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UNITED STATES COURT OF APPEALS

FOR THE FEDERAL CIRCUIT

THE MAGNAVOX COMPANY, a corporation, and SANDERS ASSOCIATES, INC., a corporation, Plaintiffs-Appellees, vs. ACTIVISION, INC., a corporation, Defendant-Appellant.	No. 86-852 MEMORANDUM OF ACTIVISION, INC. REGARDING MAGNAVOX' MOTION TO DISMISS APPEAL

MEMORANDUM REGARDING MAGNAVOX' MOTION TO DISMISS APPEAL

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INTRODUCTION

Magnavox' second motion to dismiss Activision's notice of interlocutory appeal as premature is itself premature and unnecessary, and is but a thinly disguised attempt to argue before this Court the underlying merits of the District Court's denial of injunctive relief. Magnavox' motion to dismiss is unnecessary as a basic matter of appellate procedure: Magnavox has just filed a motion in the District Court for reconsideration and amendment of judgment pursuant to Federal Rule of Civil Procedure 59(e), which motion will be heard on April 25, 1986. The filing of Magnavox' motion for amendment of judgment renders Activision's notice of appeal a nullity, because under Federal Rule of Appellate Procedure 4(a)(4), "a notice of appeal filed before the disposition [of a motion to alter or amend judgment] shall have no effect. A new notice of appeal must be filed within the prescribed time measured from the entry of the order disposing of the motion as provided above." Thus, this Court need not take any action or consider the merits of Magnavox' motion, since by operation of Rule 4(a)(4), Activision's notice of appeal has been rendered ineffective.

FACTUAL BACKGROUND

On March 13, 1986, the District Court entered a Judgment of infringement and validity stating that "this judgment is final except for the accounting and award of damages." In its Order Re Further Proceedings dated March 13, 1986, the District Court granted

Activision's motion for stay pending appeal, and thus "further proceedings in this action are stayed pending the outcome of defendant's interlocutory appeal to the Court of Appeals for the Federal Circuit." Id. In the same March 13, 1986 Order, the District Judge expressly denied Magnavox' request for an injunction, writing that "the issue of injunctive relief was not squarely raised at trial and the present record does not support the necessity or appropriateness of injunctive relief." The District Court added that the denial was "without prejudice to plaintiff's raising the issue of injunctive relief during the further proceedings in this case."

Activision immediately filed an amended Notice of Appeal from the judgment dated March 13, 1986, which appeal was docketed by the Federal Circuit effective March 31, 1986.1/

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1/ For the convenience of the Court, Activision summarizes briefly the prior procedural history of this appeal: On January 8, 1986, and to preserve its right to interlocutory appeal, Activision filed a notice of appeal from a document entitled "Findings of Fact" which was explicit that the District Court found Magnavox' patent infringed and not invalid. Magnavox moved to dismiss this appeal as premature since the District Court had failed to file a formal document entitled "Judgment." While the motion was pending, on March 13, 1986, the District Court entered a formal Judgment. Upon the instruction of Mr. Francis X. Gindhart, Clerk of this Court, Activision, on March 17, 1986, filed an amended notice of appeal from the March 13, 1986 Judgment. On March 18, 1986 (apparently without knowledge of the District Court's entry of formal Judgment) the Federal Circuit dismissed Activision's first notice of appeal. To ensure that its right to appeal was preserved, Activision on March 24, 1986 (the day on which it received notice of dismissal) filed an entirely new notice of appeal. By letter dated March 31, 1986 from Mr. Gindhart, Activision was informed that pursuant to the entry of the March 13, 1986 formal Judgment and the receipt of an amended notice of appeal, Activision's appeal was re-opened with the originally assigned docket number, with an effective docketing date of March 31, 1986. It is this appeal which Magnavox now seeks to dismiss.

Within 10 days of the entry of the District Court's judgment, Magnavox filed in the District Court a Motion for Reconsideration of the Order re Further Proceedings and Amendment of the Judgment. The purpose of Magnavox' motion is to urge that the District Court should reverse its order, and issue an injunction against Activision pending interlocutory appeal. This reconsideration motion is set for hearing on April 25, 1986, and Activision is in the process of filing an opposition on the grounds that Magnavox has raised no new legal theory or new evidence warranting the issuance of an injunction.

I.

