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6 *Counsel of Record
 7 Of Counsel:
 8 SCOTT HOVER-SMOOT

9 Attorneys for Defendant-Appellant
 10 Activision, Inc.

HOWARD
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 & FALK

A Professional Corporation

11 UNITED STATES COURT OF APPEALS
 12 FOR THE FEDERAL CIRCUIT

14 THE MAGNAVOX COMPANY, a corpora-)	No. 86-852
15 tion, and SANDERS ASSOCIATES,)	
16 INC., a corporation,)	SUPPLEMENTAL DECLARATION
17 Plaintiffs-Appellees,)	OF MARLA J. MILLER IN
18 vs.)	SUPPORT OF ACTIVISION,
19)	INC.'S BRIEF REGARDING
20)	MAGNAVOX' MOTION TO DISMISS
21)	<u>APPEAL AND FOR SANCTIONS</u>
22)	
23)	
24)	
25)	
26)	

21 I, Marla J. Miller, declare:
 22 1. I am a member of the Bar of the State of California
 23 and of this Court, and an associate with the law firm of Howard,
 24 Rice, Nemerovski, Canady, Robertson & Falk, A Professional Corpora-
 25 tion, attorneys of record for Defendant-Appellant Activision, Inc.
 26 ("Activision") in the above-referenced action. Except as otherwise

1 indicated, I have personal knowledge of the matters set forth
2 below, and if called upon to do so, I could and would testify
3 competently to them.

4 2. On March 13, 1986, the District Court entered a
5 formal Judgment and Conclusions of Law. Attached hereto as
6 Exhibits A and B, respectively, are true and correct copies of
7 these documents.

8 3. On March 14, 1986, I spoke to Mr. Francis X. Gindhart,
9 Clerk of this Court, and informed him of the District Court's
10 action. Mr. Gindhart suggested that Activision file an Amended
11 Notice of Appeal, which he would treat as part of the same appeal
12 already docketed. Mr. Gindhart further suggested that Activision
13 file a supplemental brief regarding the motion now pending to
14 dismiss Activision's appeal in order to inform the Court of the
15 District Court's entry of formal judgment. Attached hereto as
16 Exhibit C is a true and correct copy of a letter I sent to Mr.
17 Gindhart dated March 17, 1986 confirming our conversation.

18 4. On March 17, 1986, Activision filed an Amended
19 Notice of Appeal in the United States District Court. Attached
20 hereto as Exhibit D is a true and correct copy of that Amended
21 Notice of Appeal.

22
23 I declare under penalty of perjury that the foregoing is
24 true and correct. Executed at San Francisco, California on March
25 17, 1986.

26

Marla J. Miller

MARLA J. MILLER

ORIGINAL
FILED

MAR 1 1988

CLERK, U. S. DIST. COURT
SAN FRANCISCO

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

THE MAGNAVOX COMPANY,)
a corporation, and SANDERS)
ASSOCIATES, INC.,)
a corporation,)

Plaintiffs,)

v.)

ACTIVISION, INC.,)
a corporation,)

Defendant.)

No. C-82-5270-CAL

AND RELATED CROSS-ACTION.

JUDGMENT

The issues in this action, other than damages, having been tried before this court sitting without a jury, and the court having considered the evidence introduced by the parties, having heard the arguments presented on their behalf, having duly considered the issues and the authorities, and having entered its Findings of Fact and Conclusions of Law, IT IS HEREBY ORDERED, ADJUDGED and DECREED:

1. The court has jurisdiction over the parties and the subject matter of the action.

2. Plaintiff Sanders Associates, Inc. is the owner of the entire right, title and interest in and to United States Letters Patent Re. 28,507 entitled "Television Gaming Apparatus" asserted against the defendant in this action, and has been the owner thereof since the date of issuance.

EXHIBIT A

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3. Plaintiff The Magnovox Company is the exclusive licensee, with the right to grant sublicenses, under Letters Patent Re. 28,507.

4. Plaintiffs have the right to sue for and collect damages for past infringement of Letters Patent Re. 28,507 and have possessed such right continuously since the issuance of Letters Patent Re. 28,507.

5. The defendant has not sustained its burden of proving that any of the asserted claims of Letters Patent Re. 28,507 are invalid.

6. The defendant has contributed to the infringement of, and has induced infringement of, the claims of Letters Patent Re. 28,507 stated in the following table by the manufacture and sale within the United States of the stated television game cartridges, and the defendant has directly infringed the stated claims of Letters Patent Re. 28,507 by the use and display of the stated television game cartridges:

<u>Cartridges</u>	<u>Claims</u>
Tennis	25, 26, 51, 52, 60, 61, 62
Ice Hockey	25, 26, 51, 52, 60, 61, 62
Boxing	25, 26, 51, 52, 60
Fishing Derby	25, 26, 51, 52, 60, 61
Stampede	25, 51, 60
Pressure Cooker	25, 26, 51, 52, 60
Grand Prix	60
Barnstorming	60
Sky Jinks	60
Enduro	60
Decathlon	60

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7. The defendant did not willfully infringe the Letters Patent Re. 28,507 and proceeded at all relevant times in the good faith belief that its cartridges did not infringe the patent.

