

United States District Court
Northern District of California

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

FINJAN, INC.,

Plaintiff,

No. C 17-05659 WHA

v.

JUNIPER NETWORK, INC., et al.,

Defendants.

**ORDER RE REQUEST
FOR ATTORNEY’S FEES**

INTRODUCTION

Following affirmance by the United States Court of Appeals for the Federal Circuit of the rulings in this patent infringement suit, the prevailing defendant moves for attorney’s fees. Because this case did stand out as exceptional in certain respects, a limited award of attorney’s fees under 35 U.S.C. § 285 is warranted.

STATEMENT

Patent owner Finjan, Inc. filed this infringement suit in September 2017, asserting several patents against Juniper Network, Inc. Motion practice led to the “patent showdown.” Each party chose its strongest patent claim, Finjan its best case for infringement and Juniper its best case for noninfringement or invalidity, and moved for early summary judgment in June 2018. Juniper prevailed on noninfringement of claim 1 of U.S. Patent No. 6,804,780 and though Finjan largely prevailed on infringement of claim 1 of U.S. Patent No. 8,677,494, disputes of fact remained. So we set a jury trial on that claim for December 2018. Before trial, however,

1 *Daubert* motions excluded Finjan’s damages expert. So Finjan attempted to present a facts-
2 only damages case at trial (which was permissible if competent evidence was presented). After
3 hearing the evidence, though, the Court awarded judgment as a matter of law to Juniper on
4 damages. Worse for Finjan, the jury then returned a noninfringement verdict. Eventually this
5 was all affirmed on appeal.

6 The patent showdown proceeded to the next set of claims. In May 2019, Juniper
7 prevailed, unopposed, on noninfringement of most accused products for claim 9 of the ’780
8 patent, and for those remaining accused products, Finjan’s infringement case fell apart because
9 it hadn’t provided adequate notice of the patent to Juniper under 35 U.S.C. § 287. Then, after
10 the construction of a term from claim 1 of U.S. Patent 8,141,154 appeared to preclude
11 infringement, the undersigned ordered the parties to show cause why summary judgment of
12 noninfringement should not be entered. A following order later in July entered such summary
13 judgment for Juniper. Just over a week later, Finjan stipulated to dismissal with prejudice of a
14 all remaining patent claims.

15 Finjan then appealed aspects of both rounds of the showdown (including trial in the first
16 round). The Federal Circuit, following full briefing and oral argument, summarily affirmed.
17 Juniper now moves for attorney’s fees. This order follows full briefing and oral argument (held
18 telephonically due to COVID-19).

19 ANALYSIS

20 “The court in exceptional cases may award reasonable attorney fees to the prevailing
21 party.” 28 U.S.C. § 285. An exceptional case “stands out from others with respect to the
22 substantive strength of a party’s litigating position (considering both the governing law and the
23 facts of the case) or the unreasonable manner in which the case was litigated.” It is a totality of
24 the circumstances inquiry committed to the court’s sound discretion. *Octane Fitness, LLC v.*
25 *ICON Health & Fitness, Inc.*, 572 U.S. 545, 554 (2014); *Elect. Comm’n Tech. v.*
26 *ShoppersChoice.com*, 963 F.3d 1371, 1377 (Fed. Cir. 2020).

27 Losing, in itself, does not make a case exceptional. More is required. In many respects,
28 however, this case was exceptional. For one example, Finjan’s first-round ’494 patent damages

1 fiasco wasted a great deal of everyone’s time and energy. After discovering its infringement
2 theory covered only a minute portion of Juniper’s revenue base, on the eve of trial Finjan flip
3 flopped and came up with a new infringement theory, one which would capture more of
4 Juniper’s products and inflate the target revenue base. Finjan tried to sneak this theory in with
5 its expert-damages report, but we caught it, and the *Daubert* order excluded that trick.

6 Undaunted, Finjan pressed ahead and tried to present to the jury a facts-only damages
7 case. Finjan, however, utterly failed. In one instance, a Finjan executive attempted to testify to
8 what it would have sought from Juniper in negotiations, prejudicial testimony patently
9 irrelevant to the question of the *hypothetical* royalty that two *reasonable* parties might have
10 agreed to. This stunt earned Finjan a stern caution from the Court and a limiting instruction to
11 the jury, striking the testimony (Dkt. No. 336 at 276–78, 290–294). More broadly, Finjan made
12 no effort at trial to allocate the target revenue base between allegedly infringing product
13 functions and noninfringing functions. Put simply, Finjan’s facts-only damages case at trial
14 evinced the same flaws that got its expert-damages report thrown out, artificially attempting to
15 inflate revenue to which it would be entitled, assuming its infringement case succeeded before
16 the jury. After hearing this case, then, the Court struck Finjan’s “woefully inadequate” damages
17 case for the ’494 patent (Dkt. No. 339 at 837–39). Atop that, the expired patent could not
18 support an injunction. So the whole song and dance came to nothing, even before the jury later
19 rejected the merits of the infringement claim. The entire assertion of the ’494 patent thus stood
20 out as exceptional.

