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March 22, 1984

FEDERAL EXPRESS

James T. Williams, Esq.
Neuman, Williams, Anderson & Olson
77 West Washington Street
Chicago, IL 60602

Re: Magnavox, et al. v. Activision, Inc.
Civil Action No. C 82 5270 JPV
Our File L-37324/TOH/ESW

Dear Jim:

With the close of discovery approaching, we are concerned that we have still not received proper responses to a number of the interrogatories which we previously served on you, and it appears that we will have to proceed with a motion to compel discovery under Rule 37 of the Federal Rules of Civil Procedure. In view of our previous correspondence and our discussions, both in person and by telephone, with regard to our first set of interrogatories (Nos. 1-125), we feel that we have complied with the requirements of Local Rule 230-4(a) and that we would be justified in proceeding with a motion to compel at this time. Before burdening the Court with such a motion, however, we want to make one last effort to resolve any disputed issues regarding Interrogatories 1-125 with you, as well as any issues regarding our second set of interrogatories (Nos. 126-182).

The matters on which you have failed to make proper discovery are summarized in the paragraphs which follow. If we have not received complete responses to all of the interrogatories discussed in this letter before Wednesday, April 4, we will proceed with the motion to compel on that day.

You have responded to a number of the interrogatories by stating that you would produce records from which the requested information might be derived or ascertained. However, as we have discussed previously, you have not specified the records with the detail required by Rule 33(c), and we have been unable to ascertain the answers to a number of the interrogatories from the records

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which you have produced. In our telephone discussion on July 6, 1983, you indicated that documents relating to Interrogatories 15, 16, 17, 59, 63, 69, 71, 73 and 98 would be produced in Chicago, and I made a special trip to Chicago to inspect these documents in your offices on August 31 and September 1. At that time, you produced approximately 60 boxes of documents without any indication as to which documents were being produced in response to which interrogatory, other than a general indication that documents relating to licensing were in about 12 boxes in one corner of the room, that documents relating to litigation were in another part of the room, and that some additional documents would be brought into the room as they became available. Without a proper identification of the documents and the interrogatories to which they pertained, it was virtually impossible to obtain the answers to many of the interrogatories, and as I think you know, this problem was compounded by the bulk of the documents produced.

As best I could determine, no documents relating to Interrogatories 59, 69, 71 or 98 were produced. It also appeared that a number of files were missing and that certain documents might have been removed from the files which were produced. The manner in which these documents were produced has confirmed our earlier belief that the burden of ascertaining the answers from the documents is far greater for Activision than it would be for Magnavox and Sanders.

Finally, as we have also discussed previously, information requested by a number of the interrogatories is something which could not be ascertained from the business records even if those records had been identified in accordance with Rule 33(c). For all of these reasons, it is clear that your offer to produce business records is not a sufficient response to the interrogatories, and we now must insist that you answer the interrogatories without further delay.

You have also responded to some of the interrogatories by reference to the transcripts of depositions taken in other litigation and by offering to make copies of these transcripts available to us. Deposition transcripts are not business records which can be specified under Rule 33(c) in response to interrogatories, and we are aware of no authority which permits response to interrogatories by vague references to deposition transcripts from other litigation. Moreover, the interrogatories request specific information and include specific questions which may not be found in the transcripts.

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Interrogatory 2

All of the patents identified in response to Interrogatory 1 relate to television games and, therefore, to the subject matter of the patents in suit, and we feel that we are entitled to all of the information which we have requested about these patents. However, in view of the particular relevance of the Spiegel patent, we might be willing to limit Interrogatory 2 to United States Patent 3,135,815, Canadian Patent 691,432 and the patents in suit if you will provide us with copies of the assignment identified in response to Parts B & C of this interrogatory and copies of all documents which refer or relate to the assignment and/or these patents.

Interrogatory 4

Please provide us with copies of all of the license agreements which you have identified in your response to Parts A-C of this interrogatory.

Interrogatory 10

From the licensing files which you produced, we have been able to identify a number of the licensees under the patents in suit, and we received copies of some of the license agreements in the Mattel documents which you sent us. However, it appears that the information which we have obtained is by no means complete. The Mattel documents include several licensing matters for which no files were produced, and from the numbers on the files which were produced, it appeared that the following files were missing: 1703-001 through -003, -007, -010, -014, -018 through -074, -076 through 091, -097, -099 through -100, -102 through -104, -183 through -185, -187 through -189, -196, -199 through -203, -207, -208, -210, -212, -213, -216, -217, -219 and -221. The licensees, potential licensees and/or infringers which are identified in the Mattel documents and for which no files were produced include Advanced Consumer Electronics, Averett and Associates, Bailey International, Creative Polyware (Data Domain), GTE, IGR, Mosstek, Normandy, Rene Pierre, Satellite Systems, Subelectro, Syntronics, Transelectronics, and World Wide Distributors.

