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June 10, 1987

Algy Tamoshunas, Esq.
North American Philips
580 White Plains Road
Tarrytown, New York 10591

Dear Al:

Ralph Baer attended the Summer CES Show in Chicago and provided me with a memo, a copy of which is attached. Also enclosed with the memo are a number of brochures he picked up at the show.

I am also enclosing page 15 from the June 8, 1987, issue of "Television Digest". It looks like the TV game business is expanding and, hopefully, our income will increase.

SANDERS memo from the desk of...

Very truly yours,

SANDERS ASSOCIATES, INC.

RALPH H. BAER

6/14/87

Rich
Richard I. Seligman
Director, Patents and Licensing

Dick -

*I do NOT have
duplicator of all this
same data-sheet in fo-
please, file it so we
we can find it if we need it.*

*Attachments to R Baer
for his copying
sent 9/30/87
he will return
nd*

*Tux
Raf*

Telex 094-3430 TWX 710 226-1894

SA-00-37 (12-86)



MEMO

4 June 1987

To: R. I. Seligman
From: R. H. Baer
Subject: Summer CES Visit

1. Video Games:

At the SCES (Chicago, 5/30 to 6/2) there was a considerable amount of activity in Video Games. The three major game mfrs. were all colocated in the new North Building; they were Nintendo, ATARI and Sega.

ATARI had a large circular display area with their 520ST and 1040ST computers around the outer periphery; in the central, diametrical aisle they demonstrated VCS2600 Games/Cartridges on one side and VCS7800 games on the opposite side of the aisle. More importantly, on the top level of their exhibit area, to which access was restricted, they showed their new XE Videogame. This is actually the old ATARI 800 p.c. in a new, attractive grey cabinet; a plug-in A/N keyboard, a joystick and a gun (pistol). All of these accessories are part of the standard XE product package, i.e. they come packed together for about \$ 125.- retail.

The gun and the two games which were functional and were playable by visitors both make obvious use of our -045 technique of flashing the entire screen white upon trigger pull. John Skruch, Director of software development "explained" that this is done so that an H and V line count can determine the exact aim point; this is of course what -045 is all about.

The Nintendo display area was very large and Nintendo got a lot of play in the daily Show periodicals. In these editorial ads they claimed to have sold 1.6 million units in 1986 and expect to sell 4.5 million unit in 1987, or roughly 70% of all videogame sales. Copies or various stories and ads are attached as are two copies of their brochure.

The Nintendo booth area was surrounded by third party software/cartdrige suppliers, including Sun Corp.of America, Konami, Tecmo, Bandai America, Taito and LJJN Toys Ltd.

Copies of their software (and some hardware plug-ins they are offering) are attached also.

Sega had a sizable display area. Copies of their ads and catalog sheet/folder are attached. Many of their games clearly have Hit&Hitting Spot actions. Their gun, like ATARI's, causes a full-screen flash upon trigger pull and therefore appears to infringe -045 also.

2. SOCS CDV Demo

SOCS expected to be able to demo the latest developmental unit of their compact video disc development; unfortunately when I got to their suite on Monday, I was informed that while the hardware worked extremely well when spread out on the bench, there just was not enough time to debug the system in its integrated package. Since SOCS had just had a new disc made with digital sound and, reportedly, excellent signal to noise ratio, I was anxious to see the demo; that will have to wait under the circumstances. I met one of the Korean (HAITAI) engineers who has been working at SOCS with some associates for the better part of two months and he reported excellent progress in their CD(Music)Video project.

3. CBS Coupon Printer Project

I had a meeting at CES with Mark Perlman, CBS NYC. I expected to meet his boss, Jay Gold, CBS VP responsible for the program; however, he cancelled at the last minute. I expect to see him within a couple of weeks in NY since Mark P. invited me to come down and participate in a marketing strategy session about to be scheduled.

Mark showed me a detailed PERT chart for the project which covers about 18 months (into NOV'88), a project schedule which Mark said he hoped to shorten up if at all possible. Most of the marketing burden falls on IRI (the Nielsen-type data-collection company) and on OKI, the Japanese mfr. of the units. Perlman invited me to get involved in any way I wanted to as long as I could come up with suggestions to shorten the schedule and otherwise help them solve problems as they arise. I will stay on top of that.

R.H. Bler