calculating a
4 running royalty, it does argue generally that the requested discovery, beyond what has
5 already been produced, or is to be produced is irrelevant, overbroad, and compound.

6 The Court finds *MSTG* instructive on a number of points. First, it reiterates “that
7 settlement agreements can be pertinent to the issue of reasonable royalties.” 675 F.3d
8 1337, 1348. Finjan has produced these after obtaining third party consent, however,
9 Finjan is refusing to produce underlying settlement negotiation documents. *MSTG* also
10 affirms a lower court’s order for production of underlying negotiation documents in
11 addition to the settlement agreements. *Id.* These conclusions, and the decision’s prior
12 discussion declining to create a settlement negotiation privilege, make clear that
13 settlement negotiations may be discoverable. *Id.* at 1342-48. In this respect, ESET is not
14 demanding something that is entirely off limits.

15 However, *MSTG* applicability is also limited. Factually, it is distinguishable from
16 the present case in that the lower court decision that was affirmed only ordered
17 production of the settlement negotiation documents because part of an expert’s opinion
18 relied on those underlying negotiation documents. *Id.* at 1348. The production was
19 necessary because “[a]s a matter of fairness *MSTG* [could] not at one and the same time
20 have its expert rely on information about the settlement negotiations and deny discovery
21 as to those same negotiations.” *Id.* That is not the case here. The Court also notes that in
22 *MSTG*, the lower court had previously denied production of settlement negotiation
23 documents when the parties were in essentially the same position Finjan and ESET are
24 now as to RFPs 157 and 160. *Id.* That decision was not challenged. *Id.*

25 The *MSTG* court does not set out a particular standard to apply in considering
26 whether underlying settlement negotiation documents, like those sought here, should be
27 produced. *Id.* at 1347 (“Because the issue is not before us, we reserve for another day the
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1 issue of what limits can appropriately be placed on discovery of settlement negotiations).⁷
2 The court indicates that “typically settlement negotiations that are admissible under
3 Federal Rule of Evidence 408 or disclosed to a party’s expert would be discoverable,” but
4 the court also notes it has “not yet decided the extent to which evidence of settlement
5 negotiations would be admissible under Rule 408” and even as to “such admissible or
6 disclosed material, some protections may be appropriate.” *Id.* at 1346-47. However, the
7 court does emphasize the lower courts’ discretion to control and limit discovery under
8 Rule 26. The court also explains, seemingly with some approval, that some courts “have
9 imposed heightened standards for discovery in order to protect confidential settlement
10 discussions,” that require: (1) a showing of a special need for the material; (2) a resulting
11 unfairness from not getting the discovery; and (3) that the need for the sought discovery
12 outweighs the confidentiality interest. *Id.* at 1347 (citing *In re Teligent, Inc.*, 640 F.3d
13 53, 57-58 (2d Cir. 2011)).

14 As to Interrogatory 11, “the underlying number of allegedly infringing units that
15 are covered by any Finjan license agreement that is stated as a lump sum . . . instead of a
16 running royalty” is relevant to damages because ESET needs it to calculate a running
17 royalty from the lump sums and the burden of providing this information, assuming
18 Finjan has it, is not great.

19 As to the portion of RFPs 157 and 160 that seeks underlying settlement documents
20 reflecting the mathematical calculations needed to answer Interrogatory 11, as stated
21 above, the Court finds ESET is entitled to these documents as well. Because it seems
22 possible that settlement negotiations may be disclosed in producing documents reflecting
23 the number of infringing units covered by the lump sum agreements, the Court applies
24 the standard referenced in *MSTG*. ESET has shown a particular need for the documents
25 that contain that information. ESET has explained that it would be unable to calculate a
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28 ⁷ Neither party provides or sets out any standard they seek for the Court to apply in
considering this issue.

1 running royalty for all the lump sum licensing agreements absent that information,
2 leaving it without discovery it needs for damages calculations. As to whether the need
3 for the sought discovery outweighs the confidentiality interest, the Court finds, based on
4 the briefing and scope of the request, that it does, primarily because the confidentiality
5 interest in those limited documents reflecting the number of infringing units would not be
6 great.

