

# JONES DAY

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November 14, 2007

## VIA HAND DELIVERY

Mr. Jan Horbaly  
Circuit Executive and Clerk of Court  
Office of the Clerk  
United States Court of Appeals for the Federal Circuit  
717 Madison Place, N.W.  
Washington, DC 20439

**Re: Finisar v. DIRECTV, 2007-1023, -1024**

Dear Mr. Horbaly:

Pursuant to FRAP 28(j), DIRECTV brings to the Court's attention *Paice LLC v. Toyota Motor Corp.*, 2006-1610, -1631, slip op. (Fed. Cir. Oct. 18, 2007), which was decided after DIRECTV filed its final brief in this case. *Paice* is relevant to Finisar's challenge to the going-forward royalty.

*Paice* settles the district court's equitable authority to award a going-forward royalty instead of injunctive relief. See *Paice* at 34, 36 n.16 (stating that a court may award "an ongoing royalty for patent infringement in lieu of an injunction," and premising holding on 35 U.S.C. § 283, which gives authority to "grant injunctions in accordance with the principles of equity" "on such terms as the court deems reasonable"). Finisar thus agrees that, under *Paice*, a going-forward royalty in lieu of injunctive relief is "completely permissible." FReply 23.

*Paice* also confirms that the court here properly exercised its discretion in determining the particular going-forward royalty rate, and that Finisar's challenge to that rate, for lack of enhancement for alleged willfulness, lacks merit. Notably, in vacating the going-forward royalty and remanding for the limited purpose of reevaluating the rate assessed, *Paice* directed the court to consider "any additional economic factors arising out of the imposition of an ongoing royalty," but did not mention "willfulness" as a relevant consideration. *Paice* at 35. Moreover, *Paice* noted that the royalty was awarded *sua sponte*, and without any "reasoning to support the selection" of the rate assessed. *Id.* Here, however, the court did not act *sua sponte*, but rather notified the parties immediately after the verdict that it would hold a hearing on "the appropriate royalty into the future," at which the parties could present "any additional information that might be needed," including "additional amounts" involved. A17624-25. Thereafter, the parties briefed the issue, and at the hearing presented evidence including expert testimony. Relying on that evidence, the court awarded a going-forward royalty, determined the particular rate, and provided, as *Paice* requires, reasoning to support its selection. A17941-43; see also DReply 50-

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54. Thus, if the infringement judgment were to remain, the going-forward royalty awarded should be affirmed.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gregory A. Castanias".

Gregory A. Castanias

*Counsel for Defendants-Appellants*

Enclosures

- the original and six copies for filing and distribution to the panel
- a seventh copy to be file-marked and returned via the messenger making this filing

cc: Larry R. Laycock, Esq.  
*Principal Counsel for Plaintiff-Cross Appellant Finisar Corporation*  
(via e-mail and Federal Express)