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ENFORCEMENT OF INJUNCTIVE ORDERS AND DECREES IN PATENT CASES

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I. INTRODUCTION

Except for litigation terminating in the denial or award of monetary damages for an alleged injury to person or property, most litigation provides the successful litigant with some form of equitable relief in which the court either enjoins the other party from certain acts or directs that certain acts be performed for the benefit of the successful litigant. The patent owner who successfully conducts an action for infringement of his patent may be rewarded with a judgment and decree giving him both monetary damages for past infringement and injunctive relief against future acts constituting infringement of his patent rights.[1] If the judgment debtor is solvent, collection of a judgment for money damages involves postjudgment procedures familiar to most lawyers. However, for the lawyer involved in successfully obtaining relief for his client in a form other than a monetary award, the procedures for implementing an order or decree in the event the unsuccessful litigant fails or refuses to comply are broadly grouped in the category of "contempt proceedings."[2] Unless the practicing attorney has represented a client in a contempt proceeding, it may seem to him that these proceedings are always court initiated and solely for the benefit of vindicating the authority of the court whose order or decree has been ignored. However, the contempt powers of a court are much more extensive and can be an important and extremely effective means for the private litigant to enforce his rights as expressed in a court order or de-

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[1]35 U.S.C. § 283 (1970) provides that the courts ". . . may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent . . . ." Section 284 proivdes that "[u]pon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement . . . ."

[2]A not too recent but excellent and comprehensive article containing many authorities, both state and federal, is Moskovitz, *Contempt of Injunctions, Civil and Criminal*, 43 COLUM. L. REV. 780 (1943). A more recent work critical of the present state of the law is R. GOLDFARB, THE CONTEMPT POWER (1963).

cree. Such proceedings should, therefore, not be overlooked by the lawyer representing the holder of an injunctive decree. Moreover, the lawyer whose client is the party against whom the injunctive decree is directed should be fully aware of and advise his client as to the nature of such a decree and the serious consequences to which his client may be subjected if he decides to ignore the obligations imposed by the decree. Unless properly warned, a litigant may be surprised to find himself confronted with a *criminal* charge for doing or failing to do something that he thought involved only a private dispute.[3]

In this day of civil disobedience and disrespect for the judicial process,[4] the contempt power of the courts may be an important weapon to restore respect for the judiciary. All courts, both state and federal, have at their disposal the contempt power.[5] Because the federal courts have exclusive jurisdiction in patent

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[3]The litigant's lawyer may be equally surprised. However, as this Article points out, a criminal sanction is clearly available in strictly civil matters, but the practice has been criticized. As noted by R. GOLDFARB, *supra* note 2, at 52:

> Whether the law of contempt is good or bad, the argument is even stronger against contempt proceedings in essentially civil matters, which are rarely treated with criminal sanctions or followed by criminal stigmas.

[4]The highly publicized trial of the "Chicago Seven" is an example of conduct within a court room that does little to increase respect for our judicial system. Two companion cases involving contempt charges grew out of the trial, and to date, the matters have not been finally resolved. *See* United States v. Seale, 461 F.2d 345 (7th Cir. 1972); *In re* Dellinger, 461 F.2d 389 (7th Cir. 1972).

[5]*See* Dobbs, *Contempt of Court: A Survey*, 56 CORNELL L. REV. 183 (1971). *See also* authorities cited note 2 *supra*. The general contempt power of the federal courts is contained in 18 U.S.C. §§ 401-02 (1970). Section 401 provides:

> A court of the United States shall have power to punish by fine or imprisonment, at its discretion, such contempt of its authority, and none other, as
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> (1) Misbehavior of any person in its presence or so near thereto as to obstruct the administration of justice;
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> (2) Misbehavior of any of its officers in their official transactions;
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> (3) Disobedience or resistance to its lawful writ, process, order, rule, decree, or command.

This provision has withstood an attack on its constitutionality as being too vague and indefinite, and therefore violative of the due process clause of the fifth amendment. *See* United States *ex rel.* Shell Oil Co. v. Barco Corp., 430 F.2d 998 (8th Cir. 1970).

cases,[6] this Article is limited to a consideration of the contempt power exercised by the federal courts, particularly in the enforcement of injunctive orders in patent cases. Such a consideration, however, requires a brief review of the general contempt power of the federal courts.

II. Contempt — What Is It?

Contempt has historically been treated as a sui generis judicial power,[7] but recent language of the United States Supreme Court seems to indicate a change in attitude to the extent of treating criminal contempt like all other crimes.[8] Although language can be found in some cases expressing the view that courts possess the inherent power to punish for contempt,[9] the contempt power of the federal courts clearly is subject to congressional regulation.[10] Because of the importance of the contempt power to an effective judicial system, it is unfortunate that the law of contempt remains in a confused and rather uncertain state. Although some courts do not bother with such distinctions, contempts have been variously classified as "direct" or "indirect" and as civil or criminal.[11] While the labels are not too important, "direct" contempts are those committed in the presence of the court while "indirect" contempts refer to all others.[12] Since violations of injunctive relief in patent cases do not occur in the presence of

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[6] 28 U.S.C. § 1338(a) (1970), *as amended*, (Supp. II, 1972).

[7] *See* Cheff v. Schnackenberg, 384 U.S. 373 (1966); Green v. United States, 356 U.S. 165 (1958); Myers v. United States, 264 U.S. 95 (1923); United States v. Bukowski, 435 F.2d 1094 (7th Cir. 1970).

[8] *See* Bloom v. Illinois, 391 U.S. 194 (1968), in which the Court held the sixth amendment right to jury trial applicable to serious criminal contempts. In so holding, the Court stated:

> Criminal contempt is a crime in the ordinary sense. . . . There is no substantial difference between serious contempts and other serious crimes.

Id. at 201-02.

[9] *See* Shillitani v. United States, 384 U.S. 364 (1966); *In re* Williams, 306 F. Supp. 617 (D.D.C. 1969); *In re* Curtis, 240 F. Supp. 475 (E.D. Mo. 1965), *aff'd sub nom.* Ford v. Boeger, 362 F.2d 999 (8th Cir. 1966), *cert. denied*, 386 U.S. 914 (1967).

[10] Michaelson v. United States *ex rel.* Chicago, St. P.M. & O. Ry., 266 U.S. 42 (1924).

[11] *See* authorities cited note 2 *supra.*

[12] *See* United States v. Peterson, 456 F.2d 1135 (10th Cir. 1972); R. Goldfarb, *supra* note 2.

the court, contempts considered hereinafter will be in the category of "indirect" contempts, both civil and criminal.

Until the Supreme Court decision in the case of *Gompers v. Buck's Stove & Range Co.*,[13] the basic and important distinction between civil and criminal contempt was variously defined, if recognized at all. The Court in *Gompers* recognized that "contempts are neither wholly civil nor altogether criminal"[14] but established the now generally accepted "purpose of the punishment" test. This test treats a contempt as "civil" when the punishment is wholly remedial and serves only the purposes of the complainant and classifies a contempt as "criminal" when the punishment is punitive and designed to vindicate the authority of the court.[15] Obviously, civil contempt will, in addition to being remedial, vindicate the authority of the court, and a criminal contempt judgment, while punitive in nature, may serve the interests of the private litigant to some degree.[16] Although the "punitive" and "remedial" test has been the accepted distinction in contempt cases since *Gompers*, it leaves the question of whether conduct is criminal or civil to a large degree in the discretion of the complainant and the court to determine after the fact.[17]

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[13]221 U.S. 418 (1910).