7 Accordingly, Finjan shall provide a supplemental response to Interrogatory 11. It
8 shall include the number of allegedly infringing units that are covered by any Finjan lump
9 sum licensing agreement for the asserted patents. Finjan shall also supplement its
10 response to RFPs 157 and 160, to the extent it has not done so, with documents reflecting
11 the number of allegedly infringing units that are covered by any Finjan lump sum
12 licensing agreement for the asserted patents. The supplemental response and production
13 must be provided by **October 30, 2018**.

14 Beyond the scope set forth above as to RFPs 157 and 160, the RFPs are overbroad
15 and ESET has not shown a specific need for the underlying settlement negotiation
16 documents. First, these RFPs are overbroad, seeking all settlement negotiation
17 documents in all of Finjan's prior litigations and any document relating to negotiations
18 concerning licenses covering technology comparable to the technology covered by the
19 asserted patents. As the *MSTG* court reiterated, courts have the discretion to control and
20 limit discovery. Here, ESET is seeking the entire scope of underlying settlement
21 negotiation documents without, sufficient justification. ESET has the actual licensing
22 agreements and, as order above, it will be provided the calculations or documents
23 explaining the calculations of the lump sum licensing agreements. The breadth requested
24 is not warranted or proportional. Second, applying the standard referenced in *MSTG*,
25 ESET has not met the first element. That Finjan's case may be based on its licensing
26 practices does not open up all settlement negotiations documents to production. That is
27 not a specific need. If Finjan were to rely on any of its underlying settlement
28 negotiations in calculating damages, as was the case in *MSTG*, then that would not only

1 demonstrate a specific need, but also align with the *MSTG* court’s conclusion that as a
2 matter of fairness, reliance on those documents requires their production. The Court is
3 not finding that Finjan’s reliance on underlying settlement negotiations is the only way to
4 show specific need, rather, the Court finds ESET has not shown any other specific need
5 sufficient to justify accessing this broad scope of underlying settlement negotiations.

6 ESET’s request to compel further responses to Interrogatory 11 and RFPs 157 and
7 160 is **GRANTED in part and DENIED in part** as set forth above.

8 **B. ESET’s Request for Production Nos. 151 and 155 – Documents Related**
9 **to Third Party Sales, Revenue, and Marketing**

10 ESET’s RFPs 151 and 155 seek documents in Finjan’s possession related to third
11 parties’ sales, pricing, revenue, and marketing of products made by third parties that are
12 licensed under one or more of the patents-in-suit. Finjan has responded to these RFPs
13 only with information regarding its own Vital Security appliances.

14 ESET argues these documents are relevant to show what Finjan allows third parties
15 to claim regarding products covered by the patents including whether patented features
16 are mentioned. ESET also argues these documents may show whether Finjan’s prior
17 licenses are comparable to that which would be obtained through a hypothetical
18 negotiations.

19 Finjan generally argues these requests are overbroad, vague, and unduly
20 burdensome. Finjan claims the information sought is either subject to confidentiality
21 provisions or public, making it as easily accessible to ESET as Finjan. Finjan also asserts
22 that it is unclear what information ESET seeks, or why it is relevant without addressing
23 any of ESET’s arguments, noted above, regarding relevancy.

24 As to relevancy, the Court finds the requested documents are relevant to damages.
25 ESET explains, sales and marketing documents sought may show what restrictions Finjan
26 does or does not impose on its licensees in the sales and marketing of their licensed
27 products. Additionally, these documents may show whether Finjan’s prior licenses are
28 comparable to that which would be obtained through a hypothetical negotiations. In

1 terms of burden, it appears the only burden is redaction of third party information to the
2 extent it is confidential. Weighing the importance of the information sought and the
3 burden of production, the Court finds a further response is required.

4 ESET's request to compel a further response is **GRANTED**. Finjan shall provide
5 supplemental responses to RFPs 151 and 155 on or before **October 30, 2018**.

6 **C. ESET's Request for Production Nos. 166, 168, 169, and 172-177 –**
7 **Finjan's Experts in Prior Litigation**

8 ESET's RFPs 166, 168, 169 and 172-177 seek trial testimony, deposition
9 testimony, deposition exhibits, and expert reports from Finjan's prior litigations
10 concerning one or more of the asserted patents for five Finjan experts. Finjan has
11 produced trial transcripts for each, but not all their expert reports, deposition transcripts,
12 or deposition exhibits. Finjan also indicates that it produced its own damages reports
13 with third party confidential information redacted.

