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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

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

Case No.: 17CV183 CAB (BGS)

**ORDER ON JOINT STATEMENT
ON DISCOVERY ISSUE RELATING
TO DOCUMENT REQUEST NO. 11
IN SUBPOENA TO BEY AND
COTROPIA**

[ECF 278]

ESET, LLC and ESET SPOL. S.R.O (“ESET”) and Third Party Bey and Cotropia have filed a Joint Statement on a dispute regarding ESET’s Document Request No. 11 to Bey and Cotropia. (ECF 278.) The Court rules as follows.

BACKGROUND

On June 14, 2018, the Court held a telephonic discovery conference regarding Bey’s objections to ESET’s Document Request No. 11. It demands:

Documents and Things sufficient to show the dollar amount of the billings, on an annual basis by You to Finjan from November 28, 2000 to present, and facts and circumstances surrounding those billings.

1 ESET seeks the above documents and things from attorney Dawn-Marie Bey
2 (“Bey”), with Bey and Cotopia. Bey was Finjan’s patent prosecution counsel for the
3 patents-in-suit. The parties are seeking an expedited ruling on Bey’s objections because
4 Bey is scheduled to be deposed on June 27, 2018. Given the positions of the parties
5 during the telephonic conference, the Court gave them the opportunity to spell out their
6 positions in a joint statement. The Joint Statement was filed on June 19, 2018. (ECF
7 278.) In view of the request for expediency, this Order incorporates each parties’
8 positions in the Joint Statement, but does not repeat them fully in this Order.

9 DISCUSSION

10 In sum, ESET states that Request No. 11 is relevant to its Counter Claim 13,
11 Prosecution Laches, and its Counter Claims 16-17, Inequitable Conduct and Bias. Bey
12 objects primarily on relevance grounds.

13 I. Counter Claim 13: Prosecution Laches

14 ESET seeks the discovery, to the extent it is non-privileged, in order to show an
15 unreasonable and unexplained delay in the prosecution of ‘086, ‘621, and ‘755 patents.
16 ESET argues that because Bey was responsible for prosecuting each of these patents, the
17 billing records would show when each particular prosecution matter was opened, how
18 long it took between the initial opening and when the application was first filed, what
19 activities occurred during prosecution of each application, when each activity occurred,
20 and how much time was spent on the activity. (ECF 278 at 3.)

21 Bey concurs that ESET has to prove unreasonable and unexplained delay, but
22 contends that the dollar amount of the annual billings is not relevant to this claim. Bey’s
23 annual billings would not demonstrate what she worked on and when. Any substantive
24 descriptions of her work that could possibly be relevant would be protected by privilege.
25 (*Id.* at 7-8.)

26 The Court agrees that the annual amount of billing for her work on the patents that
27 are the subject of this claim for prosecution laches is not relevant to proving unreasonable
28 and unexplained delay. However, non-privileged billing records that regard her work on

1 the patents alleged in this claim are relevant to the extent they demonstrate when each
2 particular prosecution matter was opened, how long it took between the initial opening
3 and when the application was first filed, what activities occurred during prosecution of
4 each application, when each activity occurred, and how much time was spent on the
5 activity. In that request no. 11 also seeks facts and circumstances surrounding the
6 billings, to the extent these documents exist, and are not privileged, Finjan should
7 produce them.

8 **II. Inequitable Conduct: Counter Claims 16-17**

9 ESET seeks the amount of money received by Bey in order to prove the specific
10 intent prong of the inequitable conduct claim. (ECF 278 at 4). Specifically, ESET claims
11 that documents showing significant sums of money that have passed between Finjan and
12 Bey in relation to the Finjan patents demonstrate Bey's clear financial interest in keeping
13 Finjan happy and keeping Finjan as a client. Therefore, they are relevant to show intent
14 to deceive. (*Id.*) ESET is requesting Bey's entire period of billing arguing that the
15 cumulative amount of the billings would tend to establish an inference that Bey has a
16 financial motive to deceive the PTO. (*Id.* at 5, n.4.)