To complete the response to Interrogatory 10, please identify the person(s) to whom each license or immunity was granted, provide us with a complete copy of each license or immunity, including all modifications or extensions, and provide us with copies of all correspondence and other documents relating to each of the agreements.

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Interrogatory 12

Please identify the licenses or immunities which have been terminated, the manner in which each was terminated, the reason(s) for termination, and the effective date of the termination. It has not been possible to obtain this information from the documents produced for the reasons discussed above.

Interrogatory 14

While we might have been able to ascertain the information sought by this interrogatory from the appropriate files, the manner in which the files were produced and intermixed with other files without proper identification prevented us from doing so. In addition, as noted above, it does not appear that all of the pertinent files were produced. Therefore, we ask that you respond in full to Interrogatory No. 14 without further delay. If it would be easier for you, we would have no objection to your simply providing us with copies of the pertinent files, provided that they are complete and properly identified so that we can derive the requested information from them.

Interrogatories 15 and 16

We have the same problem with your response to these interrogatories that we had with your response to Interrogatory 14, and we were unable to ascertain the answers to these interrogatories from the documents which you produced. Please identify the persons notified or charged with infringement without further delay, and for each such person provide the information requested by Parts A-F and H-I of Interrogatory 16. Once again, it would be acceptable to us to have properly identified copies of the pertinent files if that would be more convenient for you.

Interrogatory 17

It is our understanding that you were personally involved in all of the lawsuits covered by this interrogatory and that you are already familiar with the information requested. Therefore, it would be far less burdensome for you to answer Parts A-F of the interrogatory than it would be for us to try to dig this information out of your files. In addition, we would like copies of all trial exhibits in the Chicago Dynamics case, the Mattel case, and any other case(s) which went to trial.

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Interrogatories 21 and 23

Please provide us with the copies of the recent SEC filings identifying the related corporations, as suggested in your letter of September 1, 1983.

Interrogatories 32-37

These interrogatories are appropriate with regard to the Re. '507 patent and the '480 patent since the validity of those patents is at issue in this suit. The validity and enforceability of the other patents identified in response to Interrogatory 1 is also relevant in view of the common or closely related subject matter of these patents. There is no basis for your refusal to answer these interrogatories, particularly with regard to the Re. '507 and the '480 patents.

Interrogatory 38

In your letter of March 2, 1984 and the schedule attached to the deposition notice enclosed with that letter, you have identified a number of additional cartridges which you will assert as being covered by the Re. '507 patent, and it is our understanding that you will supplement your interrogatory response(s) to include these cartridges. At the same time, we trust that you will supplement the response to Interrogatory 38 to include the claim(s) you contend to be infringed by these cartridges.

Interrogatory 39

We trust that your response to this interrogatory will be supplemented now that you have identified the additional cartridges which you contend to be infringing. Your response to Part B of this interrogatory is incomplete in that it does not address the individual activities or the circumstances under which these activities came to the attention of Magnavox and/or Sanders. It has now been more than a year since you made your initial response to Part D of this interrogatory, and we would hope that by now you are able to identify the claimed elements in the accused devices. Regarding your response to Part F, we did not find the information requested in the files which you produced, and you should identify the communications and provide the documents requested in Part G without further delay.

Interrogatories 40 and 41

In defending this action, Activision is entitled to know which of its game cartridges you contend infringe and which

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do not. In your letter of March 2, you have just identified a number of game cartridges which were available as early as 1981. We are certainly entitled to be apprised, during the discovery period, of all cartridges plaintiffs contend to be infringing. Likewise, we are entitled to know the basis upon which these contentions are made, including the reasons why the non-infringing cartridges do not infringe. These inquiries relate directly to the scope and the interpretation of the claims of the Re. '507 patent, and they bear directly on the question of infringement. Therefore, we expect these interrogatories to be answered.

Interrogatories 42 and 43

As acknowledged in your letter of September 1, 1983, the good faith of plaintiffs in bringing the action is an issue, and these interrogatories bear directly on that issue. Therefore, your relevancy objection is not proper, and the interrogatories should be answered.