14 ESET argues these documents are relevant to show any "changing story and
15 shifting positions" by Finjan in general and by specific experts that may testify against
16 ESET in this case. ESET acknowledges that the accused products in those prior
17 litigations are not exactly the same as here, but all the accused products in these prior
18 litigations on the asserted patents concern anti-virus technology. Finjan states that the
19 documents requested are wholly irrelevant, but does not specifically address ESET's
20 argument that they are relevant to show a change in Finjan's position.

21 Finjan argues these interrogatories are unduly burdensome and not proportional to
22 the needs of the case and also argues the production of trial testimony and damages
23 reports are sufficient to provide a basis for each expert's opinion. Finjan explains that
24 these productions would implicate an extensive amount of third party confidential
25 information because they are about third party products. Finjan argues redacting them —
26 "18 reports spanning thousands of pages and well over 4,000 pages of deposition
27 testimony, not including exhibits — would take excessive hours to review and redact.
28

1 ESET responds that this amounts to complaining that redacting the requested documents
2 would take too much work.

3 ESET has shown these documents are relevant to identify changes in positions
4 taken by Finjan,⁸ but, as noted above, relevancy alone is not enough. *In re Bard IVC*
5 *Filters Prods. Liability Litig.*, 317 F.R.D. at 564. Finjan has identified a specific burden
6 imposed, the redaction of third party confidential information from a large number of
7 documents. In weighing the burden and the importance of the information, the Court
8 finds Finjan must respond.

9 ESET's request to compel a further response to these interrogatories is
10 **GRANTED** as set forth above. Finjan must provide a supplemental response to these
11 RFPs on or before **October 30, 2018**.

12 **D. ESET's Request for Production No. 163 – Third Party Defendants'**
13 **Expert Reports on Damages**

14 ESET's RFP 163 seeks "[d]ocuments sufficient to show the defendants calculation
15 of damages in Previous Finjan Litigations." Essentially, ESET wants Finjan to produce
16 the damages expert reports prepared by defendants in Finjan's prior litigations, those
17 defendants' trial exhibits, and documents those defendants relied on in calculating
18 damages concerning one or more of the asserted patents.

19 ESET argues these documents, particularly the expert reports, are relevant because
20 they demonstrate a prior damages analysis of the asserted patents, including analysis of
21 relevant documents, Finjan's prior licenses, and may also disclose non-infringing
22 alternatives considered in each of those cases. Finjan responds that the requested
23 documents implicate irrelevant third party highly confidential information and
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26 ⁸ A portion of a hearing transcript cited by Finjan for a different issue sums up the
27 relevance well, "Finjan's damage reports you can get, *because their position matter. And*
28 *it may be an admission. It may be any number of things.*" (Martinez Decl., Ex. 11 at
11:5-7 (emphasis added).)

1 responding would be unduly burdensome. Specifically, Finjan argues they are not
2 relevant because damages are unique to a specific defendant, *i.e.* the reasonable royalty
3 negotiated between Finjan and that defendant, as opposed to ESET, at the time of the
4 hypothetical negotiation. As Finjan explains, those reports are based on third party
5 products not accused here and include patents not asserted against ESET. Finjan again
6 also points to what it has already produced — Finjan’s own damages expert reports and
7 non-confidential trial transcripts and trial exhibits from the prior litigations.

8 Neither party cites the Court to any written decisions discussing this issue, but
9 Finjan cites to a short order and underlying hearing transcript in another case where
10 similar information was sought by a defendant from Finjan. (Martinez Decl., Exs. 10-
11 11). That court found the request ridiculous.⁹ This Court recognizes, despite possible
12 motives not explicitly stated in the briefing,¹⁰ that there might be some relevant
13 information contained within those defendants’ expert reports based simply on the fact
14 that they are addressing damages for infringement of some of the same patents. That
15 said, the Court finds the importance of the information sought is not great given they are
16 analyzing damages for infringement of different products and, as Finjan rightly points
17 out, the hypothetical negotiation is specific to the parties in this case. Additionally,
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20 ⁹ Specifically, the court said “Oh, no. Okay. This is a ridiculous request. . . . Have you
21 ever gotten a judge to go along with this?? . . . Okay. Well, you’ll never get a judge to go
22 along with this.” (Martinez Decl., Ex. 11 at 9:20-10:4.) Earlier in the hearing the court
23 explained “You’re not entitled to probe the basis for the report. The report, standing
24 alone, is not an issue in this case.”