8. Plaintiffs Sanders Associates, Inc. and The Magnavox Company are entitled to recover from defendant the damages which they have sustained by reason of the manufacture, use and sale of infringing cartridges, the damages to be no less than a reasonable royalty.

9. The First and Third Counterclaims of the defendant against plaintiffs are dismissed with prejudice.

10. This judgment is final except for the accounting and award of damages.

Dated: March 13, 1986.



CHARLES A. LEGGE
UNITED STATES DISTRICT JUDGE

1 UNITED STATES DISTRICT COURT
2 NORTHERN DISTRICT OF CALIFORNIA

ORIGINAL
FILED

MAR 1 1982

CLERK, U. S. DIST. COURT
SAN FRANCISCO

3 THE MAGNAVOX COMPANY,)
4 a corporation, and SANDERS)
5 ASSOCIATES, INC.,)
6 a corporation,)

7 Plaintiffs,)

8 v.)

No. C-82-5270-CAL

9 ACTIVISION, INC.,)
10 a corporation,)

11 Defendant.)

12 AND RELATED CROSS-ACTION.)

13 CONCLUSIONS OF LAW

14 1. The burden of establishing invalidity of a
15 patent, or any claim thereof, rests on the party asserting
16 invalidity, and the burden is never shifted to the patentee to
17 prove validity. That is, 35 U.S.C. § 282 mandates not only a
18 presumption placing the procedural burden of going forward,
19 but also places the burden of persuasion on the party who
20 asserts that the patent is invalid.

21 2. The statutory presumption of validity (35 U.S.C.
22 § 282) places the burden on the party attacking validity to
23 overcome the presumption by establishing appropriate facts
24 with clear and convincing evidence.

25 3. A prior judicial holding affirming a patent's
26 validity against attacks upon validity by infringers should be
27 given weight in a subsequent suit again challenging validity.

28 EXHIBIT B

1 4. The particular weight given a prior judicial
2 holding affirming a patent's validity will vary depending on
3 the prior art or other evidence on patentability not before
4 the prior court that is produced in the subsequent suit.

5 5. The ultimate question of patent invalidity
6 based on obviousness and the question of obviousness are, under
7 35 U.S.C. § 103, questions of law based on factual inquiries
8 and factual evidence.

9 6. "Secondary considerations" of nonobviousness,
10 may be the most pertinent, probative, and revealing evidence
11 available to aid a court in reaching a conclusion on the
12 obviousness-nonobviousness issue.

13 7. Recognition and acceptance of a patent by
14 competitors who take licenses under it in order to avail
15 themselves of the merits of the invention is evidence of
16 nonobviousness.

17 8. It is not controlling in determining obviousness
18 that all, or all but one or two, of the aspects of the claimed
19 invention are well known in the art in a piecemeal manner;
20 virtually every patent can be described as a "combination
21 patent" or a combination of old elements.

22 9. The statutory provisions of 35 U.S.C. § 103
23 require that the invention as claimed be considered "as a
24 whole" when considering whether the invention would have been
25 obvious at the time the invention was made.

26 10. The mere fact that the disclosures of teachings
27 of the prior art can be combined for purposes of determining
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1 the obviousness-nonobviousness issue (35 U.S.C. § 103) does
2 not make the combination of the teaching obvious, unless the
3 art also suggests the desirability of the combination or the
4 inventor's beneficial results from the combination or the
5 advantage to be derived from combining the teachings.

6 11. The disclosure presented as constituting prior
7 knowledge under 35 U.S.C. § 102(a) should be sufficient to
8 enable one skilled in the art, at the time the invention of
9 the patent was made, to reduce the disclosed invention to
10 practice.

11 12. A demonstration made in confidence, and not in
12 a sales context, of a prototype device does not establish an
13 offer to sell or the placing of the invention on sale under 35
14 U.S.C. § 102(b).

15 13. A party asserting invalidity based on 35 U.S.C.
16 § 112 bears no less a burden and no fewer responsibilities
17 than any other patent challenger, and must show by clear and
18 convincing evidence that the patent is invalid.

19 14. Defendant has failed to establish that the
20 28,507 patent, or any claim thereof, is invalid.

21 15. Whoever without authority makes, uses or sells
22 any patented invention, within the United States during
23 the term of the patent, infringes the patent. 35 U.S.C.
24 § 271.

25 16. The issue of infringement raises at least two
26 questions: (1) what is patented, and (2) whether what is
27 patented has been made, used or sold by another. The first is
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1 a question of law; the second is a question of fact to be
2 proved by a preponderance of the evidence.

