United States District Court,
N.D. Illinois, Eastern Division.

ORION INDUSTRIES, INC. through its Division the Antenna Specialists Co,
Plaintiff.
v.
The ANTENNA COMPANY and Hamg Shing Industry Co., Ltd,
Defendants.

April 27, 1991.

MEMORANDUM OPINION AND ORDER

ANN C. WILLIAMS**, District Judge.**

This matter is before the court on plaintiff's motion for an order finding the defendant in contempt of court, and for injunctive relief. The Magistrate Judge found that the plaintiff was entitled to the requested relief. For the reasons explained below, the court declines to find the defendant in contempt of court, and the denies plaintiff's request for injunctive relief.

Background

On January 23, 1990, the court referred this matter to Magistrate Judge Lefkow for a report and recommendation on whether plaintiff's motion for a rule to show cause why defendant Hamg Shing should not be held in contempt should be granted. On July 18, 1990, the Magistrate issued her recommendation that the defendants be ordered to show cause. The report and recommendation was adopted by this court on September 24, 1990.

After granting the motion for an order to show cause, the court asked the plaintiff if it intended to file an order on the rule to show cause. The plaintiff did not file an order on the rule, filing instead an order for judgment and permanent injunction, which was of course under the circumstances, the wrong request for relief. That order was not entered.

On November 19, 1990, the court referred this matter back to the Magistrate Judge to determine whether an evidentiary hearing was necessary, and for a recommendation on whether the defendant should be found in civil contempt for violating the injunction. The Magistrate Judge determined that the issue could be, and in fact had been, resolved on the merits without an evidentiary hearing. On January 8, 1991, the Magistrate Judge found that the plaintiff was entitled to an order holding the defendant in contempt of court, and to injunctive relief.

This court concludes that the report and recommendation of July 18, 1990, which was accepted and adopted by Your Honor, Judge Williams, on September 24, 1990, addressed the merits of the dispute, that there are no issues of material fact to be addressed in a hearing and that plaintiff is entitled to an order holding the

defendant in contempt of court and to injunctive relief.

The defendant has several objections to the report and recommendation. First, the defendant contends that a finding of contempt would be unfair in this case because it was never told what particular components of the Hamg Shing II antenna violated claim I of the '799 patent. The defendant also argues that this entire proceeding is procedurally flawed, since no formal rule to show cause has ever been entered in this case. Finally, the defendant objects to the findings in the Magistrates Report and Recommendation, and protests the fact that it has not been allowed a hearing on this matter.

Discussion

The court first considers the defendant's notice arguments. Defendant argues that a finding of contempt would be unfair in this case, because it was never put on notice as to what portions of claim one it was alleged to have violated. The defendant's argument has merit.

Under Civil Rule 18:

(a) A proceeding to adjudicate a person in civil contempt of court including a case provided for in the Federal Rules of Civil Procedure shall be commenced by the service of a motion or order to show cause is based shall set out with particularity the misconduct complained of, the claim, if any, the damages occasioned thereby and such evidence as to the amount of damages as may be available to the moving party....

Civil Rule 18, requires the plaintiff to submit an affidavit "setting out with particularity the misconduct complained of...." In the instant case, plaintiff's motion for an order to show cause merely states "Hamg Shing has now introduced a glass-mountable mobile cellular telephone antenna, identified by the number HS-6060 (hereinafter Hamg Shing II) which infringes the '799 patent in complete disregard and contempt for this Court's Permanent Injunction." (Motion for Rule to Show Cause). FN1

The plaintiff subsequently submitted briefs on the motion to show cause, arguing generally that with respect to claim one, the Hamg Shing I and Hamg Shing II were not different in any relevant aspect. The defendant's response to this argument was equally general. The defendant claimed that the Hamg Shing I did not infringe upon patent '799 (an irrelevant argument in light the consent decree). The defendant also argued that the Hamg Shing II was a substantially different product from the Hamg Shing I. One difference, among an unspecified "many", was that the Hamg Shing II lacks a tuning structure.

Since the defendant mentioned only one difference between the two antennas, the Magistrate Judge eventually concluded that the differences between the two products was only colorable, and that Hamg Shing II violated the consent decree. The court believes that because of the inappropriate manner in which this case has proceeded, neither the Magistrate Judge, or this court, has been able to properly view all of the evidence that Hamg Shing II does not violate the injunction. Indeed the court has never been presented with clear argument on what aspects of the Hamg Shing II violate what aspects of claim one of patent '799. Nonetheless, given the evidence that the court does have, the court has determined that finding the defendant in contempt for violating the consent decree would be inappropriate.

