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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA

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11 THE MAGNAVOX COMPANY, a corpora-)
12 tion, and SANDERS ASSOCIATES,)
13 INC., a corporation,)
14 Plaintiffs,)
15 vs.)
16 ACTIVISION, INC., a corporation,)
17 Defendant.)
18 AND RELATED CROSS-ACTION.)

No. C 82 5270 CAL
ACTIVISION, INC.'S
PROPOSED CONCLUSIONS
OF LAW
Trial
Date: April 24, 1985

20 Defendant and Counterclaimant Activision, Inc. ("Activi-
21 sion") submits the following proposed conclusions of law.

23 1. Ideas not patentable. All ideas are part of the
24 public domain and cannot be patented. Only particular physical
25 embodiments of ideas are subject to patenting if such physical
26 embodiments meet the statutory requirements.

1 See, e.g., Gottschalk v. Benson, 409 U.S. 63, 67 (1972);
2 Jones v. Hardy, 727 F.2d 1524 (Fed. Cir. 1984); RCA Corp. v. Applied
3 Digital Data Systems, Inc., 730 F.2d 1440, 1445 n.5 (Fed. Cir.)
4 cert. dismissed sub nom. RCA Corp. v. Hazeltine Corp., -- U.S. --,
5 53 U.S.L.W. 3160 (Aug. 29, 1984); Panduit Corp. v. Stahlin Bros.
6 Fibre Works, 575 F.2d 1152, 1159 n.7 (6th Cir. 1978).

7
8 2. Public policy--construe patents narrowly. Public
9 policy requires that in contributory infringement cases the monopoly
10 granted to an inventor by the patent laws be construed narrowly. .
11 The primary purpose of the patent laws is not the creation of pri-
12 vate fortunes for the owners of patents, but is to promote the
13 progress of science and the useful arts.

14 See, e.g., Sony Corp. of America v. Universal City
15 Studios, Inc., -- U.S. --, 52 U.S.L.W. 4090, 4096 (Jan. 17, 1984);
16 Motion Picture Patents Co. v. Universal Film Manufacturing Co., 243
17 U.S. 502 (1917). See generally U.S. Const. art. I, §8.

18
19 3. Estoppel from urging broad interpretation of patent
20 claims. If a patentee argues to the Patent Office a narrow con-
21 struction of claims, the patentee is precluded from arguing a
22 broader construction for purposes of infringement.

23 See Coleco Industries v. United States International Trade
24 Comm., 573 F.2d 1247, 1257 (C.C.P.A. 1978); SRI International v.
25 Matsushita Electric Corp. of America, 591 F. Supp. 464 (N.D. Cal.
26 1984).

1 4. No collateral estoppel. Activision is not collater-
2 ally estopped on the issues of patent validity or infringement which
3 Magnavox has litigated against other parties in previous litigation.
4 A patent's validity or invalidity is not affected by a previous
5 adjudication of validity, as a patent is not held valid for all
6 purposes, but rather not invalid on the record before the court.

7 See Blonder-Tongue Laboratories, Inc. v. University of
8 Illinois Foundation, 402 U.S. 313, 329 (1971); Shelcore, Inc. v.
9 Durham Industries, Inc., No. 82-4493, slip. op. (Fed. Cir. Sept. 28,
10 1984).

11
12 5. Pioneer patents. A pioneer patent is a patent
13 covering a function never before performed, a wholly-novel device,
14 or one of such novelty and importance as to make a distinct step in
15 the progress of the art, as distinguished from a mere unanticipated
16 and nonobvious improvement or perfection of previous technology.

17 See Westinghouse v. Boyden Power Brake Co., 170 U.S. 537,
18 561-62 (1898); Ziegler v. Phillips Petroleum Co., 483 F.2d 858, 870
19 (5th Cir.), cert. denied, 414 U.S. 1079 (1973); Connell v. Sears,
20 Roebuck & Co., 559 F. Supp. 229 (N.D. Ala.), aff'd in part and
21 modified in part and vacated in part on other grounds, 722 F.2d 1542
22 (Fed. Cir. 1983).

23
24 6. Combination claim limited to disclosed structure.
25 When the elements of a combination claim are expressed as means for
26 performing specific functions, such claim is construed to cover only

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1 1570 (Fed. Cir. 1983); General Electric Co. v. United States, 572
2 F.2d 475, 752 (Ct. Cl. 1978).

3
4 10. Foreign patents--application date. A foreign patent
5 application, which claims as its priority filing date the date of
6 application in the United States, must describe and claim the same
7 invention for which a patent is sought in the United States.