25 ¹⁰ Finjan did not rely on this portion of the transcript, but the court characterized the
26 motive for the request as follows: “What you want, actually, if you were most honest
27 about it, is you want more ways of attacking their number. And you’d look at the defense
28 expert and say, Oh, I hadn’t thought of that. I’ll try that. And I’ll put that in our expert
report. That’s actually what you want.” It is not clear to this Court that there is anything
necessarily wrong with that motive. As discussed above, it is more a matter of balancing
the importance of the information sought, given it largely pertains to different products,
and the burden of the production.

1 unlike Finjan’s own expert reports, there is no need to review these for Finjan’s
2 potentially changing positions, because they are not Finjan’s positions. Finally, as
3 discussed above, producing these reports, that belong to third parties and contain
4 confidential information, would require significant redaction or obtaining permission
5 from the defendant third parties to produce them. Balancing the minimal importance of
6 the documents sought and the burden of production, the Court finds no further response is
7 required.

8 ESET’s request to compel a further response to Interrogatory 163 is **DENIED**.

9 **E. ESET’s Request for Production No. 191– Non-Licensing Revenue**

10 ESET’s RFP 191 seeks documents showing revenue generated by Finjan from non-
11 licensing sources from 2000 to present and the sources of that revenue. Finjan only
12 produced documents relating to Finjan’s own products, but represented it will produce
13 other financial information that demonstrates Finjan’s overall revenues. Finjan also
14 points to public SEC filings as a source of information concerning its revenues.

15 ESET argues that a comparison of licensing and non-licensing revenue are relevant
16 to damages because it could show Finjan would have been largely dependent on licenses
17 during the hypothetical negotiation. Additionally, ESET argues this information may
18 show ESET and Finjan are not competitors which is also relevant to damages. As to what
19 has or will be produced or is publically available, ESET also explains that the publically
20 available documents filed with the SEC do not provide this information because they are
21 consolidated statements from which the non-licensing revenue cannot be deduced and
22 overall revenue information does not allow a comparison.

23 Finjan generally points to the overall revenue information it will provide and
24 public SEC filing as being sufficient, generally argues the sought discovery is not
25 relevant to the asserted patents, and inaccurately argues ESET has not explained why this
26 information is not sufficient, what specific additional information it seeks, or why it is
27 entitled to it. As noted above, ESET has explained the relevancy of this information to
28 damages and why the consolidated public filings and overall revenue information will not

1 provide the needed comparison. It is Finjan that has not addressed ESET's arguments
2 these documents are relevant to the hypothetical negotiation and determining if Finjan
3 and ESET are competitors.

4 ESET has established the relevancy of the discovery sought and there has been no
5 showing of undue burden or expense or that any other factors the Court considers in
6 evaluating proportionality weighs against compelling a response.

7 ESET's request to compel a further response to RFP 191 is **GRANTED**. Finjan
8 shall file a supplemental response to RFP 191 by **October 30, 2018**.

9 **F. ESET's Request for Production No. 197-198 – Number of Products in**
10 **the U.S. Licensed to Use the Patents**

11 RFPs 197 and 198 seek documents showing the total number of products in the
12 United States currently licensed to use any of the asserted patents and the number of
13 products licensed annually from 2000 to present.

14 ESET argues this may show what portion of the overall antivirus market is licensed
15 by Finjan's asserted patents. In its briefing, ESET explains that it only wants what Finjan
16 has in its possession, custody, or control. It is not asking Finjan to obtain information
17 from third parties. ESET also indicates it would accept a list of the annual and
18 cumulative number of products licensed under the asserted patents in lieu of a document
19 production showing this information.