[14]*Id.* at 441.

[15]*Id.* at 447.

[16]*Id.* at 443. In fact, the threat of a criminal charge may be more coercive than any civil remedy the private litigant has, particularly when the monetary damages may not justify the expense of pursuing a civil remedy. If a criminal charge is instituted, the United States Attorney's office may bear the expense and burden of enforcing the injunction.

[17]*E.g.*, Backo v. Local 281, United Bhd. of Carpenters & Joiners, 438 F.2d 176 (2d Cir. 1970); Southern Ry. v. Lanham, 403 F.2d 119 (5th Cir. 1968). Goldfarb, in referring to the attempted distinction between civil and criminal contempt, states:

> These formulas for distinction afford no clear guide for the actor, who cannot know whether his conduct goes so far as to interfere with a law in general, or whether it is merely an interference with a private party who is an adjunct to the administration of law. The greatest percentage of cases of contempt could fall into either category, depending not upon the application of . . . formulas, but upon the discretion of the particular decision-maker. Not only does this do havoc to the law of contempt, but it also violates a strong principle of criminal law which directs that a law be clear enough to forewarn all potential violators of the consequences of their future acts.

R. GOLDFARB, *supra* note 2, at 53. Professor Moore states:

> Attempts to draw a definitional line between civil and criminal contempt have met with great conceptual difficulty. The failure of

Historically, the courts have primarily treated certain offenses as criminal, the "direct" contempts.[18] On the other hand, such acts as disobedience to judgments, orders or court processes and the like have generally been considered civil contempt only.[19] However, criminal contempt has been used as a sanction for violation of injunctive decrees in a few patent cases, and it clearly is a proper sanction in such instances.[20] Civil contempt is more commonly employed as a sanction in patent cases probably because proceedings in such cases are usually initiated by the private litigant who is generally more concerned with his own interest than with vindication of the court's authority.[21]

> definition may result in serious practical consequences. The need is to determine the nature of the proceeding at the outset so that the proper procedure may be followed. . . .

8A J. MOORE, FEDERAL PRACTICE § 42.02[2], 42-8 (2d ed. 1972). Moskovitz, *supra* note 2, at 785-801, sets forth a number of factors considered by the courts in attempting to make the distinction.

[18]R. GOLDFARB, *supra* note 2, at 67.

[19]*Id.*

[20]The only reported cases located by the author in which criminal contempt was clearly charged for violation of an injunction in a patent case are: United States *ex rel.* Shell Oil Co. v. Barco Corp., 430 F.2d 998 (8th Cir. 1970), and Kreplik v. Couch Patents Co., 190 F. 565 (1st Cir. 1911). However, the Supreme Court in discussing civil and criminal contempt, stated:

> Disposing of both aspects of the contempt in a single proceeding would seem at least a convenient practice. Litigation in patent cases has frequently followed this course. . . .

United States v. United Mine Workers, 330 U.S. 258, 299 (1947). The cases cited by the Court involved contempt judgments in which a portion of the fine was payable to the United States with the remaining portion payable to the private litigant. In none of the cited cases did the court draw a clear distinction between what constitutes "criminal" contempt and what amounts to "civil" contempt. The courts, however, did refer to the "remedial" and "punitive" aspects of the fine. The Supreme Court in *United Mine Workers* did approve the procedure of conducting both the criminal and civil contempts in a single proceeding as long as the criminal nature of the proceeding dominates and the defendant's rights in the criminal trial are not diluted by the mixing of the civil and criminal aspects. As pointed out later in this Article, the better procedure may be separate trials with the criminal trial conducted first. In any event, these cases are good examples of what Goldfarb referred to in discussing contempts when he said, "Nowhere is there such recurring confusion and mistake. . . ." R. GOLDFARB, *supra* note 2, at 49.

[21]In Yates v. United States, 355 U.S. 66 (1957) (not a patent case), the Court said:

> The more salutary procedure would appear to be that a court should first apply coercive remedies in an effort to persuade a party to obey

III. The Crime of Patent Infringement

Because "criminal contempt is a crime in the ordinary sense,"[22] a party who has been enjoined from future patent infringement may find an otherwise clean criminal record tarnished if he ignores the terms of the injunction. Criminal contempt is a particularly drastic trap for the unwary since patent infringement litigation is not infrequently settled by the parties with the alleged infringer permitting the entry of a consent decree enjoining him from future infringement. Whether right or wrong, the courts draw no distinction in contempt cases between the effect of a decree entered by consent and one entered after a complete and contested proceeding.[23] Thus, the uninformed party who casually agrees to what he believes is merely a settlement arrangement between private litigants may be shocked to learn that he faces the prospect of joining the ranks of the white-collar criminals. Although the unsuspecting violator of the injunction is entitled to the same basic constitutional safeguards as he would receive in any ordinary criminal proceeding,[24] this may be little consolation to him if he is found guilty.

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its orders, and only make use of the more drastic criminal sanctions when the disobedience continues.

Id. at 75. In attempting to decide which sanction to apply, some courts wander off into the "mandatory" — "restraining" jungle. *See, e.g.*, Michaelson v. United States *ex rel.* Chicago, St. P.M. & O. Ry., 266 U.S. 42 (1924). This distinction is based on the theory that civil contempt can be coercive (and thus not "criminal") when a mandatory injunction is violated because the violator can be imprisoned until he does the required act, *i.e.*, he has the keys to his prison cell. However, when the injunction is "restraining" in nature (as it normally is in patent cases), a violation cannot be undone and the only proper sanction is criminal contempt. This obvious misclassification adds to the confusion and has been rejected in many cases. *See* Moskovitz, *supra* note 2, at 792.

[22]*See* Bloom v. Illinois, 391 U.S. 194, 201 (1968).

[23]*E.g.*, United States *ex rel.* Shell Oil Co. v. Barco Corp., 430 F.2d 998 (8th Cir. 1970); Siebring v. Hansen, 346 F.2d 474 (8th Cir.), *cert. denied*, 382 U.S. 943 (1965); Kiwi Coders Corp. v. Acro Tool & Die Works, 250 F.2d 562 (7th Cir. 1957).

[24]*See* Bloom v. Illinois, 391 U.S. 194 (1968); United States v. Seale, 461 F.2d 345 (7th Cir. 1972). Fed. R. Crim. P. 42(b) provides:

> Disposition Upon Notice and Hearing. A criminal contempt except as provided in subdivision (a) of this rule shall be prosecuted on notice. The notice shall state the time and place of hearing, allowing a reasonable time for the preparation of the defense, and shall state the essential facts constituting the criminal contempt charged and describe it as such. The notice shall be given orally by the judge in open court in the presence of the defendant or, on application of the

A criminal contempt proceeding in a federal court must be prosecuted in accordance with rule 42 of the Federal Rules of Criminal Procedure.[25] In the case of an indirect criminal contempt, subdivision (b) of this rule provides for notice and hearing, and such proceedings may be instituted by an order to show cause granted *ex parte* upon application of the complainant.[26] Rule 42(b) also provides for a trial by jury "in any case in which an act of Congress so provides," and the Supreme Court, in accordance with the general trend to protect individual rights, has determined that there is a right to trial by jury in any criminal contempt case in which the penalty actually imposed exceeds that allowed for commission of a "petty offense."[27] The action can be prosecuted by the United States in which case the matter must be handled by a representative of the United States At-

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> United States attorney or of an attorney appointed by the court for that purpose, by an order to show cause or an order of arrest. The defendant is entitled to a trial by jury in any case in which an act of Congress so provides. He is entitled to admission to bail as provided in these rules. If the contempt charged involves disrespect to or criticism of a judge, that judge is disqualified from presiding at the trial or hearing except with the defendant's consent. Upon a verdict or finding of guilt the court shall enter an order fixing the punishment.