As is made evident by the consent decree, Hamg Shing I infringed on a number of patents, including '799. *See* Crane Boom Lifeguard Co. v. Safe-T-Boom Corp., 362 F.2d 317 (8th Cir.1966). Plaintiffs now argue

that Hamg Shing II also violates the consent decree because it is for all relevant purposes the same product as Hamg Shing I. The Magistrate found, and the court agrees, that the Federal Circuit Court's decision in *KSM* provides the relevant law for determining contempt of a consent decree where the patent-holder accuses the defendant of manufacturing a device similar to the device enjoined in the decree. In such a proceeding "claims of the patent must be construed in light of that admission when the court undertakes to determine whether a modified device is also an infringement in contempt proceedings." KSM Fastening Systems v. H.A. Jones Co., 776 F.2d 1522, 1529 (Fed.Cir.1985). Hence, in ruling on this motion the court must decide whether Hamg Shing II, a modification of Hamg Shing I, violates the consent decree. In *KSM* the Federal Circuit Court stated that

in making a finding that the accused device is an infringement, the court cannot avoid looking at the claims of the patent. It may, in some cases, only be necessary to determine that the modified device has not been changed from the adjudged device in a way which affects an element of the claim. In such case the new device, though modified, may be treated the same as the device which was admitted adjudged to infringe." *Id. Accord* Hopp Press, Inc. v. Joseph Freeman & Co. Inc., 323 F.2d 636 (2d Cir.1963) (price tags changed only in use of opaque rather than translucent ink, and in typeface of numerals).

Patent # 4,238,799, the patent at issue, is described as a WINDSHIELD MOUNTED HALF-WAVE COMMUNICATIONS ANTENNA ASSEMBLY. The abstract, which provides a brief description of the antenna states that the patented product follows:

A *half-wave length* communications antenna assembly especially adapted to be mounted on non-conductive surfaces, such as on a window of a vehicle. The antenna assembly desirably includes an electrically shortened half-wave inductively loaded radiating whip loaded at its base end by a loading capacitor plate to be fixed to a non-conductive surface. The whip is coupled through the non-conductive surface to a transmission line internally of the vehicle by a coupling capacitor plate which, with the loading capacitor plate, forms a coupling capacitor. A *tuned circuit which is tuned to the nominal resonant frequency of the whip is connected to the coupling capacitor plate and serves as an impedance matching circuit between the half-wave whip and the transmission line*. The tuned circuit affects the radiation pattern of the whip to produce a pattern more typical of a five-eighths wave length antenna to provide somewhat greater gain. (Emphasis added). FN2

The defendant argues that Hamg Shing II is substantially different from Hamg Shing I, and has presented at least two reasons why the modified device does not infringe upon patent '799. FN3 Defense expert Dr. Sharad Laxpati, and defendant's patent attorneys, contend that Hamg Shing II is a substantially different product from patent '799 because Hamg Shing II has a five-eighths wave-length antenna, and a "pre-tuned" tuner, which is attached to the antenna. The experts contend that because of these differences the product does not violate the injunction, or infringe on patent '799. Plaintiffs and their expert claim that the differences in the tuners between Hamg Shing I and II amount to only a colorable difference. The plaintiffs do not comment on the differences in the antenna's wave-lengths.

In terms of the tuning device, the court has reviewed the full description of the patent, and finds no reference to a patented tuning device, but does find several references to a tuned circuit, which the court believes serves the same purpose as Hamg Shing II's "pre-tuned" device. In light of the expert's conflicting affidavits, the court cannot determine that the substitution of a "pre-tuned" tuner for an electrically conducted tuner does not substantially change the product so that it does not infringe upon patent '799.

Further, it is true that the Hamg Shing II has a five-eights wave length antenna, while patent '799 claims a half-wave length antenna. The parties do not state the wave-length of Hamg Shing I. Plaintiff's briefs, in fact, ignore the wave-length issue. After reviewing the evidence submitted in this case, the court cannot say that this difference between the products does not substantially change the product so that it does not infringe upon patent '799.

In sum, the plaintiff has not shown an infringement by "clear and convincing evidence." More specifically, the court cannot say with certainty that the differences between the Hamg Shing II and Hamg Shing I are merely colorable. The *American Foundry* Court described merely colorable differences as follows:

Where the alteration in the device is "merely colorable" and obviously was made for the purpose of evading the decree without essential change in the nature of the device, the courts will try the question of infringement by the new device in proceedings for contempt for violation of the injunction. [Citations omitted.] But where infringement made by the new device is not clear on the face of the matter, and there are substantial issues for the determination of the court, the plaintiff may not have them determined in the contempt proceedings, but must bring a supplemental bill for an injunction covering the new device, or institute a wholly new suit for an injunction.

