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IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

FINJAN, INC., a Delaware Corporation, Plaintiff, v. ZSCALER, INC., a Delaware Corporation, Defendant.	Case No.: 3:17-cv-06946-JST **JOINT LETTER BRIEF REGARDING FINJAN'S REQUESTS FOR EMAIL PRODUCTION FROM ZSCALER**

Plaintiff Finjan, Inc. ("Finjan") and Defendant Zscaler, Inc. ("Zscaler") submit this joint letter brief regarding Finjan's Requests for Email Production from Zscaler. Counsel for the parties attest that they have complied with Section 9 of the Northern District's Guidelines for Professional Conduct regarding discovery, and also that they met and conferred in good faith on this issue on January 15, 2019, by telephone due to the travel schedules for both lead counsel.

FINJAN'S EMAIL SEARCH REQUESTS

Plaintiff Finjan's Position

Finjan seeks an order compelling Zscaler to produce emails for a key employee who previously worked for Finjan, then took valuable knowledge of Finjan's asserted patents to Zscaler. Zscaler's sole basis for refusal is that a foreign privacy law will make the production burdensome. But the U.S. Supreme Court and all lower courts routinely hold that foreign privacy laws will not impede U.S. discovery, and the protective order here alleviates any burden.

1. Background

This District's model order for email production requires each party to select five terms and five custodians with which to search the opposing party's emails. Despite stipulating to this procedure, Zscaler now tries to dictate which custodians and terms Finjan may use. Finjan served these requests in October 2018. Ex. 1. Zscaler did not respond until late November. Ex. 2.

Finjan's patented technology revolutionized computer security. One of Finjan's patented products was a Secure Web Gateway ("SWG"). In 2009, Finjan sold its business and a license to sell its products to M86, but kept the rights to its intellectual property in exchange for a non-compete agreement. In 2012, Trustwave acquired M86 and the rights to sell Finjan's former products. Tim Warner was the lead sales Director of SWG for Finjan, M86, and Trustwave for twelve years, and now he has the same role at Zscaler.

2. Zscaler Has No Basis To Withhold Emails From Its Employee Who Worked For Finjan And Directed Sales of Finjan's Patented Products for Twelve Years

Tim Warner is Zscaler's Director of all sales to any business or government entity in the U.K. Previously he was also a long-time employee of Finjan and its successors. Mr. Warner directed Finjan's U.K. sales from 2002-2010. He continued during the transition to M86 and directed sales of Finjan's products for M86 from 2010-2012. Mr. Warner became an employee of Trustwave when it acquired M86 in 2012 and continued to sell Finjan's SWG for Trustwave throughout Europe, the Middle East, and Africa. Mr. Warner left Trustwave in 2014 and began working for Zscaler that same year. https://uk.linkedin.com/in/tim-warner-101a48.

Mr. Warner has intimate knowledge of Finjan's patented technology. His colleague at Trustwave wrote: "Tim is one of the most technical and knowledgeable sales persons I have ever worked with. In spite of the complexity of the Secure Web Gateway… Tim was familiar with all its technical aspects and could explain them inside out." *Id.* Mr. Warner took this technical knowledge of Finjan's patents with him when he joined Zscaler in 2014.

Zscaler refuses to produce Mr. Warner's emails under the guise that it is too burdensome under the E.U.'s General Data Protection Regulation ("GDPR"). Zscaler's position is contrary to U.S. law and the GDPR itself. Article 46 of the GDPR sets forth safeguards under which Zscaler may produce these emails, and Article 49 authorizes their production even *without* these safeguards. Regardless, the protective order in this case satisfies the safeguards of Article 46.

"The party relying on foreign law has the burden of showing that such law bars production." *United States v. Vetco, Inc.*, 691 F.2d 1281, 1289 (9th Cir. 1981). Far from meeting this burden, Zscaler admits it already collected these emails and can produce them after anonymizing them, which it claims is too burdensome to do. Ex. 2. But all Zscaler has to do is mark them "Attorney's Eyes Only" under the protective order. This is also the preferred method

because the GDPR defines "personal data" broadly and anonymizing that data would impede Finjan's review and undermine U.S. discovery law. Zscaler should have simply produced these emails as "Attorney's Eyes Only" and avoided this entire dispute.