20 Finjan argues generally that the RFPs are vague, overbroad and not relevant, but
21 makes no specific argument on those points and does not in any way address ESET's
22 argument that it may show the overall portion of the anti-virus market licensed by
23 Finjan's asserted patents. Finjan's only specific arguments why it should not respond are
24 that it does not have a "list" of licensed products by name and version number for the
25 asserted patents and Finjan finds it unclear what ESET thinks would be responsive given
26 Finjan does not maintain such a list.

27 The Court does not find these RFPs vague or unclear. To the extent Finjan has
28 documents that would show the number of products licensed under the asserted patents, it

1 shall produce them or provide a responsive list it creates in lieu of a production since
2 ESET has agreed to that in the alternative.

3 ESET's request to compel further responses to RFPs 197-98 is **GRANTED**.

4 Finjan shall file a supplemental response to RFP 191 by **October 30, 2018**.

5 **G. ESET's Request for Production Nos. 188-190 – Non-infringing**
6 **Alternatives**

7 RFPs 188-190 seek documents and communications showing or describing
8 potential non-infringing alternatives to any of the asserted patents, including from any of
9 Finjan's prior litigations.

10 ESET argues non-infringing alternatives to the asserted patents are relevant to
11 damages because in calculating a reasonable royalty, a potential licensee cannot pay more
12 for a license than it would take to implement a non-infringing alternative to it. Finjan
13 does not dispute that non-infringing alternatives are relevant to the hypothetical
14 negotiation.¹¹ However, Finjan argues third parties' assertions of non-infringing
15 alternatives are irrelevant to this case because those third parties identify non-infringing
16 alternatives as to those third parties' products and technologies, not ESET's. In this
17 respect, that information is not relevant. Additionally, as a compromise, Finjan agreed to
18 produce trial transcripts and Finjan's damages expert reports from its prior litigations
19 which would address non-infringing alternatives to the extent there is no third party
20 information implicated.

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24 ¹¹ The only case Finjan cites in its briefing on this topic relies on the same Federal Circuit
25 decision ESET cites. *Visteon Glob. Techs., Inc. v. Garmin Int'l, Inc.*, 903 F. Supp. 2d
26 521, 528 (E.D. Mich. 2012) (citing *Zygo Corp. v. Wyko Corp.* 79 F.3d 1563, 1571-72
27 (Fed. Cir. 1996)). However, Finjan relies on *Visteon* to argue ESET has the burden of
28 identifying non-infringing alternatives. Because Finjan does not argue the burden
somehow limits discovery on this topic, the Court does not address that argument or rely
on it.

1 The Court finds this dispute somewhat similar to ESET’s request for third party
2 expert reports, discussed above. There may be some relevancy to non-infringing
3 alternatives identified by third parties, but their relevancy is significantly limited because
4 they are non-infringing alternatives to those third parties’ products and technologies, not
5 ESET’s. Taking into account what has already been produced or will be produced by
6 Finjan, as proposed in compromise by Finjan, and the burden of either redacting these
7 documents or obtaining third party consent, the Court finds the burden outweighs its
8 likely benefit.

9 ESET’s request to compel further responses to RFPs 188-190 is **DENIED**.

10 **H. Finjan’s Request for Production No. 155 – Sale Projections**

11 Finjan’s RFP 155 seeks ESET’s projected revenues for the accused
12 instrumentalities on a per product basis for 2010 to the present.¹² There are numerous
13 issues raised as to this RFP that the Court briefly addresses below issue-by-issue.

14 As an initial matter, ESET argues that it does not have to provide a further
15 response to this RFP because it does not have what Finjan requests, projected revenues
16 on a per product basis for 2010 to 2017. As ESET confirms in its briefing, it does not
17 have, projected revenues on a per product basis for 2010 to 2017. Rather, ESET indicates
18 that the only projections it has are on a per channel basis. However, given Finjan
19 indicates that it wants any revenue projections ESET has as to the accused
20 instrumentalities and the Court could potentially modify the RFP or order ESET to
21 produce the projected revenues in the only form it has, per channel, as an alternative, the
22 Court still analyzes this dispute further despite the accuracy of ESET’s response that it
23 does not have what is requested.

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27 ¹² The Court relies on the language of RFP 155 in ESET’s brief because the actual RFP
28 and response were not attached to the Joint Statement. ESET quoted the RFP in its
briefing without any objection from Finjan that it was incorrect.