In the instant case, the court has found two aspects of the Hamg Shing I and II which create material issues of fact regarding whether the Hamg Shing II violates the patent: the substitution of the Hamg Shing II's five-eighths wave length antenna for patent '799's substantially half-wavelength antenna, and the defendant's changing the tuning element from a conductive tuning and loading member to a "pre-tuned" tuner. When there are substantial open issues with respect to infringement to be tried, contempt proceedings are inappropriate. KSM, 776 F.2d at 1532. ("Proceeding by way of a new suit is by far the most appropriate one where it is really a doubtful question where the new process adopted is an infringement or not"). As a result, Plaintiff's motion for a finding that the defendant is in contempt, and request for injunctive relief is denied.

The court next considers the defendant's objections regarding the rule to show cause. While it is technically true that a rule to show cause was not entered in this case, the court does not believe that this objection has much consequence. It is fairly clear that after the September 24, 1990, ruling the defendants realized that plaintiff's motion to show cause had been granted by the court. Hence, at a minimum, as of that date, the defendant was on notice that its product was the subject of contempt proceedings.

As a more practical matter, even a cursory review of the briefs filed and the court transcripts in this case, reveals that from the moment the motion for a rule to show cause was first presented to Magistrate Judge Lefkow, the parties argued the motion on the merits, and treated the motion like it was a motion for an order finding the defendants in contempt of court. FN4 The defendant vigorously, albeit broadly, argued that the Hamg Shing II in no way infringed on patent '799. Hence, the court finds that defendant's objections regarding the rule to show cause are meritless. The defendant had notice that its product was the subject of contempt proceedings, and had an opportunity to be heard. FN5

Conclusion

For the foregoing reasons, the court declines to find the defendant in contempt of court, and denies plaintiff's request for injunctive relief. This case is dismissed without prejudice.

FN1. The consent judgement itself does not explain how the defendant violated the patent. The consent

decree simply states that the defendant is enjoined "from exporting to the United States antennas and/or assemblies which infringe on U.S. Patent No. '799, '277, and '353, including but not limited to Hamg Shing-Glass Mobile Cellular Telephone Antenna Model No. HS-7010 [the Hamg Shing I], and from otherwise infringing the aforesaid patents." Hence, the consent decree indicates that the Hamg Shing I infringed upon some, or all claims within the above patents. The court cannot discern what the specific infringements were.

FN2. The court also notes the language of the patent, and the controlling claim in this instance, claim 1:

From the foregoing, it will be observed that numerous variations and modifications may be effected without departing from the true spirit and scope of the novel concept of the invention. It is, of course, intended to cover by the appended claims all such modifications which fall within the scope of the claims.

I claim:

1. A mobile transmitting and receiving communications antenna assembly for use on a vehicle comprising:

an antenna in the form of an elongated, substantially half wave-length radiating member;

a first electrically conductive tuning and loading member connected to and disposed adjacent the base end of said antenna, said first conductive tuning and loading member being mounted on one side of a non-conductive body portion of said vehicle;

a second electronically conductive coupling member mounted on the other side of said non-conductive body portion in substantial juxtaposition with said first and second electrically conductive members defining with said non-conductive body portion a coupling capacitor at the end of said antenna located adjacent to a current node thereof;

impedance matching means comprising a tuned circuit tuned to the nominal resonant frequency of said capacitively loaded antenna and electrically connected to said second electrically conductive coupling member in the immediate proximity thereof to resonate in conjunction with said one-half wave length radiating member, said impedance matching means displaying an impedance which varies between a first impedance at said connection to said second electrically conductive coupling member which is substantially equal to said impedance at the base end of the antenna and a second impedance at least several orders of magnitude less than said first impedance; and

means of connecting transmission line means to said impedance matching means at a point where the impedance of said impedance matching means is substantially equal to the impedance of said transmission line.

Plaintiff's patent includes twenty-seven other claims, which will not be included here. The motion for an order of contempt stems from alleged infringements of claim 1.
FN3. This argument has some relevance because, as the Federal Circuit Court explained in *KSM,* "devices which could not be enjoined as *infringements* on a separate complaint cannot possibly be deemed enjoined *as infringements* under an existing injunction in contempt proceedings." *Id*. at 1528.

FN4. *See e.g.,* "Defendant's Brief Opposing the Motion for an Order to Show Cause."

FN5. Defendant also argued that finding it in contempt without an oral hearing on the matter would necessarily be an abuse of discretion. The court disagrees. As the Seventh Circuit Court of Appeals explained in Commodity Futures Trading Commission v. Premex, Inc., 655 F.2d 779, n. 2 (7th Cir.1981), failure to provide a party with an evidentiary hearing in a contempt hearing does not constitute a denial of due process, or error, when the documentary evidence produced by the parties is more than sufficient to establish the contemptuous conduct, and the parties have not submitted any arguments which create an issue of material fact.

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