Interrogatory 45

You have not adequately identified the persons and the communications required by Parts C and D of this interrogatory. Please identify all such communications and personnel, including the Atari representatives, without further delay, and provide us with copies of all relevant documents.

Interrogatory 46

Part C of this interrogatory relates to the manner in which the alleged direct infringement came to the attention of Magnavox and Sanders, whereas your response is directed only to the alleged contributory infringement. The interrogatory was intended to cover only matters within the knowledge of Magnavox and Sanders, and the communications requested to be identified in Part F are limited to communications to, from or between Magnavox and Sanders. Likewise, the documents requested in Part G are limited to documents within the possession, custody or control of Magnavox and/or Sanders.

Interrogatories 51-53

We trust that your responses to these interrogatories will be updated and/or supplemented in light of the additional game cartridges which you have now identified as infringing. With regard to Interrogatory 53, we trust that by now you can give us at least a preliminary indication as to where the elements of the claims are found in the accused consoles and cartridges.

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Interrogatories 55-57

Please identify the persons requested in Interrogatory 55 and provide us with complete copies of the files referenced in your response to Interrogatory 56.

Interrogatory 58

Now that a protective order has been entered in this matter, we trust that you will provide the information requested in Parts C and D of this interrogatory.

Interrogatory 59

Since you failed to produce the records from which the answers to Parts A and F could be ascertained, we would appreciate your answering these parts of the interrogatory without further delay. Also, since a protective order is now in effect, we trust that you will also provide the information requested in Parts B and D.

Interrogatory 60

Please provide us with a complete copy of the file referenced in your response to Part C of this interrogatory.

Interrogatory 63

Since we were unable to ascertain the information sought by Parts B-G of this interrogatory from the records which you produced, please answer these parts without further delay.

Interrogatory 65

You have responded to Interrogatory 65 by the conclusory statement that the use of the game cartridge and the console results in an act of infringement, rather than setting forth the manner in which the use constitutes infringement. In so doing, you have not addressed the issue presented by the fact that the console is licensed. Your answer is incomplete and evasive.

Interrogatory 69

The files from which the answer to Part D of this interrogatory was to be derived were not produced. Please provide us with the information or with copies of the records from which it can be ascertained at this time.

Interrogatory 71

Please provide us with copies of the pertinent portions of the files referenced in your response to Parts C, D and F of this interrogatory.

Interrogatory 73

To the extent that your response to this interrogatory is based upon reference to records to be produced, the response is unsatisfactory in view of the problems encountered with the production of the records. Please complete your response, and in doing so, please bear in mind that the interrogatory is not limited to products which were actually licensed or attempted to be licensed.

Interrogatory 76

We once again ask that you provide the information requested in this interrogatory. It has been more than a year since you made your initial response, and you have given no reasons for delaying this response. All of the items identified in Interrogatory 74 were familiar to you prior to this case, and you have at least tentatively identified the claims you contend to be infringed. We see no reason why you cannot answer the interrogatory with this information. Your professed ignorance regarding certain of the items referenced in Interrogatory 74 is unpersuasive. The Decus publication speaks for itself, and the Spacewar game played at MIT is described in the Decus publication and in other publications with which you are familiar. You saw the Spacewar game at Stanford yourself, and you and/or Ted Anderson were undoubtedly present at the Higinbothom deposition and are thoroughly familiar with his tennis game. We expect your response to Interrogatory 76 to include all seven of the items identified in Interrogatory 74.

Interrogatory 77

Please provide us with copies of all documents in the possession, custody or control of Magnavox and/or Sanders which pertain to the items identified in Interrogatory 74. We already have copies of the transcript and exhibits for the Higinbothom deposition.

Interrogatory 78

Please identify the employees known to you and/or Sanders house counsel to have knowledge of the items identified in Interrogatory 74.

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Interrogatory 80

Please provide us with copies of the Oki Denki Giho publication, Swedish patent application 3520/69, and any publications relating to the television game of cricket identified in your response to Part B of this interrogatory. In addition, please clarify your response with regard to the manner in which this game was cited, including the form of the citation.

Interrogatories 84-87

The information sought by these interrogatories is very relevant in that some of the games played with the cartridges identified as infringing do have symbols which disappear or change color, and defendant is entitled to know whether plaintiffs regard these features as imparting distinct motion to the symbols within the meaning of Claim 51 of the Re. '507 patent. That is one of the claims which you have identified as being infringed in your response to Interrogatory 38.