a. U.S. Law and Precedent Requires Production Regardless of the GDPR

The Supreme Court has long held that foreign privacy laws will not prevent production of unredacted documents in American Courts. "It is well settled that such statutes do not deprive an American court of the power to order a party subject to its jurisdiction to produce evidence even though the act of production may violate that [foreign] statute." *Société Nationale Industrielle Aerospatiale v. U.S. District Court for the Southern District of Iowa*, 482 U.S. 522, 544, n.29 (1987). Our Courts are unsympathetic to parties who rely on foreign law to evade discovery. *See, e.g., Richmark Corp. v. Timber Falling Consultants*, 959 F.2d 1468, 1478 (9th Cir. 1992) ("United States has a strong interest in enforcing its judgments which outweighs [China]'s interest in confidentiality"); *U.S. v. Vetco Inc.*, 691 F.2d 1281, 1290 (9th Cir. 1981) (U.S. interests outweigh Swiss privacy laws); *St. Jude Med. S.C. v. Janssen-Counotte*, 104 F. Supp.3d 1150, 1162 (D. Or. 2015) (U.S. has substantial interest in vindicating rights of U.S. citizens that outweighs German Data Privacy Act); *Pershing Pacific West, LLC v. Marinemax, Inc.*, 2013 WL 941617, at *8-9 (S.D. Cal. Mar. 11, 2013) (same); *Bodner v. Banque Paribas*, 202 F.R.D. 370, 375 (E.D.N.Y 2000) (outweighing French privacy law, following numerous other courts); *First Amer. Corp. v. Price Waterhouse LL*P, 154 F.3d 16, 21-22 (2d Cir. 1998) (U.S. interests outweigh British confidentiality laws); *Royal Park Investments SA/NV v. HSBC Bank USA,N.A.*, 2018 WL 745994, at *2 (S.D.N.Y. Feb. 6, 2018) (accord; documents must be unredacted); *Laydon v. Mizuho Bank, Ltd.*, 183 F. Supp. 3d 409 (S.D.N.Y 2016) (U.S. interests outweigh 1995 EU Directive 95/46/EC, which contained key data protections very similar to the present GDPR).

This is especially true in patent litigation, because the U.S. has a "vital" interest in enforcing its patent laws through private infringement actions. *Dyson, Inc. v. SharkNinja Operating LLC*, No. 1:14-CV-0779, 2016 WL 5720702, at *3 (N.D. Ill. Sept. 30, 2016) ("inadequate discovery frustrates the purposes of the patent laws and the Constitution"); *Work v. Bier*, 106 F.R.D. 45, 55 (D.D.C. 1985) ("the litigation here implicates United States interests of a constitutional magnitude in connection with its administration of its patent laws"); *Graco v. Kremlin, Incorporated*, 101 F.R.D. 503, 514 (N.D. Ill. 1984) (patent litigation has constitutional implications and affects "the sovereign powers of this country, as expressed through its courts").

Courts consider the following when evaluating conflicts with foreign law: (1) national interests; (2) the extent of hardship; (3) the location of compliance and nationality of parties; (4) the importance of the documents; and (5) the availability of alternate means of compliance. *Vetco* at 1288-1290. The first factor is the most important (*Richmark*, 959 F.2d at 1476 (9th Cir)) and weighs heavily in favor of production in this case because Courts recognize that the U.S. interest in enforcing its patent laws through private actions outweighs other national interests and those of private citizens. *Work v. Bier*, 106 F.R.D. at 55; *Graco v. Kremlin*, 101 F.R.D. at 514. The remaining factors also favor production here. There is no expected hardship because Zscaler admitted it can produce the emails using protective measures. Ex. 2. Further, the Supreme Court held that even the hardship of foreign *criminal* penalties – which are not at risk here – will not deter U.S. Courts from enforcing discovery. *Aerospatiale*, 482 U.S. at 544, n.29. The location of compliance spans both the U.S. and U.K., but Zscaler is a U.S. company so that factor favors production. *Vetco* at 1290. These documents are vitally important to infringement and damages in this case because Mr. Warner's emails may prove both the fact and

timing of Zscaler's willful infringement. Plus, Finjan will need these emails to depose Mr. Warner, so that factor favors production. And for similar reasons there are no alternate means available because Mr. Warner's relationship to this case and both parties is highly unique. Thus, all five factors favor this Court ordering production under U.S. law, regardless of the GDPR.

Finjan respectfully requests an order compelling Zscaler to produce Mr. Warner's emails, unreacted and marked highly confidential, within 14 days. Finjan requested these emails in October, Zscaler had collected them by at least November, and further delay is unwarranted.