8 International (Paris) Convention for the Protection of
9 Industrial Property (1883), as revised at Brussels on December 14,
10 1900, at Washington on June 2, 1911, at The Hague on November 6,
11 1925, at London on June 2, 1934, at Lisbon on October 31, 1958, and
12 at Stockholm on July 14, 1967.

13
14 11. Burden of persuasion--patent invalidity. A patent is
15 presumed valid, and the patent challenger must come forth with
16 countervailing evidence tending to establish invalidity. The
17 question is whether all the evidence establishes that the patent
18 challenger has carried its burden so as to have persuaded the
19 decisionmaker that the patent can no longer be accepted as valid.
20 Thus, the statutory presumption is of no effect when wholly
21 dissipated by rebutting considerations.

22 See Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530,
23 1534 (Fed. Cir. 1983); Stukenborg v. Teledyne, Inc., 441 F.2d 1069,
24 1072 (9th Cir. 1971); 35 U.S.C. §282.

25
26 12. Prior art not considered by Patent Office--effect on

1 presumption of validity. When relevant prior art is not considered
2 by the Patent and Trademark Office prior to issuance of a patent,
3 the party challenging the validity of a patent is more likely to
4 carry its burden of persuasion.

5 See Medtronic, Inc. v. Cardiac Pacemakers, Inc., 721 F.2d
6 1563, 1566 (Fed. Cir. 1983).

7
8 13. Patent invalid if "invention" already known. A
9 person is not entitled to a patent for an invention or process if it
10 was known or used by others in the country before the invention by
11 the person seeking the patent.

12
13 14. Patent invalid if publicly disclosed by patentee
14 prior to filing. A person is not entitled to a patent for an inven-
15 tion or process if it was patented or described in a printed publi-
16 cation in this or a foreign country before the invention by the
17 person seeking the patent.

18 35 U.S.C. §102(a).

19
20 15. Patent invalid if used one year prior to filing. A
21 person is not entitled to a patent if the invention was patented or
22 described in a printed publication in this or a foreign country or
23 in public use or on sale in this country more than one year prior to
24 the date of application for patent in the United States.

25 35 U.S.C. §102(b).

26 //

1 16. Patent invalid if another inventor. A person is not
2 entitled to a patent if, before the applicant's invention, the
3 invention was made in this country by another who had not abandoned,
4 suppressed, or concealed it.

5 35 U.S.C. §102(g).

6
7 17. Patent limited to inventor. A person is not entitled
8 to a patent if he did not himself invent the subject matter sought
9 to be patented.

10 35 U.S.C. §102 (f).

11
12 18. Two inventors must apply for joint patent. When an
13 invention is made by two or more persons jointly, they are required
14 to apply for the patent jointly.

15 35 U.S.C. §116.

16
17 19. Obviousness--ordinary skill in the art. A patent may
18 not be obtained and one issued will not be found valid if the
19 differences between the subject matter sought to be patented and the
20 prior art are such that the subject matter as a whole would have
21 been obvious at the time the invention was made to a person having
22 ordinary skill in the art to which said subject matter pertained.

23 35 U.S.C. §103.

24
25 20. Invalidity--obviousness. In determining whether a
26 patent is invalid for obviousness, the test is whether the claimed

1 invention "as a whole" would have been obvious to one of ordinary
2 skill in the art at the time the claimed invention was made.

3 35 U.S.C. §103.
4

5 21. Obviousness defined. In order to determine when a
6 patented device is obvious and therefore invalid, the Court should
7 determine the (i) scope and content of the prior art; (ii) differ-
8 ences between the prior art and the claims at issue; and (iii) the
9 level of ordinary skill in the pertinent art.

10 See Graham v. John Deere Co., 383 U.S. 1, 17-18 (1966)..
11 See generally Note, Subtests of "Nonobviousness": A Nontechnical
12 Approach to Patent Validity, 112 U. Pa. L. Rev. 1169 (1964).
13

14 22. Obviousness--keep inventor's "problem" in mind. The
15 first step in determining obviousness is for the trier of fact to
16 place himself in the role of the hypothetical person with ordinary
17 skill in the art with the inventor's "problem" in mind.

18 See EWP Corp. v. Reliance Universal, Inc., No. 84-711,
19 slip op. at 13-16 (Fed. Cir. Feb. 21, 1985).
20

21 23. Obviousness--prior art defined by disciplines relat-
22 ing to the nature of the problem. In determining whether an inven-
23 tion would have been obvious to one of ordinary skill in the art at
24 the time the claimed invention was made, the "art" is not limited to
25 a single discipline, but rather includes disciplines which relate to
26 the nature of the problem confronting the would-be inventor.