However, there is no requirement of indictment by a grand jury in a criminal contempt proceeding even though the violation is tried as a serious offense. Green v. United States, 356 U.S. 165 (1958); United States v. Bukowski, 435 F.2d 1094 (7th Cir. 1970).

[25]Backo v. Local 281, United Bhd. of Carpenters & Joiners, 438 F.2d 176 (2d Cir. 1970) (but failure to comply with the rule not fatal if no substantial prejudice results). *See also* United States v. Bukowski, 435 F.2d 1094 (7th Cir. 1970).

[26]*See* FED. R. CRIM. P. 42(b), *supra* note 24.

[27]Frank v. United States, 395 U.S. 147 (1969); Bloom v. Illinois, 391 U.S. 194 (1968); Cheff v. Schnackenberg, 384 U.S. 373 (1966); United States v. Bukowski, 435 F.2d 1094 (7th Cir. 1970). A "petty offense" is defined in 18 U.S.C. § 1(3) (1970):

> Any misdemeanor, the penalty for which does not exceed imprisonment for a period of six months or a fine of not more than $500, or both, is a petty offense.

The foregoing cases, however, emphasize that Congress has prescribed no maximum penalty for contempts and has not categorized contempts as "serious" or "petty." Therefore, the severity of the penalty *actually imposed* determines the seriousness of the particular offense, and thus the right to a jury trial. If a jury is demanded and refused, the court cannot impose a sentence in excess of that allowed by 18 U.S.C. § 1(3) (1970). *See* Frank v. United States, *supra*; Cheff v. Schnackenberg, *supra*.

torney's Office.[28] However, more frequently than not, prosecution is declined by the United States Attorney and the action is prosecuted on behalf of the United States with the complainant's attorney appointed as a special prosecutor.[29] However, this procedure has been criticized by at least one court.[30]

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[28]28 U.S.C. § 547 (1970) provides:

> Except as otherwise provided by law, each United States Attorney, within his district, shall — (1) prosecute for all offenses against the United States.

This is the exclusive duty of the United States Attorney and if he declines to prosecute, the court cannot force him to do so. United States v. Woody, 2 F.2d 262 (D. Mont. 1924); United States v. Stone, 8 F. 232 (C.C.W.D. Tenn. 1881).

[29]*See* Moskovitz, *supra* note 2, at 810.

[30]With respect to the use of private counsel in criminal contempt cases, the court in Brotherhood of Locomotive Firemen & Enginemen v. United States, 411 F.2d 312 (5th Cir. 1969), observed:

> As we look objectively at this record there is no doubt concerning the genesis of this due process deficiency. It flows directly from the fact that the governance of the whole criminal contempt proceeding was delivered into the hands of counsel for private parties, not the National Sovereign. This transcends the matter of competence, character and professional trustworthiness. Indeed, it is the highest claim on the most noble advocate which causes the problem — fidelity, unquestioned, continuing fidelity to the client. For while we would readily agree on this record that none of these distinguished counselors would have perverted a demand of the law in the prosecution of these respondents simply because it was detrimental to the interest of their railroad clients, the fact is that, continuing as they are in the related *merits*, case . . . to the vigorous support of the Carriers' positions, they have a duty faithfully to assert every — the word is every — contention, refute every — the word is every — counter contention which they may legitimately and honorably do, which is disadvantageous to their carrier clients in this controversy. One such objective is to marshal and generate — through court orders if obtainable — pressures which will, or may, bring the Brotherhood earlier to book. To move fast, to get punitive orders which might put the Brotherhood in an awkward or disadvantageous position was therefore a desired goal. . . .
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> It is the experience of this Court that the National Sovereign, through its chosen law officers, should be in control of criminal contempt proceedings. Only in this way can we have the assurances that the contentions, both factual and legal of the prosecution are thought by responsible governmental officials to be the policy that the court should adopt. . . .
>
> We therefore vacate the judgment of conviction and the order . . . appointing carrier counsel as prosecutors. On remand, the Dis-

Because the purpose of the criminal contempt proceeding is to vindicate the authority of the court, it is no defense to the contempt charge that subsequent to commission of the acts constituting contempt the court order or decree violated was set aside, held invalid, or modified.[31]

A criminal contempt proceeding is a crime "in the ordinary sense,"[32] and therefore the acts of the accused must be shown beyond a reasonable doubt to have been willful and deliberate.[33] There is some authority to the effect that there must be a finding of a specific criminal intent to violate the decree and that the necessary intent will not be imputed from the mere fact of violation.[34]

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trict Court, if it determines that the prosecution should go forward, should designate the United States Attorney and his Assistants.

Id. at 319-20.

[31]Walker v. Birmingham, 388 U.S. 307 (1967); United States v. United Mine Workers, 330 U.S. 258 (1947); United States v. Hammond, 419 F.2d 166 (4th Cir. 1969), *cert. denied*, 397 U.S. 1068 (1970). *See also* United States *ex rel.* Shell Oil Co. v. Barco Corp., 430 F.2d 998 (8th Cir. 1970), in which the court held that in a criminal contempt proceeding the decree enjoining infringement of a patent is not subject to attack on the basis that the patent is invalid. The court in *Barco* indicated that the rule rested on the principle of res judicata which bars collateral challenges to the decree. The court went further to state that even if the decree were subject to collateral attack and a showing were made as to the invalidity of the patent, this would not excuse otherwise criminally contemptuous conduct. *Id.* at 1002 n.8. Apparently, the public policy of vindicating the court's authority overrides any strong public policy requiring all ideas and inventions within the public domain to be available for use by everyone.

[32]*See* note 8 *supra*.

[33]Panico v. United States, 375 U.S. 29 (1963); *In re* Brown, 454 F.2d 999 (D.C. Cir. 1971); Sykes v. United States, 444 F.2d 928 (D.C. Cir. 1971); United States *ex rel.* Shell Oil Co. v. Barco Corp., 430 F.2d 998 (8th Cir. 1970). *See* Moskovitz, *supra* note 2; Note, *The Intent Element in Contempt of Injunctions, Decrees and Court Orders*, 48 MICH. L. REV. 860 (1950).

[34]*E.g.*, Morissette v. United States, 342 U.S. 246 (1951) (finding of specific intent to commit crime required); Screws v. United States, 325 U.S. 91 (1944) (evil motive required); Hargrove v. United States, 67 F.2d 820 (5th Cir. 1933) (specific intent); United States v. Schneiderman, 102 F. Supp. 87 (S.D. Cal. 1951) (specific intent). *But cf.* United States v. Wefers, 435 F.2d 826 (1st Cir. 1970) (intent inferred from violation of plain, unmistakable language of order). The precise meaning of the word "willful" in a criminal action, including criminal contempt actions, is beyond the scope of this Article. However, the reader might find the following statement in *Screws* useful:

> We recently pointed out that "willful" is a word of many meanings, its construction often being influenced by its context. Spies v.

