TiVo, Inc. v. EchoStar Corp.: Providing Clarity to Contempt Proceedings in Patent Cases

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Marketing a redesigned product following a finding of patent infringement can result in hundreds of millions of dollars in fines for contempt of court.\footnote{See TiVo, Inc. v. EchoStar Corp., 646 F.3d 869, 890 (Fed. Cir. 2011) (upholding a $90 million charge).} After a finding of patent infringement, a court will often issue a broadly written injunction simply prohibiting any “further infringement of the patent.”\footnote{KSM Fastening Sys., Inc. v. H.A. Jones Co., 776 F.2d 1522, 1526 (Fed. Cir. 1985).} Infringers frequently attempt to redesign their products around the injunction and market the redesigned product, but patent holders may demand that the infringer be held in contempt of court if they believe the redesigned product violates the injunction because it continues to infringe the patent. Courts have struggled to articulate an effective test for determining whether an attempted design-around is merely a colorable change that is obviously made for the purpose of evading the decree, or whether the redesigned product is a substantially different design such that contempt proceedings would be inappropriate and potential infringement must be decided by a new trial.\footnote{See infra Part I.}

Thankfully, in \textit{TiVo, Inc. v. EchoStar Corp.}, the Federal Circuit provided clarity and guidance for infringers who are attempting to redesign their products around vague or imprecise injunctions following a finding of patent infringement.\footnote{See \textit{TiVo, Inc. v. EchoStar Corp.}, 646 F.3d at 878 (setting out a new test for colorable differences).} In \textit{TiVo}, the Federal Circuit rejected the \textit{KSM} two-step test\footnote{The two-step test required district courts to first analyze if two devices were more than colorably different when deciding to hold contempt proceedings, and if they were merely colorably different, to then determine if they violated the injunction and infringed the patent. \textit{KSM}, 776 F.2d at 1532.} for determining when to hold contempt proceedings and articulated a new test for determining whether a redesigned product is sufficiently similar to the original infringing product to hold the infringer in contempt.\footnote{\textit{TiVo}, 646 F.3d at 881.}
TiVo altered the “colorable differences” step of the KSM test by requiring courts to examine the specific infringing elements of the original product to determine if those elements had been modified in a significant way during redevelopment. This is a drastic change from the previous test in KSM, which focused on an evaluation of procedural aspects related to infringement. Under this new test, if the elements of the redesigned product are more than colorably different from those of the original product, then the court may not conduct contempt proceedings, and the question of infringement must be decided in a new trial. The new TiVo rule provides some much needed clarity for infringers in patent cases who are threatened with contempt, and it may also provide increased direction to inventors who are faced with vague and imprecise injunctions.

In Part I, this Note will discuss the background of the colorable differences test, including the relevant procedural posture and the history of the test before TiVo. In Part II, this Note will explain the Federal Circuit decision in TiVo and illustrate how district courts have subsequently applied it. In Part III, this Note will then discuss TiVo’s potential ramifications, and will conclude by proposing that TiVo’s new test will help infringers who are confronted with vague injunctions and also bring contempt proceedings in patent cases more in line with the policy goals set forth by the Supreme Court for injunctive relief in the patent context.

I. BACKGROUND

The Patent Act of 1952 provides that courts may grant an injunction following a finding of patent infringement in order to “prevent the violation of any right secured by the patent, on such terms as the court deems reasonable.” Following the issuance of an injunction, infringers often