THIS COURT NEED NOT RULE ON MAGNAVOX' MOTION TO DISMISS APPEAL, SINCE MAGNAVOX' MOTION TO AMEND JUDGMENT PURSUANT TO FEDERAL RULE OF CIVIL PROCEDURE 59 RENDERS ACTIVISION'S NOTICE OF APPEAL OF NO EFFECT.

When Magnavox exercised its statutory right under Federal Rule of Civil Procedure 59(e) to bring a motion to "alter or amend the judgment . . . not later than 10 days after entry of the judgment," it thereby caused Activision's previously filed Notice of Appeal from the District Court judgment to be "of no effect." Fed. R. App. P. 4(a)(4). Federal Rule of Appellate Procedure 4(a)(4) provides that:

> "If a timely motion under the Federal Rules of Civil Procedure is filed in the district court by any party: . . . (iii) under Rule 59 to alter or amend the judgment; . . . the time for appeal for all parties shall run from the entry of the

> order . . . granting or denying any other such motion. A notice of appeal filed before the disposition of any of the above motions shall have no effect. A new notice of appeal must be filed within the prescribed time measured from the entry of the order disposing of the motion as provided above." (Emphasis added)

In construing this rule, the Supreme Court described the effect of a Rule 59(e) motion to alter or amend judgment on a previously filed notice of appeal: "'The appeal simply self-destructs.'" Griggs v. Provident Consumer Discount Co., 459 U.S. 56, 61 (1982) (citation omitted).

Accordingly, there is no longer any operative appeal to be the subject of Magnavox' motion to dismiss. Magnavox' motion to dismiss is thus unnecessary, and this Court need not take any further action.

The District Court will hear Magnavox' motion for reconsideration and for amendment of judgment on April 25, 1986. After the disposition of that motion, Activision will file a new notice of appeal pursuant to Rule 4(a)(4). Should Magnavox deem at that time that Activision's appeal is still premature, it may seek appropriate relief then.

II.

THE DISTRICT COURT'S JUDGMENT MAKES CLEAR THAT THIS ACTION IS FINAL EXCEPT FOR AN ACCOUNTING.

Although Activision contends that Rule 4(a)(4) is dispositive here, and thus that Magnavox' motion requires no action on the

part of the Federal Circuit, it is clear that the Judgment entered on March 13, 1986, and from which Activision filed a notice of appeal, is an appealable order under 28 U.S.C. Section 1292(c)(2).

Magnavox' contention that the District Court's denial of an injunction makes this action somehow not final for purposes of an interlocutory appeal under 28 U.S.C. Section 1292(c)(2) is predicated on a misstatement of the facts and the law. First, Magnavox' entire position on this point conveniently ignores the fact that the District Court has now entered a final judgment--at Magnavox' request--which states explicitly that this action is "final except for the accounting and award of damages." There is no longer any ambiguity in the record on this point. Second, although Magnavox may disagree with the decision, the District Court has made a "final determination": it has denied Magnavox an injunction. The District Court will, however, permit Magnavox to raise the issue, if necessary, after the interlocutory appeal when the District Court once again obtains jurisdiction over this case.

Magnavox can point to absolutely no authority for its position that this action is not now appealable under Section 1292(c)(2). The cases it does cite are so far removed from the facts and principles at issue here as to serve only to emphasize the lack of merit of Magnavox' contention.

For example, Magnavox cites as authority (without any explanation or elaboration) Stamicarbon, N.V. v. Escambia Chemical Corp., 430 F.2d 920 (5th Cir.), cert. denied, 400 U.S. 944 (1970), a case entirely irrelevant to this action. In Stamicarbon, an

appellant-defendant took the extraordinary position that the order it had appealed from was in fact not an appealable order under Section 1292(a)(4) (the predecessor to the current patent interlocutory appeal statute) because, among other reasons, the district court had failed to act explicitly on plaintiff's request for injunctive relief. Appellant took the position that this "lack of action coupled with an erroneous finding--based upon a stipulation--could lead to ambiguities that would becloud" the holding of the court. Id. at 930. The Stamicarbon court adopted a "pragmatic approach to the denial of the requested injunction" and disposed of appellant's arguments. Id. at 931. The court ruled that the lower court had apparently made either a "mere oversight" or "error" in entering a finding which incorrectly used the present tense (rather than past tense) and which thus seemed to imply continuing infringement. In fact, the parties had stipulated to no infringement after a certain date, and plaintiff had introduced no such further evidence of infringement at trial. The appellate court corrected the misstated finding of fact to reflect the parties' stipulation and thus, no finding of continuing infringement. Noting that it was "in the district court's discretion to grant an injunction against continuing infringement," the appellate court determined that "[i]n the absence of a finding of continuing infringement, we therefore assume that the district court had nothing on which to base the grant of an injunction and, sub silentio, denied it." Id. at 931.