1 The Court finds as a general matter that some of the revenue projections sought
2 may be relevant to the hypothetical negotiation, although, their importance may be
3 limited because the projections are not on a per product basis. Finjan persuasively argues
4 revenue projections are relevant to the calculation of a reasonable royalty based on a
5 hypothetical negotiations, pointing to numerous *Georgia-Pacific* factors and citing
6 numerous cases approving of reliance on projections in calculating a reasonable royalty.
7 ESET does not argue revenue projections are never relevant or even that they could never
8 be relevant in this case. Rather, ESET argues it should not be required to produce
9 revenue projections when it has already produced the actual sales numbers.¹³ This is, as
10 ESET explains, more an issue of proportionality, *i.e.* producing more when what it has
11 already produced might be sufficient. That argument is addressed next.

12 ESET, relying on the book of wisdom approach to the hypothetical negotiation,
13 explains that courts may rely on actual sales instead of projections. The cases ESET
14 relies on fairly stand for the proposition that courts are permitted to use actual sales
15 figures to determine a reasonable royalty. However, as Finjan accurately points out in
16 response, the cases ESET relies on do not indicate that actual sales figures must be used
17 or even are preferred in place of projections. Contrary to ESET’s assertion in its briefing,
18 neither of the cases cited support its statement preceding them that “where actual sales
19 numbers exist they should be used in place of projections, which can be unreliable.”
20 (Joint Statement at 15.) Finjan may ultimately have to rely on actual sales figures
21 because, as ESET argues, the projections on a per channel basis simple may not work, but
22 the Court is not going to completely cut off discovery of a relevant avenue to proving its
23 damages based solely on the provision of actual sales figures.

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27 ¹³ To the extent ESET is arguing the revenue projections could never be relevant to the
28 calculation of a reasonable royalty, beyond its argument regarding the specific years
sought (addressed separately), the Court would disagree.

1 The time frame sought is a problem. Finjan seeks projections from 2010 to
2 present. Finjan argues this entire time frame is relevant because the dates of first
3 infringement vary by patent and accused technology and range from 2009 to 2015, with
4 one in 2005. Finjan attempts to justify this more than seven-year range, but its arguments
5 on this point are vague. Finjan argues projections prior to infringement are relevant to
6 show whether the accused instrumentalities were meeting projections at the time the
7 infringing technology was incorporated. Finjan argues it needs projections beyond
8 infringement for purposes of considering the value of the infringing technology, *i.e.* if the
9 accused instrumentalities are outpacing projections after adding the infringing
10 technology. However, the problem, aptly noted by ESET, is that the eve of infringement,
11 the time when the hypothetical negotiation would have taken place, is not identified. The
12 Court recognizes that projections prior to and beyond the eve of infringement may be
13 relevant. The Court is not requiring Finjan to identify a specific moment or even a
14 specific date for purposes of obtaining discovery. But here, Finjan is seeking projections
15 as to a seven-year time frame without even tying those projections to a particular year.
16 The request as propounded is overbroad, encompassing projections that are likely not
17 relevant to the hypothetical negotiation.¹⁴

18 As noted above, the Court can modify RFPs or order more limited responses to
19 them. For example, the Court could compel ESET to only produce projections for certain
20 years. But, the information Finjan has provided is not itself specific enough for the Court
21 to determine which years are relevant. Although the Court concludes that some revenue
22 projections would be relevant and the provision of actual sales figures does not justify
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26 ¹⁴ When the Court held a discovery conference on this dispute, the Court indicated the
27 parties briefing on this dispute should connect the sought projections to the hypothetical
28 negotiation, specifically in terms of the time frame, since the hypothetical negotiation
was the basis for obtaining them.

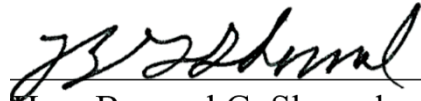
1 denial of the projections, the request is overbroad and the Court is not in a position to
2 narrow it. Finjan's request to compel a response to RFP 155 is **DENIED**.

3 **CONCLUSION**

4 The supplemental responses order above shall be provided by **October 30, 2018**.

5 **IT IS SO ORDERED.**

6 Dated: October 23, 2018

7 
8 Hon. Bernard G. Skomal
9 United States Magistrate Judge

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