7. Id. at 882.
8. See id. at 882–83; Robert A. Matthews, 4 Annotated Patent Digest § 32:191.50 (2011) (“In TiVo the Federal Circuit transformed the ‘not more than colorably different’ standard from a procedural hurdle for using summary contempt to a substantive requirement to prove contempt.”).
10. See id. at 881 (“We conclude that KSM’s two-step inquiry has been unworkable and now overrule that holding . . . . We recognize now that [the KSM] inquiry confuses the merits of the contempt with the propriety of initiating contempt proceedings.”).
11. 35 U.S.C. § 283 (2006). Until recently, a permanent injunction was the default remedy following a finding of patent infringement. Jeremy Mulder, Note, The Aftermath of eBay: Predicting When District Courts Will Grant Permanent Injunctions in Patent Cases, 22 Berkeley Tech. L.J. 67, 68 (2007). However, in eBay, the Supreme Court reversed this longstanding rule and instead held that courts must weigh four equitable factors before
attempt to redesign their products in order to avoid further infringement.\textsuperscript{12} After an infringer markets a redesigned product, if the patent holder believes the redesigned product still infringes, the patent holder may move for the court to hold the infringer in contempt of court for violation of the injunction.\textsuperscript{13} Contempt proceedings may result in monetary or even criminal penalties.\textsuperscript{14} Courts have struggled to draw the line between redesigned products that violate the court order, on the one hand, and redesigned products that fall outside of the injunction and present a new question of infringement, on the other.\textsuperscript{15}

A. **INJUNCTIVE REMEDY**

As with other types of cases, the Federal Rules of Civil Procedure govern injunctions in patent cases.\textsuperscript{16} Rule 65(d)(1), which covers the content of injunctive orders, requires that “[e]very order granting an injunction and every restraining order must: (A) state the reasons why it issued; (B) state its terms specifically; and (C) describe in reasonable detail—and not by referring to the complaint or other document—the act or acts restrained or required.”\textsuperscript{17}

The Federal Circuit has consistently held that district courts are to be given wide leeway in crafting injunctions.\textsuperscript{18} As a result, despite Rule 65(d)’s requirements of specificity, patent injunctions are “frequently drafted or approved by the courts in general terms, broadly enjoining ‘further infringement’ of the ‘patent.’ ”\textsuperscript{19} The Federal Circuit has even declined to issuing a permanent injunction in lieu of damages. eBay, Inc. v. MercExchange, L.L.C., 547 U.S. 388, 391–92 (2006).

\textsuperscript{12} See, e.g., KSM Fastening Sys., Inc. v. H.A. Jones Co., 776 F.2d 1522 (Fed. Cir. 1985); McChullough Tool Co. v. Wells Surveys, Inc., 395 F.2d 230, 233 (10th Cir. 1968).

\textsuperscript{13} KSM, 776 F.2d at 1524–25. The Federal Circuit noted that a civil contempt proceeding for violating an injunction while primarily for the benefit of the patent owner, also serves to punish the infringer for an affront to the court for failure to obey its order. See id. (quoting American Foundry & Mfg. Co. v. Josam Mfg. Co., 79 F.2d 116, 118 (8th Cir. 1935)).


\textsuperscript{15} See KSM, 776 F.2d at 1524–27.

\textsuperscript{16} Fed. R. Civ. P. 65. Injunctive orders can also result from settlement agreements and stipulations of validity. See KSM, 776 F.2d at 1523–24.

\textsuperscript{17} Fed. R. Civ. P. 65(d)(1).

\textsuperscript{18} See KSM, 776 F.2d at 1526–27 (“We believe it is preferable to allow the district courts wide latitude in framing injunctions.”); see, e.g., TiVo, Inc. v. EchoStar Corp., 646 F.3d 869, 884–89 (Fed. Cir. 2011).

\textsuperscript{19} KSM, 776 F.2d at 1526; see, e.g., August Tech. Corp. v. Camtek Ltd., No. 051396 MJ/ABJ, slip op. at 7 (D. Minn. Aug. 28, 2009) (prohibiting the defendant “from practicing the method of Claim 3 or inspection methods that are colorable imitations thereof . . .”); Nomadix, Inc. v. Second Rule LLC, No. 07CV071946 DDP, slip op. at 2 (C.D.
prohibit injunctions that potentially reach non-infringing products. Rather than regulating injunctive orders, the Federal Circuit’s focus is on the infringer’s redesigned product and other conduct.