3 17. The claims of a patent, not the specification,
4 measure the invention, and the patentee is not confined to a
5 particular illustrative mode disclosed in the specification.

6 18. The claims of a patent are to be construed in
7 the light of the specification, and both are to be read with
8 a view to ascertaining the invention.

9 19. The fact that patent claims are interpreted in
10 light of the specification does not mean that everything
11 expressed in the specification must be read into the claims,
12 and indeed that should not be done.

13 20. A patent specification must be sufficiently
14 explicit and complete to enable one skilled in the art to
15 practice the invention, while a claim defines that which the
16 patentee regards as his invention.

17 21. When a patent claim expresses an element of the
18 claimed combination as "means" for performing a specified
19 function without the recital of structure, as authorized in 35
20 U.S.C. § 112 (sixth paragraph), a determination of the issue
21 of infringement requires that the claim be construed to cover
22 both the corresponding structure for that element set forth in
23 the patent specification and equivalents thereof.

24 22. In applying the "means plus function" paragraph
25 of § 112, the sole question is whether the single means in the
26 accused device which performs the function stated in the claim
27 is the same as, or an equivalent of, the corresponding
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1 structure described in the patentee's specification as
2 performing that function. The word "equivalent" in § 112 must
3 not be confused with the "doctrine of equivalents," which
4 looks to the entirety of the accused device.

5 23. Despite the difference between the infringement
6 analyses involving "equivalents" under § 112 and the "doctrine
7 of equivalents," the latter may be relevant in any equivalents
8 determination.

9 24. The subject matter described in a patent and
10 the accused subject matter are equivalent for the purposes of
11 determining infringement under the "doctrine of equivalents"
12 if they perform substantially the same function, in
13 substantially the same way, to obtain substantially the same
14 result.

15 25. Infringement cannot be avoided by the fact that
16 the accused device is more or less efficient than the subject
17 matter claimed or disclosed, or performs additional functions,
18 or adds features, or is an improvement.

19 26. What constitutes equivalency must be determined
20 against the context of the patent and the particular
21 circumstances of the case. Equivalence does not require
22 complete identity for every purpose and in every respect.

23 27. A finding of equivalence is a determination of
24 fact. Proof can be made in any form, including testimony of
25 experts or others versed in the technology.

26 28. The use by the accused of an embellishment
27 or embodiment made possible by technology developed, known or
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1 appreciated after the invention claimed in a patent (that is,
2 made possible by post-invention technology), or the use of a
3 component that may be more sophisticated than that disclosed
4 by the patentee, doe not allow one to escape an appropriate
5 range of equivalents or to thereby avoid infringement of the
6 claimed invention.

7 29. Whoever actively induces infringement of a
8 patent is liable as an infringer. 35 U.S.C. § 271.

9 30. Whoever sells a component of a patented
10 machine, manufacture, combination or composition constituting
11 a material part of the invention, knowing the same to be
12 especially made or especially adapted for use in an
13 infringement of such patent, and not a staple article or
14 commodity of commerce suitable for substantial noninfringing
15 use, is liable as a contributory infringer. 35 U.S.C. § 271.

16 31. Each unlicensed use of defendant's television
17 game cartridges (unpatented) in conjunction with a coacting
18 console (unpatented) to complete the patented combination
19 embraced by a valid combination claim of Patent Re. 28,507 is
20 a direct infringement thereof in accordance with 35 U.S.C.
21 § 271(a).

22 32. The burden of proving the existence of an
23 implied license rests upon the defendant in a patent
24 infringement action.

25 33. Defendant has not met that burden.

26 34. No implied license arises where the equipment
27 involved has other noninfringing uses.
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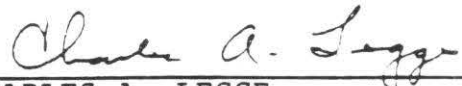
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35. An implied patent license cannot arise out of the unilateral expectations, or even reasonable hopes, of one party; the infringer must have been lead to act by the conduct of the patent owner.

36. This court has jurisdiction over the parties and the subject matter of this action.

37. Judgment should be entered in favor of plaintiffs and against defendant on all issues, other than wilfulness, and except for the accounting and the determination of damages.

Dated: March 13, 1986.



CHARLES A. LEGGE
UNITED STATES DISTRICT JUDGE

Law Offices Of

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March 17, 1986

FEDERAL EXPRESS

Mr. Francis X. Gindhart
Clerk
United States Court of Appeals
for the Federal Circuit
National Courts Building
717 Madison Place, N.W.
Washington, D.C. 20439

Re: Magnavox v. Activision
No.: 86-852

Dear Mr. Gindhart:

This letter follows our telephone conversation on Friday, March 14, 1986, in which I informed you that the District Court has just entered a formal judgment and conclusions of law in the above entitled action.