21 For another example, Finjan should have dropped the ’780 patent after that first round
22 patent showdown, which granted Juniper summary judgment of noninfringement on claim 1 on
23 the construction of the phrase “performing a hashing function.” Undeterred, Finjan kept the
24 “substantially overlap[ping]” claim 9, which included the same “performing a hashing function”
25 limitation, in the running for the second round of the showdown and even expanded the scope
26 of accused products. Yet when Juniper moved for summary judgment against claim 9, Finjan
27 failed to oppose as to a majority of the accused products. Just as both parties have a joint duty
28 to frame dispositive issues with good judgment, each party has an individual duty to continually

1 reevaluate the viability of its claims. Finjan shirked its end of both of those duties and again
2 wasted everyone’s time and energy in instigating this motion aspect. *Finjan v. Juniper*, 387 F.
3 Supp. 3d 1004, 1014 (N.D. Cal. 2019).

4 Finjan’s case as to the few remaining accused products, which turned on whether it had
5 provided actual or constructive notice (through product marking) of the ’780 patent to Juniper
6 before its expiration, suffered its own unforced errors. On the constructive notice front, Finjan
7 attempted to relitigate concessions it had already made to the Court in previous hearings. Then
8 on the actual notice front, Finjan misrepresented, though perhaps not intentionally at least
9 recklessly, a favorable district court decision as having been affirmed on those relevant grounds
10 by the Federal Circuit when, in fact, it had not been. *Id.* at 1014–16. And so, Finjan’s assertion
11 of the ’780 patent stands out as exceptional as well.

12 On the other hand, it cannot be said that every aspect of this case stood out. Juniper
13 complains that Finjan ignored previous adverse claim constructions regarding the ’154 patent
14 by other tribunals, but Finjan had every right to distinguish and *even argue against* earlier *non-*
15 *binding* claim constructions by the Patent Trial and Appeals Board and unpublished Federal
16 Circuit memoranda. Indeed, *this Court* disagreed with prior claim constructions from another
17 esteemed judge of this district in ruling for Juniper on the “performing a hashing function”
18 limitation of claim 1 of the ’780 patent (Dkt. No. 180 at 9). “[T]he rule of law embodies
19 evenhandedness, and ‘what is sauce for the goose is normally sauce for the gander.’” *Nat’l Inst.*
20 *of Fam. & Life Adv. v. Becerra*, 585 U.S. ___, 138 S. Ct. 2361, 2385 (2018) (Breyer, J.,
21 dissenting) (quoting *Heffernan v. City of Paterson*, 578 U.S. ___, 136 S. Ct. 1412, 1418
22 (2016)). On this point at least, Juniper has little, if any, right to complain.

23 Other considerations weigh against a complete award of fees here. After all, shifting of
24 attorney’s fees deviates from the “‘American Rule’ that each party in a lawsuit ordinarily shall
25 bear its own attorney’s fees” *Hensley v. Eckerhart*, 461 U.S. 424, 429 (1983). Juniper’s
26 attempts to analogize to *Straight Path* continually miss this point. Even there, where the
27 undersigned found as exceptional the patent owner’s contrary and simultaneous arguments to
28 this Court and the Federal Circuit, the fee award remained limited narrowly to time spent

1 defending against the specific patents tainted by that misconduct. That same caution in fee
2 shifting remains appropriate here. *See* 411 F. Supp. 3d at 1035; 2020 WL 2539002 at *3.

3 In addition, though Juniper highlights the Federal Circuit’s summary affirmance of the
4 merits of both chapters of our case as evidence in its favor, this order hesitates to adopt an
5 interpretation of “exceptional” that inhibits a party’s *right* of appeal. Indeed, a recent
6 nonprecedential decision of the Federal Circuit similarly cautioned parties against reading
7 exceptionality into a summary affirmance. *See Innovation Sciences v. Amazon.com*, No. 2020-
8 1639, 2021 WL 28216 at *3 (Fed. Cir. Jan. 5, 2021).

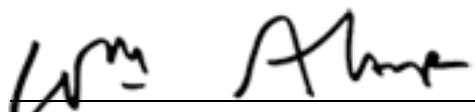
9 Last, this order notes that although Juniper characterizes Finjan’s record here as zero-for-
10 nine (asserted patents), we only litigated three asserted patents to any substantive rulings, the
11 ’494, the ’780, the ’154 patents. True enough; it took two rounds of summary judgment and
12 one jury trial. In the end, however, when it came time to litigate the remaining six patents,
13 *Finjan* voluntarily dismissed them with prejudice. Juniper may have a colorable argument that
14 *Finjan* should have done so sooner. But on this record this order cannot conclude that the delay
15 stood out as exceptional.

16 CONCLUSION

17 This order holds as exceptional *Finjan*’s assertion of the ’494 and ’780 patents, but it
18 awards no fees yet. Juniper’s submitted billing records do not distinguish between work
19 eligible for reimbursement and work not. So, Juniper shall resubmit its records and take care to
20 submit only for time spent on the ’494 and ’780 patents, which truly deserves compensation,
21 and at reasonable billing rates. The Court may treble the deduction of inappropriate requests, or
22 may deny fees altogether. The Court is inclined to appoint a special master to resolve
23 remaining disputes. A companion order will set out the procedure going forward.

24 **IT IS SO ORDERED.**

25 Dated: January 9, 2021.

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28 WILLIAM ALSUP
UNITED STATES DISTRICT JUDGE