Tara D. Elliott
Direct Dial: +1.202.637.2329
tara.elliott@lw.com

555 Eleventh Street, N.W., Suite 1000
Washington, D.C. 20004-1304
Tel: +1.202.637.2200 Fax: +1.202.637.2201
www.lw.com

LATHAM & WATKINS LLP

FIRM / AFFILIATE OFFICES

Beijing	Moscow
Boston	Munich
Brussels	New York
Century City	Orange County
Chicago	Paris
Dubai	Riyadh
Düsseldorf	Rome
Frankfurt	San Diego
Hamburg	San Francisco
Hong Kong	Seoul
Houston	Shanghai
London	Silicon Valley
Los Angeles	Singapore
Madrid	Tokyo
Milan	Washington, D.C.

October 31, 2018

VIA ECF FILING

Mr. Peter R. Marksteiner
Circuit Executive & Clerk of Court
United States Court of Appeals for the Federal Circuit
717 Madison Place, NW
Washington, DC 20439

Re: *Princeton Digital Image Corporation v. Office Depot Inc., et al.*, Nos. 17-2597, *et al*.

Dear Mr. Marksteiner:

Appellant Adobe Inc. submits the following supplemental authorities pursuant to FRAP 28(j) and Federal Circuit Rule 28(i).

Adobe's attorneys' fees related to PDIC's lawsuits are recoverable as compensatory damages—the natural and probable consequences—that flow from PDIC's breach of a covenant not to sue. OB43-48; YB20-26.

In *Sun Life Assurance Company of Canada v. Imperial Premium Finance, LLC*, the Eleventh Circuit concluded that an "incontestability clause, like nearly all contractual prohibitions, may allow for damages upon its breach." 904 F.3d 1197, 1221 (11th Cir. 2018). Citing many of the cases Adobe cited, the concurring opinion observed the very principles Adobe advocates here, including that New Jersey was among numerous jurisdictions:

> permit[ting] a suit for breach [of a covenant not to sue], with the measure of damages usually being the attorney's fees and costs incurred in defending against the claim that was precluded. *See, e.g., Lubrizol Corp. v. Exxon Corp.*, 957 F.2d 1302, 1305-06 (5th Cir. 1992) (New York law); *Anchor Motor Freight, Inc. v. Int'l Bhd. of Teamsters et al.*, 700 F.2d 1067, 1072 (6th Cir. 1983) (federal law—labor relations); *Artvale, Inc. v. Rugby Fabrics Corp.*, 363 F.2d 1002, 1008 (2d Cir. 1966) (federal law—patent infringement—and/or New York law); *Borbely v. Nationwide Mut. Ins. Co.*, 547 F. Supp. 959, 977 (D.N.J. 1981) (New Jersey law); *Quill Co. v.*

A.T. Cross Co., 477 A.2d 939, 944 (R.I. 1984) (Rhode Island law); *Smith v. Garrett*, 29 Tex. 48, 52 (1867) (Texas law).

Id. at 1225; *see also Microsoft Corp. v. Motorola, Inc.*, 795 F.3d 1024, 1050 (9th Cir. 2015) ("courts routinely award attorneys' fees as damages[,] when [they] are a fair measure of the harm impermissibly caused by the defendant") (affirming $3.03 million fee award for breach of a contractual duty while recognizing a "duty to mitigate" by the party seeking recovery of attorneys' fees as damages) (Washington law). None of these cases limit damages to "***purely*** defensive fees" as the district court erroneously ruled below.

Respectfully submitted,

/s/ Tara D. Elliott
Tara D. Elliott
of LATHAM & WATKINS LLP

Counsel for Defendant/Appellant

cc: Counsel of Record via ECF