As I explained to you on the telephone, Activision filed a Notice of Appeal pursuant to 28 U.S.C. §1292(c)(2) on January 8, 1986 which appeal was docketed on January 24, 1986. As my previous letter to you of February 11, 1986, sets out, the parties learned for the first time on February 6, 1986 that the District Court intended to enter a formal judgment and conclusions of law. On March 13, 1986, we received a copy of a Judgment and Conclusions of Law entered on that day. Meanwhile, there is still pending a motion to dismiss Activision's January 8, 1986 notice of appeal as premature.

Pursuant to your advice as to the appropriate next steps to take to resolve the procedural situation, Activision has prepared for filing the enclosed Supplemental Brief

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FRANK J. MINDEN, JR.

EXHIBIT C

FEDERAL EXPRESS
March 17, 1986
Mr. Francis X. Gindhart
Page Two

Regarding Magnavox' Motion to Dismiss Appeal and for Sanctions.
Enclosed are the original and four copies. (Please have a file-
stamped copy returned to me in the enclosed self addressed
envelope.)

Also pursuant to your advice, Activision has today
filed an amended notice of appeal with the District Court to
reflect the District Judge's entry of a formal judgment.
Based on my conversation with you, I understand that upon
your receipt of this Amended Notice of Appeal, you will
treat it as a part of the already docketed appeal (86-352),
and will not open a new docket number.

Thank you for your assistance.

Very truly yours,



MARLA J. MILLER
Attorneys for Defendant-
Appellant, ACTIVISION, INC.

MJM:cal
Encl.

cc: Theodore W. Anderson, Esq.
Sally Bowcock,
Clerk's Office,
U.S. District Court

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6 Of Counsel:
SCOTT HOVER-SMOOT

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8 Attorneys for Defendant and
Counterclaimant Activision, Inc.

9

10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA

12

13 THE MAGNAVOX COMPANY, a corpora-)
tion, and SANDERS ASSOCIATES,)
14 INC., a corporation,)

15 Plaintiffs,)

16 vs.)

17 ACTIVISION, INC., a corporation,)

18 Defendant.)

19 _____)
20 AND RELATED CROSS-ACTION.)

No. C 82 5270 CAL

AMENDED NOTICE OF APPEAL

21 Notice is hereby given that pursuant to Federal Rule of
22 Appellate Procedure 4(a)(2) Defendant and Counterclaimant Activision,
23 Inc. hereby amends its Notice of Appeal to the United States Court
24 of Appeals for the Federal Circuit, dated January 8, 1986, which
25 appeal was docketed by the Federal Circuit on January 24, 1986
26 (Case No. 86-852).

HOWARD
RICE
NEMEROVSKI
CANADY
ROBERTSON
& FALK

1 The District Court entered a formal Judgment and Con-
2 clusions of Law on March 13, 1986, finding Plaintiffs and Counter-
3 defendants' United States patent Re. 28,507 invalid and infringed,
4 which Judgment is final except for an accounting. Activision, Inc.
5 hereby amends its Notice of Appeal to appeal to the United States
6 Court of Appeals for the Federal Circuit pursuant to 28 U.S.C.
7 Section 1292(c) from the Court's Judgment entered on March 13,
8 1986.

9 DATED: March 17, 1986.

MARTIN R. GLICK
H. JOSEPH ESCHER III
MARLA J. MILLER
HOWARD, RICE, NEMEROVSKI, CANADY,
ROBERTSON & FALK
A Professional Corporation

OF COUNSEL:
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& FALK

A Professional Corporation

15
16 By M R Glick
MARTIN R. GLICK
17 Attorneys for Defendant and
Counterclaimant ACTIVISION, INC.
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DECLARATION OF SERVICE

I declare that I am employed in the County of San Francisco, California. I am over the age of eighteen (18) years and not a party to the within cause. My business address is Three Embarcadero Center, Seventh Floor, San Francisco, California 94111.

On March 17, 1986, I served

AMENDED NOTICE OF APPEAL

by causing to have a true copy hand delivered to:

Robert L. Ebe, Esq.
McCutchen, Doyle, Brown & Enersen
3 Embarcadero Center, 28th Fl.
San Francisco, CA 94111

HOWARD
RICE
NEMEROVSKI
CANADY
ROBERTSON
& FALK

and by placing a true copy thereof enclosed in a sealed Federal Express envelope with postage thereon fully prepaid, in the Federal Express Post Office at San Francisco, California addressed as follows:

Theodore W. Anderson, Esq.
Neuman, Williams, Anderson & Olson
77 W. Washington, Street
Chicago, IL 60606

I, Cheryl Leger, declare under penalty of perjury that the foregoing is true and correct and was executed at San Francisco, California on March 17, 1986.



CHERYL LEGER