1 patent or its equivalent, read on something disclosed in the prior
2 art. The claims of the patent are deemed to read on the prior art
3 if all limitations of the claim are found fully met by the prior
4 art.

5 See, e.g., Kalman v. Kimberly-Clark Corp., 713 F.2d 760,
6 772 (Fed. Cir. 1983), cert. denied, -- U.S. --, 52 U.S.L.W. (Feb. 21
7 1984); Tate Engineering, Inc. v. United States, 477 F.2d 1336, 1342
8 (Ct. Cl. 1973); 35 U.S.C. §102.

9
10 27. Patent reissue defined. Whenever any patent is,
11 through error without any deceptive intention, deemed wholly or
12 partly inoperative or invalid (by reason of a defective specifica-
13 tion or drawing, or by reason of the patentee claiming more or less
14 than he had a right to claim in the patent), the applicant may
15 surrender such patent and ask the Patent Office to reissue the
16 patent for the invention disclosed in the original patent, and in
17 accordance with a new and amended application, for the unexpired
18 part of the term of the original patent. No new matter shall be
19 introduced into the application for reissue.

20 35 U.S.C. §251.

21
22 28: Patent reissue--no enlargement of scope of claims.
23 No reissued patent shall be granted enlarging the scope of the
24 claims of the original patent unless applied for within two years
25 from the grant of the original patent.

26 35 U.S.C. §251.

1 29. Burden of persuasion--infringement. Plaintiffs have
2 the burden of persuasion on the issue of infringement of the patent
3 in suit.

4 Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530, 1534
5 n.4 (Fed. Cir. 1983).

6
7 30. Accused device must contain all elements of claim.
8 In a patent reciting a list of elements, the patent is infringed
9 only if the accused device contains all of the elements set forth in
10 the patent's claims, or their equivalents.

11 See, e.g., Sarkisian v. Winn-Proof Corp., 697 F.2d 1313,
12 1321 (9th Cir.), cert. denied, -- U.S. --, 51 U.S.L.W. 3703
13 (Mar. 28, 1983); Nelson v. Batson, 322 F.2d 132, 134 (9th Cir.
14 1963).

15
16 31. Identity of means, operation and result between
17 patent and accused device. Mere application of claim phraseology or
18 a word by word correspondence is not enough, nor is similarity of
19 result--there must be real identity of means, operation and result
20 in order to find direct literal infringement.

21 See, e.g., Reese v. Elkhart Welding & Boiler Works, Inc.,
22 447 F.2d 517, 527 (7th Cir. 1971).

23
24 32. Equivalents. The doctrine of equivalents allows a
25 finding of direct infringement even if the allegedly directly-
26 infringing device is not literally disclosed in the valid patent,

1 only if the allegedly directly-infringing device accomplishes the
2 same end as the patent by use of a substantially equivalent means,
3 function and principle. "Substantially equivalent" means has been
4 interpreted as unimportant or slight variations to conceal the
5 infringement of the patent. The essence of the doctrine is that one
6 may not practice a fraud on the patent.

7 See, e.g., Graver Tank & Manufacturing Co. v. Linde Air
8 Products Co., 339 U.S. 605 (1950); American Hospital Supply Corp. v.
9 Travenol Laboratories, Inc., No. 83-1401, slip. op. (Fed. Cir.
10 Sept. 26, 1984); Hughes Aircraft Co. v. United States, 717 F.2d
11 1351, 1361 (Fed. Cir. 1983); Thomas & Betts Corp. v. Litton Systems,
12 Inc., 720 F.2d 1572, 1579-80 (Fed. Cir. 1983); Hale Fire Pump Co. v.
13 Tokai, Ltd., 614 F.2d 1278 (C.C.P.A. 1980). Cf. RCA Corp. v.
14 Applied Digital Data Systems, Inc., 730 F.2d 1440, 1446 (Fed. Cir.),
15 cert. dismissed sub nom. RCA Corp. v. Hazeltine Corp., -- U.S. --,
16 53 U.S.L.W. 3160 (Aug. 29, 1984) (finding certain digital circuitry
17 not a "mere substitution" for analog circuitry).

18
19 33. Reverse Equivalents. A device which performs the
20 same function or accomplishes the same result by substantially
21 different means or by a substantially different principle or mode of
22 operation or in a substantially different way does not infringe the
23 patented invention. Thus, where a device is so far changed in
24 principle from a patented article, but nevertheless falls within the
25 literal words of the claim, the doctrine of equivalents can be used
26 to restrict the patent claim and defeat an action for infringement.

