PILLSBURY, MADISON & SUTRO
ROBERT P. TAYLOR
225 Bush Street
Mailing Address P.O. Box 7880
San Francisco, CA 94120
Telephone: (415) 983-1000

NEUMAN, WILLIAMS, ANDERSON & OLSON
THEODORE W. ANDERSON
JAMES T. WILLIAMS
77 West Washington Street
Chicago, IL 60602
Telephone: (312) 346-1200

Attorneys for Plaintiffs
The Magnovox Company and
Sanders Associates, Inc.

ORIGINAL
FILED
JAN 3 1983
CLERK, U.S. ... NORTHERN DISTRICT OF CALIFORNIA

United States District Court for the

Northern District of California

THE MAGNOVOX COMPANY, a corporation, and SANDERS ASSOCIATES, INC., a corporation, Plaintiffs, vs. ACTIVISION, INC., a corporation, Defendant.	No. C 82 5270 TEH REPLY MEMORANDUM IN SUPPORT OF PLAINTIFFS' MOTION TO DISMISS SECOND COUNTERCLAIM Hearing Date: 1/10/83 Time: 10:00 a.m.

As pointed out in plaintiffs' opening memorandum, the Ninth Circuit Court of Appeals has explicitly stated that to support subject matter jurisdiction of a patent declaratory judgment action, the declaratory judgment plaintiff (i.e., Activision) must have "a real and reasonable apprehension" that it will be subject to liability under the patent if it continues its activities (Societe de Conditionnement v. Hunter Engineering (9 Cir.

1 1981) 655 F.2d 938) (emphasis added). In its memorandum
2 opposing this motion, Activision has not denied that the
3 existence of a "real and reasonable apprehension" is the
4 appropriate standard. Neither has it denied that once the
5 existence of a jurisdictional requirement is challenged, the
6 burden is on the party seeking the declaratory judgment to
7 establish that the necessary controversy actually exists
8 (International Harvester Co. v. Deere Co. (7 Cir. 1980)
9 623 F.2d 1207, 1210).

10 Instead, Activision has cited two Southern
11 District of Pennsylvania cases which found declaratory
12 subject matter jurisdiction to exist over patents "related"
13 to patents already in suit (Printing Plate Supply Co. v.
14 Curtis Publishing Co. (E.D.Pa. 1968) 278 F.Supp.642;
15 Westinghouse Electric Corp. v. Aqua-Chem, Inc. (E.D.Pa.
16 1967) 278 F.Supp. 975). But those two cases do not purport
17 to establish any rule that mere "relatedness" between
18 patents is sufficent to support jurisdiction. It is clear
19 that there is no such rule (Emerson v. National Cylinder Can
20 Company (1 Cir. 1958) 251 F.2d 152; Esco Corp. v. Hensley
21 Equip. Co. (N.D.Tex. 1966) 251 F.Supp. 631, 635, affirmed
22 (5 Cir. 1961) 383 F.2d 252; United Card Co. v. Joli Greeting
23 Card Co. (N.D.Ill. 1976) 192 U.S.P.Q. 667, 670). Of the two
24 cases Activision cites, one states specifically that in
25 determining whether an actual controversy exists:
26 ---
27 ---
28 ---

"The question is one which ultimately must turn upon the facts of each individual case" (Printing Plate Supply Co. v. Curtis Publishing Co. (E.D.Pa. 1968) 278 F.Supp. 642, 646).

Neither Printing Plate nor Westinghouse presents a factual situation including the following determinative factors present here:

1. Active enforcement of both the principal (Re. 28,507) and secondary (3,728,480) patents followed by a five-year cessation of efforts to enforce the secondary patent;

2. A pending application for reissue of the secondary patent;

3. An expressed decision not to enforce the secondary patent while the application for its reissue is pending;

4. The filing of five civil actions for infringement of the principal patent after cessation of efforts to enforce the secondary patent (one of which was tried and decided in favor of plaintiffs ((N.D.Ill. 1982) 216 U.S.P.Q. 28), all without inclusion of the secondary patent in any of the actions.

