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VIA FEDERAL EXPRESS

Mr. Jan Horbaly, Clerk
U.S. Court of Appeals for the Federal Circuit
Howard T. Markey National Courts Building
717 Madison Place, NW
Washington, DC 20439

Re: *Finisar Corp. v. DIRECTV Group et al.*, Appeal Nos. 07-1023, -1024
Our Ref. No.: 16313.7

Response to DIRECTV's Citation of Supplemental Authority Pursuant
to Fed.R.App.P. 28(j): *Paice LLC v. Toyota Motor Corp.*, ___ F.3d ___,
2007 WL 3024994 (Fed. Cir. 2007)

Dear Mr. Horbaly:

Pursuant to Fed.R.App.P. 28(j), Finisar responds to DIRECTV's November 14th letter regarding *Paice LLC v. Toyota Motor Corp.* Finisar's request to enhance ongoing damages for willfulness is entirely consistent with *Paice*.

The district court here denied a permanent injunction and then entered an order requiring DIRECTV to pay royalties for ongoing infringement, in a form similar to the order in *Paice*. (A1-A2). However, the similarity ends there. The court here—at DIRECTV's urging—expressly clarified that money paid pursuant to that order constitutes “damages” for ongoing infringement. (A16865; A36-A40). The court then failed to give any valid reason for not enhancing those damages despite ongoing willfulness. (A38; A17921-A17922). Finisar now cross-appeals from that failure, but does not otherwise challenge the monetary order. In contrast, this Court's decision in *Paice* vacated the order altogether and never addressed the issue of enhancement for willfulness.

In its letter, DIRECTV asserts that *Paice* “confirms” that enhancement for ongoing willfulness is not available in this case. In support, DIRECTV observes that “*Paice* directed the court [on remand] to consider ‘any additional economic factors arising out of the imposition of an ongoing royalty,’ but did not mention ‘willfulness’ as a relevant consideration.” However, the *absence* of any mention of willfulness is a far cry from a “confirmation” that willfulness is

* Admitted only in California
§ Admitted only in Virginia

irrelevant. Although the *Paice* opinion may have limited the *purposes* for the remand in that case—to “reevaluate the ongoing royalty rate” and to “consider...the terms of Toyota’s permissive continuing use” (slip op. at 35, 36)—it did not limit the considerations that could permissibly affect that “rate” or those “terms.” Its reference to “additional economic factors” was only one example of a permissible consideration. Nowhere does the opinion state that enhancement for willfulness could not be considered in that case, let alone in this case where the issue has been squarely raised. That DIRECTV feels compelled to grasp at such a strained inference from the opinion’s silence speaks volumes about its position.

DIRECTV’s remaining observations about *Paice* are irrelevant, given that Finisar has only challenged the court’s ongoing-damages order for lack of enhancement.

Very truly yours,

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