1 See Graver Tank & Manufacturing Co. v. Linde Air Products
2 Co., 339 U.S. 605, 608-09 (1949); Reynolds-Southwestern Corp. v.
3 Dresser Industries, 372 F.2d 592, 593 (5th Cir. 1967); SRI Interna-
4 tional v. Matsushita Electric Corp. of America, 591 F. Supp. 464
5 (N.D. Cal. 1984). See generally Pigott, Equivalents in Reverse, 48
6 J. Pat. Off. Soc'y 291 (1966).

7
8 34. Equivalents--File Wrapper Estoppel. Application of
9 the doctrine of equivalents is limited by file wrapper estoppel,
10 which precludes a patentee from obtaining a claim construction
11 effectively resurrecting subject matter surrendered during prosecu-
12 tion of the patent application.

13 See, e.g., Thomas & Betts Corp. v. Litton Systems, Inc.,
14 720 F.2d 1572, 1579 (Fed. Cir. 1983); Hughes Aircraft Co. v. United
15 States, 717 F.2d 1351, 1362 (Fed. Cir. 1983). See generally Graham
16 v. John Deere Co., 383 U.S. 1, 33-34 (1966).

17
18 35. Scope of equivalents broadened. A broader range of
19 equivalents is accorded to a pioneer patent in a field.

20 See, e.g., Hughes Aircraft Co. v. United States, 717 F.2d
21 1351, 1362 (Fed. Cir. 1983); see generally Graver Tank & Mfg. Co. v.
22 Linde Air Products Co., 339 U.S. 605, 608 (1949).

23
24 36. Scope of equivalents narrowed. The scope of equiva-
25 lents to which a patentee may be entitled is less when the patent-
26 in-suit is not a pioneer patent. A narrower range of equivalents is

1 accorded to an improvement patent than to a pioneer patent. The
2 prior art must be considered in determining the range of equivalents
3 to any patent, thereby delimiting the scope of equivalents.

4 See, e.g., Thomas & Betts Corp. v. Litton Systems, Inc.,
5 720 F.2d 1572, 1580 (Fed. Cir. 1983); Hughes Aircraft Co. v. United
6 States, 717 F.2d 1351, 1362 (Fed. Cir. 1983); Bragg-Kleisrath Corp.
7 v. Vogel & Co., 67 F.2d 531, 532 (2d Cir. 1983).

8
9 37. Direct Infringement. There is no direct literal
10 infringement of a patent unless the item alleged to infringe is
11 literally and clearly covered by the "claims" of the patent. For
12 the purposes of direct literal infringement, the "claims" of a
13 patent are limited to the literal "claim" language contained in the
14 patent and are the sole measure of the patent.

15 See Graver Tank & Manufacturing Co. v. Linde Air Products
16 Co., 339 U.S. 605, 607 (1950); Cimiotti Unhairing Co. v. American
17 Fur Refining Co., 198 U.S. 399, 410 (1905); 35 U.S.C. §271(a).

18
19 38. Sale of component is not direct infringement. The
20 sale of a component of any patented combination does not in itself
21 constitute direct infringement, as there is no direct infringement
22 unless all of the elements of a patented combination are used by the
23 alleged infringer. There is no direct infringement other than
24 literal direct infringement and direct infringement based on the
25 doctrine of equivalents.

26 See Aro Manufacturing Co. v. Convertible Top Replacement

1 by a patentee or licensee of an article embodying the invention
2 exhausts patent rights in that article.

3 See United States v. Univis Lens Co., 316 U.S. 241, 250-52
4 (1942); United States v. Masonite Corp., 316 U.S. 265, 277-78
5 (1942).

6
7 43. Adaption of patented device is not contributory
8 infringement. There is no contributory infringement of a valid
9 patented combination for sale of a component used in connection with
10 the patented device which adapts the patented device to a related-
11 use, where the adaptation does not go to the heart of the invention.

12 See Wilbur-Ellis Co. v. Kuther, 377 U.S. 422 (1964);
13 General Electric Co. v. United States, 572 F.2d 745, 785 (Ct. Cl.
14 1978); Thompson-Houston Electric Co. v. Kelsey Electronic Railway
15 Specialty Co., 75 F. 1005 (2d Cir. 1896); 35 U.S.C. §271(c). See
16 generally Dawson Chemical Co. v. Rohm & Haas Co., 448 U.S. 176
17 (1980). Cf. Motion Picture Patents Co. v. Universal Film Manufac-
18 turing Co., 243 U.S. 502 (1917) (holding that various motion picture
19 films did not constitute contributory infringement of the movie
20 projector patent, where film was not literally described in the
21 patent in suit).

22
23 44. No contributory infringement unless reconstruction of
24 patented device. There is no contributory infringement of a valid
25 patented combination for sale of a component used in connection with
26 the accused device unless the component constitutes reconstruction