A finding of guilty in a criminal contempt proceeding may result in either a fine[35] or imprisonment, or both.[36] If imprisonment is ordered, it must be for a definite term.[37] If the guilty party is subjected to a punitive fine, it is payable to the United States, but when the contemptuous conduct is itself also a criminal offense, section 402 invests the court with the power to order the fine paid in part to the complainant or to some person injured by the contemptuous conduct.[38] Violation of an injunction in a patent case would rarely involve a separate criminal offense since patent infringement is not a crime, but it is possible that a sale of an infringing article could also be in violation of some

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> United States, 317 U.S. 492. . . . At times, as the Court held in United States v. Murdock, 290 U.S. 389 . . . the word denotes an act which is intentional rather than accidental. . . . But when used in a criminal statute it generally means an act done with a bad purpose. . . . In that event something more is required than the doing of the act prescribed by the statute. *Cf.* United States v. Balint, 258 U.S. 250. . . . An evil motive to accomplish that which the statute condemns becomes a constituent element of the crime.

325 U.S. at 101.

[35]Since a fine imposed in a criminal contempt proceeding is not a debt within the meaning of the Bankruptcy Act, 11 U.S.C. § 1 *et seq.* (1970), liability for the fine is not affected by a discharge in bankruptcy. Parker v. United States, 153 F.2d 66 (1st Cir. 1946).

[36]18 U.S.C. §§ 401-02 (1970).

[37]Gompers v. Buck's Stove & Range Co., 221 U.S. 418 (1910); Parker v. United States, 153 F.2d 66 (1st Cir. 1946).

[38]18 U.S.C. § 402 (1970) provides:

> Any person, corporation or association willfully disobeying any lawful writ, process, order, rule, decree, or command of any district court of the United States or any court of the District of Columbia, by doing any act or thing therein, or thereby forbidden, if the act or thing so done be of such character as to constitute also a criminal offense under any statute of the United States or under the laws of any State in which the act was committed, shall be prosecuted for such contempt as provided in section 3691 of this title and shall be punished by fine or imprisonment, or both.

Michaelson v. United States *ex rel.* Chicago, St. P.M. & O. Ry., 266 U.S. 42 (1924). In a proceeding under section 402, the discretion to divide the fine among private parties does not alter the essential nature of the proceedings as one of criminal contempt. As stated by the Court in *Michaelson*:

> The discretion given the Court in this respect is incidental and subordinate to the dominating purpose of the proceeding, which is punitive, to vindicate the authority of the Court and punish the act of disobedience as a public wrong.

Id. at 65.

regulatory provision that carries a criminal sanction.[39] If so, it could be argued that the provisions of section 402 are applicable.[40] In the usual case, however, if the court does divide the fine, it should be because the court has determined that the proceeding involves both civil and criminal contempt,[41] but this is not always the case. In the more recent cases the courts have attempted to draw a clearer definitional line between the criminal and civil aspects, but confusion persists.[42]

A criminal contempt proceeding can be instituted by the private litigant who benefited from the order allegedly violated; but before he takes steps to commence such a proceeding, complainant should consider the possibility of being subjected to a malicious prosecution action in the event the accused is found not guilty of criminal contempt.[43] Under the "purpose of punish-

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[39]For example, the sale of an infringing article could also be falsely marked and therefore a violation of the false marking provisions of 35 U.S.C. § 292 (1970), which carries a fine of $500 for each such offense. Also, sale of an infringing product could be in violation of one of the many federal regulatory acts such as the Fair Packaging and Labeling Act, 15 U.S.C. §§ 1451-61 (1970).

[40]Whether or not any benefit would be derived from urging the court to apply section 402 is questionable. However, since section 402 does provide for apportioning of any punitive fines among the United States, the complainant or any other party, perhaps the private litigant may find that this serves his interest in a remedial way as well as the public in a punitive way. *See* note 16 *supra* & accompanying text.

[41]United States v. United Mine Workers, 330 U.S. 258 (1947). In this case the Court said:

> Common sense would recognize that conduct can amount to both civil and criminal contempt. The same acts may justify the Court in resorting to coercive and to punitive measures. Disposing of both aspects of the contempt in a single proceeding would seem at least a convenient practice. Litigation in patent cases has frequently followed this course. . . .

Id. at 299. However, as noted earlier, the patent cases cited by the Court in support of this statement do not evidence a clear distinction between criminal and civil contempt. *See* note 20 *supra*. Although the cases are anything but recent, the reader may wish to review these cases which include: Union Tool Co. v. Wilson, 259 U.S. 107 (1922); *Re* Christensen Eng'r Co., 194 U.S. 458 (1904); Wilson v. Byron Jackson Co., 93 F.2d 577 (9th Cir. 1937); Kreplik v. Couch Patents Co., 190 F. 565 (1st Cir. 1911).

[42]*See* note 17 *supra* & accompanying text.

[43]Since criminal contempt is a "crime" in the ordinary sense, note 8 *supra*, the principles of malicious prosecution should apply to criminal contempt in the same manner as they do for unjustified charges in ordinary criminal actions.

ment" test, the drastic and severe sanction of branding an unsuspecting actor as a criminal should not be imposed simply to further the interest of a private litigant and should be used only in a proper case.[44] Perhaps in some jurisdictions the threat of malicious prosecution will be sufficient deterrent to the unwarranted criminal contempt charge.[45]

IV. Civil Contempt — A Profitable Pursuit

A federal civil contempt proceeding is conducted under the same statutory authority as a criminal contempt proceeding.[46] Although the statute appears in the criminal section of the United States Code, it has been held that it covers civil as well as criminal contempt proceedings.[47] In a proper case, the same acts may give rise to both criminal and civil contempt, both of which may be considered in a single proceeding.[48] If it appears to the com-

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[44]In Yates v. United States, 355 U.S. 66 (1957), the Court stated:

> The more salutary procedure would appear to be that a court should first apply coercive remedies in an effort to persuade a party to obey its orders, and only make use of the more drastic criminal sanctions when the disobedience continues.

Id. at 75. *Cf.* One-Two-Three Co. v. Tavern Fruit Juice Co., 54 F. Supp. 574 (E.D.N.Y. 1944), in which the court said:

> My only opinion is that the facts do not show an intentional violation of the decree by defendant, but assuming the most favorable view for plaintiff of what defendant has done plainly a reasonable doubt as to wrongful conduct on the part of the defendant arises, in which case the process of contempt should not be resorted to to enforce plaintiff's right but plaintiff should be relegated to a suit for alleged infringement.

Id. at 577. *See also* R. Goldfarb, *supra* note 2, at 52:

> Whether the law of contempt is good or bad, the argument is even stronger against contempt proceedings in essentially civil matters, which are rarely treated with criminal sanctions or followed by criminal stigmas.

[45]*See* note 43 *supra.*

[46]*See* 18 U.S.C. § 401 (1970) which is set out in note 5 *supra.*

[47]United States *ex rel.* Shell Oil Co. v. Barco Corp., 430 F.2d 998 (8th Cir. 1970). Section 401 has been applied to civil contempt proceedings in a number of cases, but the *Barco* case is apparently the first case in which the issue was specifically raised as to its applicability and constitutionality.