Here, of course, the Federal Circuit need not divine the District Court's intent, since this intent was made manifestly clear

when the District Judge denied Magnavox' request for injunctive relief. Moreover, the District Judge's ruling in this action is based on the explicit statement that there is nothing in the record on which to base an injunction.

Similarly, Magnavox' recitation to precedents interpreting 28 U.S.C. Section 1292(a)(1)--the special statute governing interlocutory appeals from orders regarding "granting, continuing, modifying, refusing or dissolving injunctions"--is nothing more than a procedural sleight of hand to confuse the issue, and totally beside the point.[2/] A brief description of the facts of the cases cited by Magnavox once again belies their relevance to this case.

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For example, in Switzerland Cheese Association, Inc. v. Horne's Market, Inc., 385 U.S. 23 (1966), the Supreme Court held that the denial of a summary judgment because of the existence of disputed material facts in a trademark action seeking damages and a permanent injunction was not an appealable order under Section 1292(a)(1). The Court reasoned that the order was "strictly a pretrial order" that did not go to the merits of the claim, and as

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2/ In fact, the dissimilarity between Section 1292(a)(1) governing appeals from orders regarding injunctions, and Section 1292(c)(2) regarding interlocutory appeals in patent cases was emphasized by the court in another case cited by Magnavox at authority for an unrelated proposition--American Cyanamid Co. v. Lincoln Laboratories, Inc., 403 F.2d 486 (7th Cir. 1968). Moreover, in American Cyanamid, unlike the instant case, a party sought to appeal a finding of patent validity and infringement while there remained to be decided substantial unadjudicated issues of unfair competition, antitrust violations, and intervening patent rights. Under those circumstances, the action was not final except for an accounting and thus was not yet appealable under Section 1292(c)(2).

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such was not "'interlocutory' within the meaning of §1292(a)(1)." Id. at 25. Clearly, neither the facts nor statute at issue in Switzerland Cheese bear any relevance to this action.

Equally irrelevant is Magnavox' cite to Donovan v. Robbins, 752 F.2d 1170 (7th Cir. 1984) in which a district judge's refusal to approve a consent decree (which would have contained a permanent injunction) in an action brought by the Department of Labor against the Teamsters Union employee benefit funds was deemed appealable under Section 1292(a)(1). In Donovan the court reasoned that the district judge's action had "enough of the practical consequence of denying a preliminary injunction" to allow interlocutory appeal. Id. at 1176. Here again, neither the facts nor the statute at issue in Donovan have the remotest connection to this case.

III.

THIS COURT SHOULD DISREGARD MAGNAVOX' ATTEMPT TO REARGUE THE DENIAL OF INJUNCTIVE RELIEF.

Magnavox' motion to "dismiss" Activision's appeal is in fact an attempt to bring before this Court the merits of the District Judge's decision to deny injunctive relief. Familiarity with the Rules of Appellate Procedure should have made clear that Rule 4(a)(4) makes Magnavox' motion unnecessary. Even if Magnavox' failure to understand the effect of Rule 4(a)(4) could be excused, a motion to dismiss appeal need not address the merits of the District Judge's denial of injunctive relief, and Activision respectfully

requests that the Court ignore such argument, and the documentary "evidence" attached in support of such argument.

CONCLUSION

For the foregoing reasons, Activision respectfully urges that Magnavox' Motion to Dismiss Appeal be denied as moot.

DATED: April 11, 1986.

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PROOF OF SERVICE BY MAIL

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 April 11, 1986, I served the within MEMORANDUM OF ACTIVISION, INC. REGARDING MAGNAVOX' MOTION TO DISMISS APPEAL

HOWARD RICE NEMEROVSKI CANADY ROBERTSON & FALK
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by placing a true copy thereof enclosed in a sealed envelope, with postage thereon fully prepaid, by air mail, Federal Express addressed as follows:

Theodore W. Anderson, Esq.
Neuman, Williams, Anderson & Olson
77 W. Washington Street
Chicago, IL 60602

I, Cheryl Leger, declare under penalty of perjury that the foregoing is true and correct.

Executed on April 11, 1986, at San Francisco, California.

CHERYL LEGER