Zscaler's statement below cites no caselaw to refute the legal standard set forth above – including Supreme Court law – holding that foreign laws will not impede U.S. discovery. The only two cases Zscaler cites actually support Finjan's position. Finjan provided Zscaler with its supporting case law five days before this joint statement was to be filed. And Zscaler's unfounded reference to lead counsel's participation in the meet and confer is a red herring intended to distract from the frailties of Zscaler's obstructive position here. Zscaler has no legal basis for refusing to produce these emails, but instead tries to mislead the Court by improperly shifting the burden to Finjan to be "reasonable" under a foreign law. But Finjan is being reasonable and operating under the ESI procedures of *this* Court, which Zscaler stipulated to. Zscaler's "compromise" has no basis but attempts to hijack all of the following: (1) timing of search, (2) cost burden, (3) order of custodians searched, (4) timing of production, (5) scope of redactions, and even (6) the very search terms Finjan can use. Zscaler's "compromise" is merely gamesmanship intended to delay and hinder discovery even further, and Finjan cannot accept it.

Defendant Zscaler's Position

1. Background

Finjan mischaracterizes this dispute. This is not a dispute about Zscaler's refusal to produce documents; it is a dispute about Finjan's failure to agree to reasonable procedures to address, and minimize the burden associated with, European privacy requirements. Indeed, at no point in the discussions regarding Mr. Warner's e-mails did "Zscaler refuse[] to produce Mr. Warner's e-mails," as Finjan now states. To the contrary, Zscaler was and is willing to produce Mr. Warner's documents, but seeks to do so in a manner that does not expose it to potential sanctions or disproportional expense under the General Data Protection Regulation ("GDPR"), which just became effective on May 25, 2018.

Mr. Warner is a UK citizen and based in the UK, and is subject to European privacy law. On November 27, Zscaler informed Finjan that the production of Mr. Warner's documents implicates "EU custodial personal data, as governed by" GDPR. When asked "what burden the GDPR presents," Zscaler explained that "GDPR mandates a complicated scheme of protections for processing and transfer of 'personal data,' which is defined very broadly under Article 4." Because Finjan's interest in Mr. Warner apparently relates to his alleged "intimate knowledge of Finjan's patented technology," Zscaler also offered to conduct a search of his documents for documents that refer to the asserted patents before the filing date of this action.

Zscaler also proposed that, in accordance with The Sedona Conference's *International Principles on Discovery, Disclosure & Data Protection in Civil Litigation*, the parties engage in phased discovery and seek a protective order that recognizes the need for additional protections for certain classes of information, including personal data of European custodians. *See* https://thesedonaconference.org/publication/International_Litigation_Principles. This is

consistent with the Ninth Circuit's recognition that, "[w]here the outcome of litigation 'does not stand or fall on the present discovery order,' or where the evidence sought is cumulative of existing evidence, courts have generally been unwilling to override foreign secrecy laws." *Richmark Corp. v. Timber Falling Consultants*, 959 F.2d 1468, 1475 (9th Cir. 1992) (quoting *In re Westinghouse Elec. Corp. Uranium Contracts Litig.*, 563 F.2d 992, 999 (10th Cir. 1977) (reviewing a sanctions order based on the failure to disclose information even though it would violate Canadian law)). Zscaler thus asked Finjan to articulate how Mr. Warner's e-mails were relevant and proportional under the appropriate balancing test set forth in *Richmark*. Zscaler specifically asked Finjan to "[p]lease articulate the basis for your assertions and any law on which you purport to rely so that the parties can have a constructive meet and confer on these issues." On January 3, 2019, Finjan responded: "We disagree."

Before the lead counsel meet and confer, Zscaler asked Finjan to come prepared to discuss "the specific issues we have raised relating to GDPR, burden, and proportionality," noting that "[t]here cannot be a meaningful, good faith meet and confer if Finjan continues to refuse to engage on the issues and objections we have raised." At the January 15 meet and confer, Finjan refused to engage and said only that it had case law that supports its position. Zscaler asked Finjan to send its research, but Finjan short circuited the meet-and-confer process and simply sent the above letter brief instead.

a. Finjan's Refusal to Consider GDPR

The Article 29 Working Party (now the European Data Protection Board under the GDPR) has commented on the application of EU data privacy obligations in the context of U.S. discovery. They explain that "[t]here is a duty upon the data controllers involved in litigation to take such steps as are appropriate (in view of the sensitivity of the data in question and of alternative sources of the information) to limit the discovery of personal data to that which is objectively relevant to the issues being litigated."[1] It is Zscaler's duty to ensure that the exposure of personal data of its document custodians subject to GDPR is necessary and relevant. Finjan's overbroad search terms and insistence on immediate production ignores this obligation. Because the documents contain personal data, Zscaler "would need to consider whether it is necessary for all of the personal data to be processed, or for example, could it be produced in a more anonymised or redacted form." *Id.* Of course, the greater the number of documents, the greater the cost of anonymization or redaction.