[48]*See* note 40 *supra.* Also, it is clear that if a single act gives rise to both civil and criminal contempt with resulting sentences, the presence of both coercive and punitive sanctions raises no double jeopardy problem. Yates v. United States, 355 U.S. 66 (1957); Rex Trailer Co. v. United States, 350 U.S. 148 (1956); United States v. United Mine Workers, 330 U.S. 258 (1946).

plainant that both proceedings are proper, there may be some advantage in instituting both proceedings simultaneously but conducting the criminal contempt proceeding first. Because the burden of proof and degree of requisite intent are greater in the criminal proceeding,[49] a finding of guilty may be conclusive of the issue of contempt in the civil proceeding. The record in the criminal contempt proceeding may, in some instances, be admitted in evidence in the civil proceeding[50] thereby shortening the trial and allowing the parties to concentrate on the introduction of evidence relating to the issue of the amount of the compensatory fine.

There are no specific rules or statutes prescribing the procedure for civil contempt, and the Federal Rules of Civil Procedure are generally applicable.[51] In a civil contempt proceeding, the contemnor cannot avail himself of the privilege against self-incrimination.[52] Also, when both criminal and civil contempt proceedings are conducted simultaneously, the complainant may have a distinct advantage in that he can employ the search warrant[53] in the criminal proceeding to obtain evidence not obtainable in a civil proceeding while using the broad discovery rules in the civil proceeding to obtain evidence not otherwise obtainable but very useful in the criminal proceeding. On the other hand, the con-

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[49]As in an ordinary criminal case, the accused must be proved guilty beyond a reasonable doubt. *See* authorities cited note 33 *supra*. On the other hand, in a civil contempt proceeding, the proof need not be beyond a reasonable doubt, although it should be clear and convincing. *See* Moskovitz, *supra* note 2, at 819. Moreover, there is no requirement of "willfullness" in a civil contempt proceeding. McComb v. Jacksonville Paper Co., 336 U.S. 187 (1948); United States v. United Mine Workers, 330 U.S. 258 (1946); NLRB v. Teamsters Local 282, 428 F.2d 994 (2d Cir. 1970). *Cf.* Matthews v. Spangenberg, 15 F. 813 (C.C.S.D.N.Y. 1883), in which the court refused to punish the contemnor because the act was not at all willful or defiant, but the court "sentenced" him to pay damages sustained by the patent owner. The court did not discuss the distinction between the criminal and civil aspects of the case.

[50]*See* Carruba v. Transit Cas. Co., 443 F.2d 260 (6th Cir. 1971); Rutledge v. Electric Hose & Rubber Co., 327 F. Supp. 1267 (S.D. Cal. 1971). It may be in the best interests of all parties involved in the civil proceeding to stipulate as to admission of the criminal transcript in order to save trial time and expense.

[51]*See Civil and Criminal Contempt in the Federal Courts*, 17 F.R.D. 167, 170 (1950).

[52]Gompers v. Buck's Stove & Range Co., 221 U.S. 418 (1910). *See* Parker v. United States, 153 F.2d 66 (1st Cir. 1946); Moskovitz, *supra* note 2, at 819.

[53]FED. R. CRIM. P. 41.

temnor cannot be forced to testify in the criminal contempt proceeding,[54] and if both criminal and civil contempt are pending simultaneously or are being conducted in a single proceeding, the cautious prosecutor may decide to defer deposing the contemnor until after final adjudication of the criminal proceeding.[55]

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[54]*See* authorities cited note 52 *supra.*

[55]In the civil action of Perry v. McGuire, 36 F.R.D. 272 (S.D.N.Y. 1964), plaintiff sought discovery from a criminal defendant and the court stayed such discovery pending determination of the criminal proceeding because it would violate the defendant's privilege against self-incrimination. However, in United States v. Simon, 373 F.2d 649 (2d Cir. 1967), the court of appeals held that a trustee in bankruptcy in a civil suit should not have been enjoined from deposing defendants in a pending criminal proceeding that arose out of the same transactions as the civil proceeding. The court reasoned that the defendants could exercise their privilege against self-incrimination if they so chose. The *Simon* case reached the Supreme Court and the judgments of both lower courts were vacated as moot on a joint motion to vacate. Simon v. Wharton, 389 U.S. 425 (1967). *See also In re* Commonwealth Fin. Corp., 288 F. Supp. 786 (E.D. Pa. 1968); *Developments in the Law—Discovery*, 74 HARV. L. REV. 940, 1052-53 (1967). However, discovery can proceed in a civil contempt proceeding when the discoverable matter bears no direct connection with individual criminal defendants. In Philadelphia Housing Authority v. American Radiator & Standard Sanitary Corp., 269 F. Supp. 540 (E.D. Pa. 1967), *cert. denied*, 490 U.S. 931 (1968), the court in a civil anti-trust action denied a motion by the defendants to stay all discovery proceedings pending termination of a related criminal anti-trust action against the same defendants. Subsequently, the court in which the court in a civil antitrust action denied a motion by the defendants to further discovery proceedings in the civil antitrust action, but this order was appealed and the court of appeals reversed. United States v. American Radiator & Standard Sanitary Corp., 388 F.2d 201 (3d Cir. 1967), *cert. denied*, 390 U.S. 922 (1968). In reversing, the court of appeals said:

> The claim of deprivation of constitutional right is not well taken. Admittedly, no effort has been made to take the depositions of the individual criminal defendants, nor is there reason to anticipate any such effort. And should any such effort be made in the court in the civil action and if necessary, this court can be relied upon to protect the constitutional right.

Id. at 204. *But cf.* Texaco, Inc. v. Borda, 383 F.2d 607 (3d Cir. 1967), in which the court held that the district court did not abuse its discretion in staying discovery in the civil action until termination of the criminal action. However, the court quoted with approval the following reason given by the district court for the stay:

> The indicted defendants should not be unduly hampered, as I believe they would be if they had to fight on two fronts at the same time. We are not dealing here with the ordinary run-of-the-mill litigation. We are dealing with an anti-trust suit covering alleged illegal activity in a three-state area, going back many years.

Id. at 608-09. On the other hand, it seems clear that the defendants in the criminal action cannot conduct discovery in the civil action of either

Once a patent dispute is settled by a final adjudication, including a consent decree, the courts are generally in agreement that the issues of infringement and validity cannot be relitigated in a civil contempt proceeding.[56] To allow such issues to be raised

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the prosecution's case or the prosecution's witnesses. *See* United States v. One 1964 Cadillac Coupe DeVille, 41 F.R.D. 352 (S.D.N.Y. 1966); United States v. Steffes, 226 F. Supp. 51 (D. Mont. 1964); United States v. $2437.00 United States Currency, 36 F.R.D. 257 (E.D.N.Y. 1964). This restriction on discovery by a defendant in a criminal case is for the purpose of preventing a criminal defendant from discovering the prosecution's case while resisting discovery by the prosecution on the claim of privilege against self-incrimination.