Interrogatory 98

The files referenced in your response to Part F of this interrogatory were not produced, and the requested communications should be identified at this time. If it would be more convenient for you, we would have no objection to your identifying the communications by sending us copies of the documents in which they are identified. We would also like copies of any other documents relating to the decision to reissue the '284 patent.

Interrogatory 99

The files referenced in your response to Part E of this interrogatory were not produced, and the requested communications should be identified at this time. If it would be more convenient for you, we would have no objection to your identifying the communications by sending us copies of the documents in which they are identified. We would also like copies of any other documents relating to the preparation and filing of the reissue application.

Interrogatory 100

Part E of this interrogatory was intended to read as follows:

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Identify any prior art other than the references cited on the face of the reissue patent which was considered in connection with the prosecution of the application and determined not to be material to the examination of the application;

With this clarification, we trust that you can complete your response to the interrogatory. We would also like to have copies of any documents which pertain to the interrogatory (Parts A-G).

Interrogatories 101-104

These interrogatories concern plaintiffs' compliance with the duty of disclosure in connection with the reissue application, and they bear directly on the validity of the Re. '507 patent. The interrogatories ask specific questions, and we are entitled to direct, straightforward answers to these questions, rather than vague references to deposition transcripts from another case.

Interrogatories 105-116

These interrogatories are relevant in that they relate to a prior art video game which was known to one of the attorneys involved in the issuance of the Re. '507 patent and the apparent failure of that attorney to disclose that information to the Patent Office. You cannot avoid answering these interrogatories by referring to your deposition transcript or by claiming that plaintiffs' present knowledge on the subject is limited to what is set forth in that transcript. The interrogatories ask specific questions, and in the absence of a valid objection, we are entitled to have those questions answered.

Interrogatory 117

The files referenced in your supplemental response to Part G of this interrogatory have not been produced, and we would like to have the communications identified at this time. If it would be more convenient for you, we would have no objection to your simply providing us with copies of documents in which the communications are identified. We would also like to have copies of any documents which pertain to consideration of the reissuance, the circumstances under which reissuance was considered, and the prior art considered at that time.

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Interrogatory 118

The files identified in response to Part F of this interrogatory have not been produced, and we would like to have the communications identified at this time. Once again, if it would be more convenient for you, we would have no objection to your simply providing us with copies of documents in which the communications are identified. We would also like to have copies of any documents which relate to the decision to reissue the patent, the discussions mentioned in your supplemental response to Part B, and the prior art considered.

Interrogatory 121

Your response to Part A of this interrogatory is not complete in that you have not fully identified either the German company or the German counsel, and you have not described the circumstances under which the German company brought the patent to the attention of the German counsel. Please send us a copy of the March 10, 1977 letter and copies of all other documents which relate to this matter. With regard to your objection to Part C, your response can be limited to persons employed by and/or acting on behalf of Magnavox and/or Sanders who became aware of the patent and/or its German counterpart prior to the filing of the application to reissue the '480 patent.

Interrogatories 124 and 125

We are entitled to know who provided the information and the documents relied upon so that we can take further discovery with regard to the appropriate person(s) and/or documents.

Interrogatories 126-134

At the time you responded to these interrogatories, you indicated that you were unable to respond fully because you had not completed your discovery as to the game cartridges and the game consoles. However, you seemed to have enough information to conclude that the use of these cartridges and consoles constitutes an infringement of specific claims of the Re. '507 patent. We are entitled to have the information upon which these conclusions were based at the time the conclusions were made, plus any additional information which you may have obtained in the meantime. We realize that you still may not have completed your discovery on the design and operation of the cartridges and consoles, but a number of the elements covered by the interrogatories are things which are observed on the screen of the television receiver, e.g. hitting and hit symbols, coincidence and distinct motion. You

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should be able to respond to the interrogatories at least with regard to these visible elements, and you cannot expect us to wait until the eve of trial for your position on these matters.

Interrogatory 137

You have failed to respond to Parts C-E of this interrogatory. Please identify the persons and communications at this time, and provide us with copies of the requested documents.

Interrogatories 138 and 139

These interrogatories were necessitated by your response to Interrogatory 75 indicating that at least portions of the subject matter of the '480 patent are prior art with regard to the Re. '507 patent. Interrogatories 138 and 139 seek information as to what portions, if any, of the '480 patent plaintiffs contend are not prior art with regard to the Re. '507 patent. This is something which only plaintiffs can answer, and the information requested relates directly to the validity of the Re. '507 patent and possibly the '480 patent as well. The question is not properly answered by reference to transcripts and other documents.