17 Bey argues that ESET cannot meet the stringent standard of proving that Bey had
18 knowledge of a material reference and a deliberate decision to withhold it. (*Id.* at 10.) As
19 Finjan argued in its motion to dismiss, it argues here also that "ESET cannot show intent
20 to deceive since Ms. Bey and Finjan disclosed, and even called particular attention to,
21 various documents relating to the '962 validity finding." (*Id.*) Bey argues that specific
22 dollar amounts "do not make specific intent to deceive more or less probable in this case,
23 let alone lend any support that is the 'single most reasonable inference.'" (*Id.* at 10-11
24 (quoting *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1290 (Fed. Cir.
25 2011) (en banc)).

26 "To prevail on a claim of inequitable conduct, the accused infringer must prove
27 that the patentee acted with the specific intent to deceive the PTO." *Therasense*, 649 F.3d
28 at 1290 (citing *Star Scientific, Inc. v. R.J. Reynolds Tobacco Co.*, 537 F.3d 1357, 1366

1 (Fed. Cir. 2008)). “A finding that the misrepresentation or omission amounts to gross
2 negligence or negligence under a ‘should have known’ standard does not satisfy this
3 intent requirement. *Id.* (citing *Kingsdown Med. Consultants Ltd. v. Hollister, Inc.*, 863
4 F.2d 867, 876 (Fed. Cir. 1988)). When a case involves nondisclosure, “clear and
5 convincing evidence must show that the applicant *made a deliberate decision* to withhold
6 a *known* material reference.” *Id.* (quoting *Molins PLC v. Textron, Inc.*, 48 F.3d 1172,
7 1181 (Fed. Cir. 1995)). “In other words, the accused infringer must prove by clear and
8 convincing evidence that the applicant knew of the reference, knew that it was material,
9 and made a deliberate decision to withhold it.” *Id.*

10 ESET has narrowed this discovery request to the specific intent to deceive element
11 of the inequitable conduct defense. *Therasense* lays out the high burden that ESET will
12 have to meet in order to prevail on these claims. However, this is a discovery request, not
13 a motion for summary judgment. As such, ESET is entitled to any non-privileged matter
14 that is relevant to the subject involved in the pending litigation. FRCP 26(b)(1). The
15 annual amount of compensation Bey received from Finjan to work on the patents at issue
16 in Counter Claims 16-17, ‘621 and ‘755 respectively, could raise an inference of Bey’s
17 financial motive to deceive. ESET is entitled to know how much annual compensation
18 Bey received to work on these two patents.

19 **III. Bias**

20 ESET seeks payments made to Bey over the course of her relationship with Finjan
21 as relevant to attack her credibility if she were to testify as a witness at trial to rebut
22 ESET’s inequitable conduct and prosecution laches counter claims. (ECF 278 at 5.) It
23 argues that the amount of fees an attorney has received from a client may be probative of
24 her bias when called as a fact witness. (*Id.*)

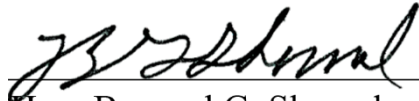
25 Bey in effect claims the amount of money Bey bills to Finjan is unnecessary to
26 show bias. She was a patent prosecution attorney for Finjan who prosecuted the ‘086,
27 ‘621, and ‘755 patents and was paid an hourly rate for her services. She is not testifying
28 as an expert. (*Id.* at 11.)

1 If Bey is called to testify to refute the claims that regard inequitable conduct and
2 prosecution laches, the amount of money she received could lead to an inference of bias
3 for Finjan. The court has already found ESET is entitled to the amount of annual
4 compensation she received from Finjan for the two patents in Counter Claims 16-17 on
5 the grounds that it could raise an inference of financial motive to deceive. Bey's
6 testimony at trial would be to rebut those two specific counter claims. The additional
7 probative value added by her annual compensation for all work performed for Finjan
8 seems questionable. Notwithstanding, although arguably intrusive, her compensation for
9 prosecuting the patents-in-suit is relevant to her credibility. Therefore, the Court orders
10 her annual billing for the patents-in-suit she prosecuted for Finjan.

11 **CONCLUSION**

12 Bey shall produce non-privileged billing records that regard her work on the
13 patents alleged in Counter Claim 13, but only subject to the limitations set forth in
14 Section I above. Additionally, Bey shall produce information on her billings for the
15 patents-in-suit on an annual basis.

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17 Dated: June 25, 2018

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19 Hon. Bernard G. Skomal
20 United States Magistrate Judge
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