[56]United States *ex rel.* Shell Oil Co. v. Barco Corp., 430 F.2d 998 (8th Cir. 1970); Siebring v. Hansen, 346 F.2d 474 (8th Cir.), *cert. denied*, 382 U.S. 943 (1965); Hopp Press, Inc. v. Joseph Freeman & Co., 323 F.2d 636 (2d Cir. 1963); Panduit Corp. v. Stahlin Bros. Fibre Works, Inc., 338 F. Supp. 1240 (W.D. Mich. 1972). The *Siebring* case, *supra*, cited a number of cases from other circuits to the same effect. *Cf.* Broadview Chem. Corp. v. Loctite Corp., 406 F.2d 538 (2d Cir.), *cert. denied*, 394 U.S. 976 (1969), in which the defendant appealed from a finding that it was in contempt of a consent decree enjoining patent infringement and argued that the lower court "mistakenly failed to consider the prior art." *Id.* at 541. The court of appeals rejected this argument by comparing the alleged contemptuous acts with the acts previously adjudged to infringe, and finding no substantial difference, the court held that infringement in the contempt proceedings was res judicata thereby precluding consideration of the prior art. To the same effect are: McCullough Tool Co. v. Well Surveys, Inc., 395 F.2d 230 (10th Cir.), *cert. denied*, 393 U.S. 925 (1968); Warner v. Tennessee Prod. Corp., 57 F.2d 642 (6th Cir.), *cert. denied*, 287 U.S. 632 (1932). Although the issue was not discussed in either of the decisions of the court of appeals, the reader's attention is directed to Chemical Cleaning, Inc. v. Dow Chem. Co., 379 F.2d 294 (5th Cir. 1967), *cert. denied*, 389 U.S. 1040 (1968), and 434 F.2d 1212 (5th Cir. 1970), *cert. denied*, 402 U.S. 945 (1971). In this litigation the contemnor subsequently petitioned the Supreme Court for certiorari on the basis of Lear v. Adkins, 395 U.S. 653 (1969), and argued that the policy espoused in *Lear* gives a patent no greater stature with respect to validity in a consent decree than it does in a license agreement. However, the Court denied certiorari. 389 U.S. 1040 (1971). *But cf.* Ransburg Electro-Coating Corp. v. Ionic Electrostatic Corp., 395 F.2d 92 (4th Cir. 1968), *cert denied*, 393 U.S. 1018 (1969), in which the court reversed an order holding defendant in civil contempt of an injunctive order for continuing to sell and use devices allegedly proscribed by the terms of the injunction. In reversing the contempt finding, the court stated that "[i]n light of the prior art, which the patentee has no right to appropriate, we think the finding erroneous." *Id.* at 93. In the *Ransburg* case, the alleged contemnor changed the device. The issue in the contempt proceeding was whether or not the new device was the equivalent of the old device and therefore subject to the injunction. The court, therefore, reviewed the prior art which it considered essential to its understanding of the problem and concluded that the acts of the contemnor did not constitute an infringement because they were substantially the same as those of the prior art. *See also*

in a later civil contempt proceeding would be to allow a collateral attack on the decree.[57] Although the trend-setting case of *Lear v. Adkins*[58] opened the door to an attack on patent validity in many areas,[59] the courts to date have refused to apply the principles of *Lear* to civil contempt proceedings.[60] However, in a proper case, the contemnor may have grounds to make a direct attack on the judgment under Federal Rule of Civil Procedure 60(b).[61] Particularly, such a direct attack on a decree may be permitted to raise the validity issue.[62] In such an attack, the

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General Mfg. Corp. v. Gray, 48 F.2d 602 (D. Okla. 1931), in which the court held that prior art patents are admissible in a contempt action in order to determine whether or not the device alleged to be in violation of the injunction was merely a colorable imitation or not. To the same effect is Blanc v. Weston, 109 F.2d 911 (8th Cir. 1940), in which the court dismissed a contempt action upon a showing that the alleged contemptuous sales were of a device shown to be part of the prior art. *See* Galion Iron Works Mfg. Co. v. Beckwith Mach. Co., 105 F.2d 941 (3d Cir. 1939) (not a contempt proceeding), in which the court said: "If the accused machine is substantially identical with the prior art, there can be no infringement." *Id.* at 942.

[57] *See* cases cited note 56 *supra*.

[58] 395 U.S. 653 (1969).

[59] *E.g.*, Blonder-Tongue Laboratories, Inc. v. University of Ill. Foundation, 402 U.S. 313 (1970) (estoppel of prior adjudication affecting validity of patent); Massillon-Cleveland-Akron Sign Co. v. Golden State Advertising Co. 444 F.2d 425 (9th Cir.), *cert. denied*, 404 U.S. 873 (1971) (settlement agreement not to contest validity void and unenforceable); Butterfield v. Oculus Contact Lens Co., 332 F. Supp. 750 (N.D. Ill. 1971) (earlier consent judgment acknowledging validity no estoppel to future attack on validity). Numerous articles have been written on the effects of the *Lear* case, and from the foregoing decisions it appears that its impact will be felt for many years to come.

[60] *See* note 56 *supra*.

[61] FED. R. CIV. P. 60(b) provides in part:

> (b) Mistakes; Inadvertence; Excusable Neglect; Newly Discovered Evidence; Fraud, etc. On motion and upon such terms as are just, the court may relieve a party or his legal representative from a final judgment, order, or proceeding for the following reasons: (1) mistake, inadvertence, surprise, or excusable neglect; (2) newly discovered evidence which by due diligence could not have been discovered in time to move for a new trial under Rule 59(b) . . . (5) the judgment has been satisfied, released, or discharged, or a prior judgment upon which it is based has been reversed or otherwise vacated, or it is no longer equitable that the judgment should have prospective application; or (6) any other reason justifying relief from the operation of the judgment.

[62] This was suggested in Ransburg Electro-Coating Corp. v. Ionic Electrostatic Corp., 395 F.2d 92 (4th Cir. 1968), *cert. denied*, 393 U.S. 1018 (1969),

principles of *Lear* may well open the door more easily than in the past. If grounds under rule 60(b) exist, the contemnor may well find it to his advantage to proceed promptly with an attack on patent validity under the rule prior to trial of the civil contempt proceeding, since there is some authority that the court has discretion to decline to hold a party in civil contempt if the decree is erroneous in any respect.[63] Unlike a criminal contempt proceeding in which the court's authority must be vindicated even though there is a subsequent modification of the decree upon which the contempt is based,[64] the remedial aspect of the civil proceeding may well convince the court that there should be no compensatory fine when the injunctive decree is no longer valid.[65]

The remedial nature of a civil contempt proceeding requires that any fine awarded to the complainant be based upon some

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in which the contemnor made a preliminary showing with respect to newly discovered prior art relevant to validity of the patent. In reversing the finding of contempt, the court noted that in light of the prior art the contemnor's devices were not infringing and therefore there was no contempt, and the court suggested that the remand would be

> with leave to the District Court to consider any such application that may be made to it and to reopen its prior judgment . . . and to enter any modifying or substitute order which may seem appropriate.

Id. at 97. *See* United States v. Swift & Co., 286 U.S. 106 (1931), in which the Court stated:

> We are not doubtful of the power of a court of equity to modify an injunction in adaptation to changed conditions though it was entered by consent. . . . A continuing decree of injunction directed to events to come is subject always to adaptation as events may shape the need. . . . The result is all one whether the decree has been entered after litigation or by consent. . . . In either event, a court does not abdicate its power to revoke or modify its mandate if satisfied that what it has been doing has been turned through changing circumstances into an instrument of wrong.

Id. at 114-15. *See also* L.M. Leathers' Sons v. Goldman, 252 F.2d 188 (6th Cir. 1958), in which the court granted a motion under rule 60(b) to set aside a consent judgment and injunction and proceeded to hold invalid the patent at issue.

[63] *See* United States v. United Mine Workers, 330 U.S. 258, 295 (1947); Gompers v. Buck's Stove & Range Co., 221 U.S. 418, 451-52 (1910).