In light of these distinguishing facts, the authorities cited by Activision give no basis for concluding

---

---

1 that it has any <u>real</u> and <u>reasonable</u> basis for any appre-
2 hension that plaintiffs will sue it for infringement of the
3 3,728,480 patent.*

4 Moreover, Activision is simply wrong in its
5 assertion of the effect of a reissue of the '480 patent. It
6 states that even if '480 is reissued, "questions of infringe-
7 ment occurring up until the time of that reissue are deter-
8 mined on the basis of the original patent" (Opposition
9 Memorandum, p. 7). The patent reissue statute, 35 U.S.C.
10 § 252, provides that the:

11 "reissued patent shall have the same effect and
12 operation in law, on the trial of actions for
13 causes thereafter arising, as if the same had been
14 originally granted in such amended form * * *."

15 As to claims which are identical between the original and
16 reissue patents, the reissue is "a continuation of the
17 original." When a reissue patent is granted, it is substi-
18 tuted for the original patent and it is the claims of the
19 reissue patent which determine the question of infringement.
20 ---
21

---

22 * Contrary to the implication in the first full paragraph
23 of page 2 of Activison's memorandum and the explicit state-
24 ment in the following paragraph, the Baer 3,728,480 patent
25 shows no game where each participant attempts to cause
26 coincidence between his respective paddle and the ball and
27 when coincidence occurs it is detected by the gaming appara-
28 tus which causes the ball to have a distinct motion.

The original patent ceases to exist. The fact that plaintiffs have in the past, out of an abundance of caution, referred to both the reissue patent Re. 28,507 and its original patent 3,659,284 in the complaints in other actions does not change the effect of the statute.

Further, the reissue patent (Re. 28,507) includes claims which are identical to claims of its original patent. As pointed out in plaintiff's opening memorandum, any reissue of the 3,728,480 patent will not have any claim identical to a claim of the original patent, and Activision has not disputed this. Thus, the reissue statute specifically distinguishes the situation of the Re. 28,507 patent from any reissue of the 3,728,480 patent. In any litigation on a reissue of the 3,728,480 patent, the court would have to consider claims which are different from those of the present patent.

CONCLUSION

No reasonable man in the place of Activision would have any real apprehension of liability under the 3,728,480 patent involved in Activision's second counterclaim. Indeed, plaintiffs' initial efforts to enforce that patent followed by the discovery of prior art, the filing of a reissue application, and complete cessation of efforts to enforce it while vigorously pursuing the Re. 28,507 patent,

---

---

1 should give Activision great comfort rather than cause it
2 apprehension. The second counterclaim should be dismissed.
3 Dated: January 3, 1983.
4 Respectfully submitted,
5 PILLSBURY, MADISON & SUTRO
6 ROBERT P. TAYLOR
7
8 By
Robert P. Taylor
9 Attorneys for Plaintiffs
10 The Magnavox Company and
Sanders Associates, Inc.
11 225 Bush Street
12 Mailing Address P.O. Box 7880
San Francisco, CA 94120
13 Of Counsel:
14 NEUMAN, WILLIAMS, ANDERSON & OLSON
15 THEODORE W. ANDERSON
JAMES T. WILLIAMS
16 77 West Washington Street
Chicago, IL 60602
17
18
19
20
21
22
23
24
25
26
27
28

1 PROOF OF SERVICE BY MAIL

2 I am a citizen of the United States and a resident
3 of the County of San Francisco, I am over the age of eighteen
4 years and not a party to the within above entitled action; my
5 business address is Suite 1900, 225 Bush Street, San Francisco,
6 California 94104. On January 3, 1983 I served the following:

7 Reply Memorandum in Support of Plaintiffs'
Motion to Dismiss Second Counterclaim
8

9 on attorneys for defendant by depositing true copies thereof
10 in the United States mail, first class postage prepaid
11 addressed as follows:

12 Flehr, Hohbach, Test, Albritton and Herbert
Aldo J. Test
13 Thomas O. Herbert
Edward S. Wright
14 Suite 3400, Four Embarcadero Center
San Francisco, California 94111
15

16 Wilson, Sonsini, Goodrich and Rosati
Harry B. Bremond
17 Michael A. Ladra
Two Palo Alto Square
18 Palo Alto, California 94304

19

20 I, Helen Doherty, declare under penalty of perjury,
21 that the foregoing is true and correct.
22 Executed on January 3, 1983.

23

24 Helen Doherty

25

26

27

28