After identifying the burden imposed by GDPR in this case, Zscaler proposed various solutions and compromises. First, Zscaler proposed staged discovery. After the productions from domestic custodians, if Finjan continues to believe that Mr. Warner's custodial documents are relevant and non-duplicative, the parties can negotiate appropriate measures that comply with GDPR. Second, Zscaler proposed that the parties seek to amend the Protective Order in this case to account for GDPR, e.g., to address the permanent redaction of any personal data contained in those documents. Third, Zscaler proposed splitting the cost of anonymization. Given the

[1] Article 29 Data Protection Working Party, *Working Document 1/2009 on Pre-trial Discovery for Cross-border Civil Litigation*, 00339/09/EN, WP 158, 10–11 (adopted Feb. 11, 2009) (describing possible methods to produce documents containing personal data in U.S. litigation in a manner that does not violate the EU Data Protection Directive), *available at* http://ec.europa.eu/justice/policies/privacy/docs/wpdocs/2009/wp158_en.pdf.

broadness of Finjan's proposed search terms, returning potentially thousands of documents, the cost of redacting personal data will be significant. Finally, Zscaler proposed limiting the search terms applied to Mr. Warner's documents to return documents that may exist based on his prior role at Finjan. Finjan alleges that Mr. Warner "has intimate knowledge of Finjan's patented technology." Thus, Zscaler proposed limiting the search terms to "Finjan" and the Asserted Patent numbers. This would ensure that the scope of the documents produced is commensurate with Finjan's request and not duplicative of the documents already produced.

Finjan has refused each of the compromise positions set forth by Zscaler and chosen instead to file this letter brief. Indeed, at the meet and confer, when pressed about the broadness of the terms Finjan has proposed, Finjan refused to compromise, suggesting that the as-drafted terms are relevant because they could return documents that show that Mr. Warner had knowledge of the Finjan Asserted Patents. Of course, such patents are available to the public and Finjan cites no authority for the proposition that Mr. Warner's prior employment with Finjan is a reason to impute that he disclosed non-public information to Zscaler. And more to the point, a search for the patent numbers—which Zscaler offered to conduct—is specifically tailored to turn up such documents, while an overbroad requests for general technical terms implicates the disproportionate burdens of GDPR. Now, for the first time, Finjan makes arguments about Mr. Warner's past roles and cites to generic case law about the importance of discovery.[2] Zscaler does not contest that discovery is important. But it must also be reasonable and proportionate.

Finjan now proposes, again for the first time, that Zscaler label the documents "Attorney's Eyes Only" and produce them under the Protective Order. They argue that this is the "preferred method because the GDPR defines 'personal data' broadly and anonymizing that data would impede Finjan's review and undermine U.S. discovery law." But Finjan has not provided any authority for the proposition that the parties can ignore the requirements of GDPR for its convenience. If Finjan finds that the anonymization has reduced the efficacy of the documents, Zscaler is willing to discuss reasonable compromises. For example, GDPR contemplates "pseudonymisation," which it defines as "the processing of personal data in such a manner that the personal data can no longer be attributed to a specific data subject without the use of additional information." GDPR, at art. 4(5).

b. This Court Should Order Zscaler's Compromise Position

Given the burdens of complying with GDPR, Zscaler has proposed staged discovery, an amended protective order if necessary, splitting the cost of compliance, and limited search terms. Finjan's request for immediate production without redaction ignores Zscaler's proposal entirely and risks noncompliance with GDPR, which carries high financial penalties.

[2] Indeed, all of the case law and arguments made by Finjan above are presented here for the first time to Zscaler. Moreover, while Finjan's lead counsel Paul Andre announced himself at the start of the lead counsel meet and confer, he did not participate (or speak at all), let alone attempt to resolve the parties' disputes. Zscaler defers to Your Honor on whether Finjan has complied with the requirement for such a conference.

Respectfully submitted,

Dated: January 23, 2019

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ATTESTATION PURSUANT TO L.R. 5-1(I)

In accordance with Civil Local Rule 5-1(i)(3), I attest that concurrence in the filing of this document has been obtained from any other signatory to this document.

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