[64] *See* note 31 *supra.*

[65] *See* cases note 63 *supra. Cf.* King Seeley Thermos Co. v. Aladdin Indus., Inc., 418 F.2d 31 (2d Cir. 1969) (trademark case); L.M. Leathers' Sons v. Goldman, 252 F.2d 188 (6th Cir. 1958); Coca Cola Co. v. Standard Bottling Co., 138 F.2d 788 (10th Cir. 1943) (trademark case). *But cf.* Humble Oil & Ref. Co. v. American Oil Co., 405 F.2d 803 (8th Cir.), *cert.*

showing of actual injury or loss.[66] Unless the award is based upon such injury or loss, the award becomes punitive rather than remedial.[67] However, in a proper case, such loss or injury may be shown inferentially by the fact that the complainant is the patent owner and is thus the only proper source for the patented product.[68] In such a case, there exists the reasonable probability that a violation of the injunction against future infringement by the manufacture or sale of the patented product deprived the complainant of sales he would have otherwise made.[69] In most patent cases then, the burden of the complainant to show actual

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denied, 395 U.S. 905 (1969) (trademark case); National Popsicle Corp. v. Hughes, 32 F. Supp. 397 (N.D. Cal. 1940).

[66]United States v. United Mine Workers, 330 U.S. 258 (1947), in which the Court stated:

> Where compensation is intended, a fine is imposed payable to the complainant. Such fine must, of course, be based upon evidence of complainant's actual loss. . . .

Id. at 304. Judelshon v. Black, 64 F.2d 116 (2d Cir. 1933); Norstrom v. Wahl, 41 F.2d 910 (7th Cir. 1930).

[67]National Drying Mach. Co. v. Ackoff, 245 F.2d 192 (3d Cir.), *cert. denied*, 355 U.S. 832 (1957); Parker v. United States, 153 F.2d 66 (1st Cir. 1946); Christensen Eng'r Co. v. Westinghouse Air Brake Co., 135 F. 774 (2d Cir. 1905). In National Drying Mach. Co. v. Ackoff, *supra*, the court stated:

> Though such an award is made against a wrongdoer adjudged guilty of civil contempt, we think the burden of showing what amount, if anything, the plaintiff is entitled to recover by way of compensation, cannot properly be shifted in this way from plaintiff to defendant. . . . There is no suggestion in the present proceeding that this absence of economic injury has been changed by the contemptuous conduct of the defendant. The District Court does say that the equities have been changed by this willful misconduct. But there can be no "equity" in a compensatory award except as it provides a fair equivalent for some loss. If on the other hand, the reference to changed "equities" means that the defendant deserved punishment for willful wrong, the procedure must be that of criminal contempt rather than the employment of civil contempt as a punitive device.

Id. at 194-95.

[68]*See* Livesay Window Co. v. Livesay Indus., Inc., 251 F.2d 469 (5th Cir. 1958); Electric Pipe Line v. Fluid Sys., Inc., 250 F.2d 697 (2d Cir. 1957); Continuous Glass Press Co. v. Schmertz Wire Glass Co., 219 F. 199 (3d Cir.), *cert. denied*, 238 U.S. 623 (1915); Broadview Chem. Corp. v. Loctite Corp., 311 F. Supp. 447 (D. Conn. 1970).

[69]*Cf.* National Drying Mach. Co. v. Ackoff, 245 F.2d 192, 194 (3d Cir.), *cert. denied*, 355 U.S. 832 (1957). *See also* Sunbeam Corp. v. Golden Rule Appliance Co., 252 F.2d 467, 469-70 (2d Cir. 1958).

loss or injury by reason of contemnor's acts of infringement appears relatively easy to sustain once the fact of contemptuous conduct is shown.

However, the determination of the amount of the loss, and thus the amount of the fine, presents complainant with some difficult issues and proof problems. It appears settled that the complainant is entitled to the contemnor's profits from sales of any products made in violation of the injunction against infringement.[70] This is true even though "profits" of the infringer are not recoverable in the ordinary patent infringement action,[71] for the courts have ruled that the damages provision, 35 U.S.C. section 284, is not applicable to civil contempt proceedings for enforcement of an injunctive decree against infringement.[72] But the refusal of

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[70]Leman v. Krentler-Arnold Hinge Last Co. 284 U.S. 448 (1932); Blatz v. Walgreen Co., 198 F. Supp. 22 (W.D. Tenn. 1961); Town v. Willis, 89 F. Supp. 437 (W.D. Mo. 1950). *But cf.* National Drying Mach. Co. v. Ackoff, 245 F.2d 192 (3d Cir.), *cert denied*, 355 U.S. 832 (1957), in which the court stated that "the Leman case does not relieve the complainant of showing that the contemptuous conduct did, in fact, have substantial injurious effect upon his economic interest." *Id.* at 194. *See also* Broadview Chem. Corp. v. Loctite Corp., 311 F. Supp. 447 (D. Conn. 1970); Georgia Pac. Corp. v. United States Plywood Corp., 243 F. Supp. 500, 541 (S.D.N.Y. 1965) (not a contempt case). *Cf.* Dow Chem. Co. v. Chemical Cleaning Inc., 434 F.2d 1212 (5th Cir. 1970), *cert. denied*, 402 U.S. 945 (1971).

[71]35 U.S.C. § 284 (1970). This section has eliminated the recovery of "profits" as opposed to "damages" since the statute was amended in 1946. Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476 (1964), in which the Court stated:

> The purpose of the change was precisely to eliminate the recovery of profits as such and allow the recovery of damages only. . . . There can be no doubt that the amendment succeeded in effectuating this purpose; it is clear that under the present statute only damages are recoverable. . . . These have been defined by this Court as compensation for the pecuniary loss he (the patentee) has suffered from the infringement, without regard to the question of whether the defendant has gained or lost by his unlawful acts. . . .

Id. at 505-07. To the same effect is Marvel Specialty Co. v. Bell Hosiery Mills, Inc., 386 F.2d 287 (4th Cir. 1967), *cert. denied*, 390 U.S. 1030 (1968); Georgia Pac. Corp. v. United States Plywood Corp., 243 F. Supp. 500 (S.D.N.Y. 1965). *Cf.* Zegers v. Zegers, Inc., 458 F.2d 726 (7th Cir. 1972).

[72]Dow Chem. Co. v. Chemical Cleaning, Inc., 434 F.2d 1212 (5th Cir. 1970), *cert. denied*, 402 U.S. 945 (1971); Broadview Chem. Corp. v. Loctite Corp., 311 F. Supp. 447 (D. Conn. 1970). *But cf.* National Drying Mach. Co. v. Ackoff, 245 F.2d 192 (3d Cir.), *cert. denied*, 355 U.S. 832 (1957), a trademark case in which the court said:

> Whether an award in civil contempt be measured in terms of a plaintiff's loss or a defendant's profit, such an award, by very

the courts to apply the patent damage statute to civil contempt proceedings indirectly benefits the contemnor. The increased damages provisions of section 284 for a deliberate infringement are punitive; and although the contemnor may lose his profits, he cannot be assessed punitive damages in a civil contempt proceeding.[73]

As the reader might suspect, determining what are "profits" of the contemnor is a troublesome issue. The authorities in civil contempt cases involving patent infringement injunctions are meager, and since "profits" clearly have not been recoverable in patent infringement suits since 1946,[74] the precedents which defined profits under the earlier damages statutes in patent infringement cases are outdated and difficult to reconcile. Obviously, the contemnor will urge that "net profits" only are recoverable,[75] but he has the burden of showing his costs and ex-

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> definition, must be an attempt to compensate plaintiff for the amount he is out-of-pocket or for what defendant by his wrong may be said to have diverted from the plaintiff or gained at plaintiff's expense. *Unless this limitation is recognized, a requirement that one party turn his profits over to his adversary itself becomes a punitive rather than a compensatory imposition.*

Id. at 194 (emphasis added).

