

United States Court of Appeals
for the
Federal Circuit

FINISAR CORPORATION,

Plaintiff-Cross-Appellant,

– v. –

THE DIRECTV GROUP, INC., DIRECTV HOLDINGS LLC,
DIRECTV ENTERPRISES, LLC, DIRECTV OPERATIONS LLC,
HUGHES NETWORK SYSTEMS, INC., and DIRECTV, INC.,

Defendant-Appellants.

APPEALS FROM THE UNITED STATES DISTRICT COURT FOR THE EASTERN
DISTRICT OF TEXAS IN CASE NO. 1:05-CV-00264, JUDGE RON CLARK

**BRIEF OF *AMICUS CURIAE* NEW YORK INTELLECTUAL
PROPERTY LAW ASSOCIATION IN SUPPORT OF NEITHER
PARTY ON CROSS-APPEAL**

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CERTIFICATE OF INTEREST

Counsel of record for the amicus curiae New York Intellectual Property Law Association certifies the following:

1. The full name of every party or amicus represented by me is: New York Intellectual Property Law Association.
2. The party represented by me as amicus curiae is the real party in interest.
3. The parent companies, subsidiaries (except wholly owned subsidiaries), and affiliates that have issued shares to the public, of the party or amicus represented by me are: None.

4. The names of all law firms and partners or associates that appeared for the parties now represented by me in the trial court or agency or are expected to appear in this court are:

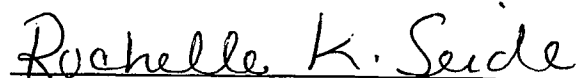
June 20, 2007

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STATEMENT OF INTEREST OF AMICUS CURIAE

The New York Intellectual Property Law Association (the “NYIPLA” or the “Association”) submits this brief *amicus curiae* in support of neither party and directs it solely to two separate but interrelated issues raised on cross-appeal by the patentee and cross-appellant Finisar Corporation (“Finisar”):

1. Whether the district court’s assumption that it was free to fix a royalty for future damages and enter a “compulsory license” in its final judgment (A 000001), (a) can be justified by either statute or case law, and (b) can be harmonized with the Congressional policy repeatedly and explicitly recognized by the Supreme Court under which, with the exception of a single isolated historical aberration, legislative proposals to sanction such compulsory licenses have been universally rejected; and
2. Whether, the district court’s refusal to enter a permanent injunction after a jury finding of willful infringement of claims which were found neither invalid nor unenforceable, primarily because of Finisar’s status as a

non-practicing entity (“NPE”) that “never sold the rights to the patent, never made the slightest effort to ever use the patent” (A 017940), (a) can be justified under the historical precedents culminating in the Supreme Court’s unanimous opinion in *eBay*,¹ and (b) can be harmonized with the policies reflected in the 200-year history of the Supreme Court’s construction of the terms of the public’s bargain with the patentee under the Patent Clause.²

The NYIPLA respectfully submits that the final judgment must be vacated because the district court abused its discretion both in entering the unauthorized compulsory license and in refusing to enter the permanent injunction based primarily upon a theory explicitly rejected in *eBay*. Because it believes that the entry of the compulsory license was itself *ultra vires*, the NYIPLA takes no position on Finisar’s challenge to the level of future royalties putatively fixed by the district court.

¹ *eBay Inc. v. MercExchange, L.L.C.*, ___ U.S. ___, 126 S. Ct. 1837 (2006) (“*eBay*”).

² U.S. CONST., Art. I, § 8, cl. 8 (the “Patent Clause”).

The Association respectfully submits that the district court's errors were occasioned by an increasingly common misreading of the *eBay* decision which focuses upon the way NPEs are viewed under dicta set forth in the concurring opinion of Justice Kennedy rather than upon the way such NPEs must be treated under the unanimous opinion of the Court authored by Justice Thomas. It is important for this Court to address the two central issues raised by the cross-appeal in order to ameliorate the confusion on such issues which now seems widespread in the federal district courts.

The NYIPLA and its counsel represent that they have authored this brief themselves, and that no person or entity other than the *amicus curiae* and its counsel have made a monetary contribution to the preparation or submission of this brief. The arguments set forth in this brief were approved on June 18, 2007 by an absolute majority of the total number of officers and members of the Board of the NYIPLA (including such officers and Board members who did not vote for any reason including recusal), but do not necessarily reflect the views of a majority of the members of the Association or of the firms with which those members are associated.

The NYIPLA is a professional association of almost 1,600 attorneys whose interests and practices lie in the area of patent, copyright, trademark, trade secret and other intellectual property law.

NYIPLA members include in-house attorneys working for businesses in many industries that own, enforce and challenge patents as well as attorneys in private practice who represent patent owners. Such patent owners range from individual inventors, entrepreneurs and venture capitalists on the one hand to small and large corporations, and industry trade associations and standard setting organizations ("SSOs") on the other. NYIPLA members represent both plaintiffs and defendants in infringement litigation and also regularly participate in proceedings before the United States Patent and Trademark Office ("PTO"), including representation of applicants for patents and parties to interferences.

Since its founding in 1922, the NYIPLA has committed itself to maintaining the integrity of United States patent law, and to the proper application of that law. Nowhere is the rational and considered application of patent law and the principles of equity more important to the economy of the United States than in determining whether and to what extent an NPE can be compelled to license its invention and the extent to which alleged

