

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.  
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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 coaxing  
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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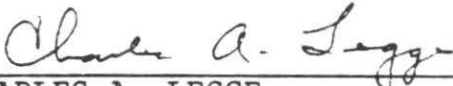
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35. An implied patent license cannot arise out of the unilateral expectations, or even reasonable hopes, of one party; the infringer must have been lead to act by the conduct of the patent owner.

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.

  
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CHARLES A. LEGGE  
UNITED STATES DISTRICT JUDGE

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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.



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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.

  
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CHARLES A. LEGGE  
UNITED STATES DISTRICT JUDGE

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13 ORDER RE FURTHER PROCEEDINGS

14 On December 27, 1985, the court entered its Findings  
15 of Fact. The parties then presented to the court various  
16 motions with respect to further proceedings in the case.  
17 Those motions were submitted for decision on February 18,  
18 1986. The court has considered the record in this case, the  
19 points and authorities submitted by the parties, and the oral  
20 arguments of counsel.

21 IT IS ORDERED as follows:

22 1. Plaintiffs' motion to strike defendant's notice  
23 of appeal is denied.

24 2. The Conclusions of Law and the Judgment are  
25 signed and entered today.


26 3. Plaintiffs' request that injunctive relief be  
27 included in the Judgment is denied. The issue of injunctive  
28 relief was not squarely raised at trial and the present record

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does not support the necessity or appropriateness of injunctive relief. This denial is without prejudice to plaintiff's raising the issue of injunctive relief during the further proceedings in this case.

4. Defendant's motion for a stay of the accounting phase of this action, pending appeal, is granted. Further proceedings in this action are stayed pending the outcome of defendant's interlocutory appeal to the Court of Appeals for the Federal Circuit, provided that defendant shall post bond in the amount of fifty thousand dollars (\$50,000).

Dated: March 13, 1986.

  
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CHARLES A. LEGGE  
UNITED STATES DISTRICT JUDGE