[73]*See* cases cited note 67 *supra*. *See also* Broadview Chem. Corp. v. Loctite Corp., 311 F. Supp. 447 (D. Conn. 1970), in which the court said that "to the extent that double or treble damages serve a punitive purpose, they may not be awarded in a civil contempt proceeding." *Id.* at 453. *But cf.* Dow Chemical Co. v. Chemical Cleaning, Inc., 434 F.2d 1212 (5th Cir. 1970), *cert. denied*, 402 U.S. 945 (1971), in which the court doubled the award of damages to complainant for loss of profits because of the knowing and willful violation by the contemnor of the injunction. However, the court did not rely upon the provisions of section 284 but doubled the damages because it was established that the violation of the injunction was knowing and willful. *Id.* at 1214. *See also* National Drying Mach. Co. v. Ackoff, 245 F.2d 192 (3d Cir.), *cert. denied*, 355 U.S. 832 (1957); United States v. United Mine Workers, 330 U.S. 258 (1947). In *National Drying*, the court indicated that "if the defendant deserved punishment for a willful wrong, the procedure must be that of criminal contempt rather than the employment of civil contempt as a punitive device." 245 F.2d at 195.

[74]Note 71 *supra*.

[75]*See* L.P. Larson, Jr., Co. v. William Wrigley, Jr., Co., 20 F.2d 830 (7th Cir. 1927), in which the court said:

> When the injured party seeks the profits of an infringer, he takes the chance of a reduction, or even extinguishment, though expenses and losses actually incurred, however unwisely or even improvidently, so long as they were incurred in good faith.

Id. at 832. *See also* Starr Piano Co. v. Auto Pneumatic Action Co., 12 F.2d 586 (7th Cir. 1926); Riverside Heights Orange Growers' Ass'n v. Stebler,

penses to arrive at a net profit figure.[76] There is some authority to the effect that in so doing, general overhead expenses may not be allocated between products sold in violation of the injunction and the nonviolative products.[77] On the other hand, there is authority to the effect that the contemnor's profit is not a proper measure of damages if the illegal sales resulted in a loss.[78]

As an additional element in determining the amount of a compensatory fine, complainant is entitled to recover his attorney's fees and costs and expenses incurred in conducting the civil contempt proceeding.[79] The patent statute with respect to attorney's fees in patent infringement cases is not applicable and thus the court is not limited to making an award of attorney's fees as a compensatory fine only in "exceptional cases."[80] The amount of the award for attorney's fees and costs and expenses appears to rest solely within the discretion of the court.[81] However, when complainant has taken steps to proceed against the contemnor in a criminal contempt proceeding as well as a civil proceeding, complainant is not entitled to receive an award for attorney's fees, costs and expenses in conducting the *criminal* proceeding

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240 F. 703 (9th Cir. 1917); Standard Mailing Mach. Co. v. Postage Meter Co., 31 F.2d 459 (D. Mass. 1929); Merrell-Soule Co. v. Powdered Milk Co., 2 F.2d 107 (W.D.N.Y. 1924); National Folding Box & Paper Co. v. Dayton Paper-Novelty Co., 95 F. 991 (C.C.S.D. Ohio 1899).

[76]*See* National Rejectors v. A.B.T. Mfg. Corp., 188 F.2d 706 (7th Cir.), *cert. denied,* 342 U.S. 828 (1951); Horvath v. McCord Radiator & Mfg. Co., 100 F.2d 326 (6th Cir. 1938), *cert. denied,* 308 U.S. 581 (1939); Van Kannel Revolving Door Co. v. Uhrich, 297 F. 363 (8th Cir. 1924); Georgia Pac. Corp. v. United States Plywood Corp., 243 F. Supp. 500 (S.D.N.Y. 1965).

[77]Electric Pipe Line v. Fluid Sys., Inc., 250 F.2d 697 (2d Cir. 1957); Levin Bros. v. Davis Mfg. Co., 72 F.2d 163 (8th Cir. 1934). *But cf.* Riverside Heights Orange Growers' Ass'n v. Stebler, 240 F. 703 (9th Cir. 1917); Merrel-Soule Co. v. Powdered Milk Co., 2 F.2d 107 (W.D.N.Y. 1924).

[78]*See* Chesapeake & O. Ry. v. Kaltenbach, 124 F.2d 375 (4th Cir. 1941); L.P. Larson, Jr., Co. v. William Wrigley, Jr., Co., 20 F.2d 830 (7th Cir. 1927).

[79]Dow Chem. Co. v. Chemical Cleaning, Inc., 434 F.2d 1212 (5th Cir. 1970), *cert. denied,* 402 U.S. 945 (1971); Siebring v. Hansen, 346 F.2d 474 (8th Cir.), *cert. denied,* 382 U.S. 943 (1965); Broadview Chem. Corp. v. Loctite Corp., 311 F. Supp. 447 (D. Conn. 1970); Town v. Willis, 89 F. Supp. 437 (W.D. Mo. 1950).

[80]Dow Chem. Co. v. Chemical Cleaning, Inc., 434 F.2d 1212 (5th Cir. 1970), *cert. denied,* 402 U.S. 945 (1971); Broadview Chem. Corp. v. Loctite Corp., 311 F. Supp. 447 (D. Conn. 1970).

[81]*See* cases cited note 79 *supra.*

even when complainant's attorneys were appointed special prosecutors by the court.[82]

With respect to imprisonment in a civil contempt proceeding, the contemnor can only be imprisoned to compel his obedience to a decree. Therefore, imprisonment for a fixed term is improper.[83]

V. Conclusion

The lack of reported cases in contempt proceedings instituted for violation of injunctions issued in patent cases may be explained either because the infringer finds a way to avoid further infringement and thus avoid violation of the decree, or because the patent owner and his counsel do not aggressively pursue their remedies under the federal contempt statutes. The cases in which the contempt powers have been used, however, are valid proof that such remedies can result in a monetary award greater than that recoverable in an ordinary patent infringement action. Moreover, the apparently seldom used criminal contempt power would seem to be an extremely effective deterrent which in the hands of private litigants may also further their own interests more than intended under the "purpose of punishment" test. Although the federal contempt statutes have withstood constitutional attack, a clarification of the statutes would appear desirable to remove the confusion and uncertainty that presently exists in regard to the nature of contempt proceedings in general. Particularly in the civil contempt area, there is a need for a clearer definition of the compensatory fine. When unsuspecting parties can be faced with criminal charges arising out of privately litigated disputes, Congress should set the guidelines regardless of traditional judicial views as to contempt powers, which views have resulted in a lack of certainty and much confusion. The public greatly needs and is entitled to better legislation from Congress in the contempt area if respect for the law is to be maintained.

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[82]Backo v. Local 281, United Bhd. of Carpenters & Joiners, 438 F.2d 176 (2d Cir. 1970). *See also* note 30 *supra*.

[83]*See* Gompers v. Buck's Stove & Range Co., 221 U.S. 418 (1910); Parker v. United States, 153 F.2d 66 (1st Cir. 1946); Moskovitz, *supra* note 2, at 801-04.