Interrogatories 140-152

These interrogatories are directed to plaintiffs' position or contentions with regard to the dates and other matters set forth, and notwithstanding the argument you have made regarding the use of the term "invention" the information sought is clear. The information requested is relevant to the issues of inventorship and priority of invention with regard to both the '480 and the Re. '507 patents. It is not a sufficient answer to suggest that we can ascertain the information for ourselves from documents and transcripts from prior litigation.

Interrogatory 154

This interrogatory relates to plaintiffs' knowledge of the Spacewar games played at MIT, and your response appears to be limited to Part E of the interrogatory. Please identify the deposition transcripts and the witnesses mentioned in this response, and answer the remaining parts of the interrogatory.

Interrogatory 155

This interrogatory is directed to information in the possession, custody or control of Magnavox and/or Sanders, not just your personal knowledge, regarding the Spacewar at Stanford. Your response seems to be somewhat incomplete and evasive.

Interrogatories 159-162

These interrogatories relate directly to plaintiffs' interpretation of certain ones of the claims which you have identified as being infringed, and this information is certainly relevant to the issues at bar. Your responses to these interrogatories indicate that you are not contending that the terms in question cover anything other than the specific examples of symbols or spots set forth in the specification of the Re. '507 patent. Please supplement your answer if this understanding is not correct.

Interrogatory 164

You are undoubtedly already familiar with the references or other prior art cited in the foreign applications, and it should not be any real burden for you to identify this art as requested in Part B of the interrogatory. In contrast, it would be a substantial burden for us to make a special trip to Sanders and dig through the files to obtain this information.

Interrogatories 169-174

These interrogatories request information which is known personally to you, and it would be far less of a burden for you to provide this information than it would be for us to try to find it in deposition transcripts where it may or may not be covered.

Interrogatories 176-180

The information sought by these interrogatories is relevant in that it may help defendant determine which of its games are deemed to infringe and which are not. This information is essential to the preparation of defendant's case in this matter. Please provide the information requested and provide copies of the pertinent documents.

Interrogatories 181-182

We are entitled to know who provided the information and the documents relied upon so that we can take further discovery with regard to the appropriate person(s) and/or documents.

Privileged Documents

Please identify any privileged documents which were removed from the files and other documents which were produced for inspection in your offices on August 31 and September 1, 1983.

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Your March 9, 1983 letter indicates that such identification would be made at the time documents were produced.

Missing Files

Please identify all files relating to licensing or litigation which were missing from the files produced on August 31 and September 1, 1983. In this context, we are using the term licensing as we have understood you to use it, i.e. as including investigation and policing files as well as files in which licenses have actually been requested, tendered or granted.

Deposition Exhibits

Please provide us with copies of all exhibits from the following depositions: Ralph Baer (both cases), Garrett Boer, Thomas Briody (both cases), William Brown, Herbert Campman, Jr., David Chandler, Harry Cooke, Ervin Dorff, Louis Etlinger (both cases), Theresa Foley, Joseph Frisbie, Jr., William Gosper, Gordon Green, William Harrison, Howell Ivy, Jim Johnson, Irving Kahn, Alan Kotok, Donald Lang, Bernard Lechner, Michael Levitt, Martin Lipper (both cases), Robert Long, Maurice Lowinger, Theodore Mairson, Robert Mayer, Charles McEwan, Patrick Mullarkey, Stewart Nelson, Williams Pitts, Edward Polanek, Ralph Pope, Donald Rose, William Rusch (both cases), Steven Russell, Peter Samson, John Sauter, Hubert Schlafly, Arnold Schumacher, Richard Seligman, John Shaw, Fletcher Simerly, Edward Smiley, Thomas Spence, William Streeter, Alfred Teger, and James T. Williams.

I am enclosing a courtesy copy of a third set of interrogatories which we are serving by mail today. The time for response will run from the date of mailing, with the additional three days provided by Rule 6(e).

Very truly yours,

FLEHR, HOHBACH, TEST,
ALBRITTON & HERBERT

Edward S. Wright

ESW:kb

Enclosure

cc: R. L. Smith McKeithen, Esq. (w/ encl.)
Harry C. White, Jr., Esq. (w/ encl.)
Michael A. Ladra, Esq. (w/ encl.)
Thomas O. Herbert, Esq.