B. CONTEMPT FOR VIOLATION OF AN INJUNCTION

If the patent holder in a patent suit suspects that the infringer is violating the court’s injunctive order, the patentee may file a motion asking the court to hold the infringer in contempt. Contempt authority is given to the federal courts by 18 U.S.C. § 401, which reads:

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—

(1) Misbehavior of any person in its presence or so near thereto as to obstruct the administration of justice; [. . .]

(3) Disobedience or resistance to its lawful writ, process, order, rule, decree, or command.

Contempt is a “potent weapon of judicial [. . .] power” because parties who violate injunctions may be subject to large fines or even imprisonment (in extreme circumstances). Given the potentially vague and broad nature of injunctions in patent cases, the Federal Circuit has been particularly cognizant of the need for clarity in contempt proceedings. Thus, the court held in KSM that contempt proceedings are only appropriate “with respect to

Cal. Mar. 31, 2009) (prohibiting “directly or indirectly infringing any of [five] U.S. Patents . . . in any way”). One researcher at Stanford conducted a comprehensive analysis of injunctions issued in patent cases over the last several years and noted that in 2010, about 59% of injunctions issued in patent cases contained only language prohibiting “further infringement” or other similar broad proclamations, in an apparent violation of rule 65(d).


20. TiVo, 646 F.3d at 890 n.9 (“We note, however, that although we have strongly discouraged judicial restraint of noninfringing activities . . . we have never barred it outright and instead have repeatedly stated that district courts are in the best position to fashion an injunction tailored to prevent or remedy infringement.”) (internal citations omitted).

21. KSM, 776 F.2d at 1527 (“Whether a party is to be held in contempt [for violating an injunction], thus, becomes the matter on which uniformity is to be sought.”).


23. Id.

24. KSM, 776 F.2d at 1526.

25. 18 U.S.C. § 401 (2006); see, e.g., TiVo, 646 F.3d at 890 (upholding a $90 million dollar sanction against the defendant for violation of the injunction).

26. KSM, 776 F.2d at 1526–27 (“We believe it is preferable to allow the district courts wide latitude in framing injunctions . . . . Whether a party is to be held in contempt [for violating an injunction], thus, becomes the matter on which uniformity is to be sought.”).
devices previously admitted or adjudged to infringe, and to those devices which are no more than ‘colorably different.’”

C. THE COLORABLE DIFFERENCES TEST BEFORE TIVO

For over a century, courts have wrestled with the issue of design-arounds following a finding of patent infringement and the issuance of an injunction. Courts have uniformly agreed that not all redesigned products that infringe the patent are necessarily violations of the injunction. However, courts have struggled to articulate an effective test for determining whether an attempted design-around is obviously made for the purpose of evading the decree, or whether the redesigned product is a substantially different design such that contempt proceedings would be inappropriate and potential infringement must be decided by a new trial.

Courts have attempted to strike a fair balance between the rights of patent holders and the rights of infringers to market legitimately redesigned products that no longer infringe. On the one hand, infringers would be unjustly hindered if a patentee could obtain summary contempt proceedings every time the infringer marketed a new redesigned product. On the other hand, if the patent holder were required to file a new complaint and hold a new infringement trial every time the infringer made simply small cosmetic changes to his product, then the value of the patent and the court’s order would be significantly diminished. Thus, courts have tried to distinguish legitimate from illegitimate redesign attempts through the colorable differences test, which aims to strike a fair balance between the patentee’s and infringer’s rights.

27. Id. at 1526. The heart of the question is: how may a patentee proceed when an infringer modifies the infringing product? McChullough Tool Co. v. Wells Surveys, Inc., 395 F.2d 230, 233 (10th Cir. 1968). The court must balance the right of the infringer to market new devices that are legitimately outside the scope of the patent in question with the right of the patent holder to not have to hold a new trial for each and every cosmetic change that the infringer makes to its product. Id.

28. See, e.g., Cal. Artificial Stone Paving Co. v. Molitor, 113 U.S. 609 (1885); TiVo, 646 F.3d at 869; KSM, 776 F.3d at 1522; McChullough Tool Co. v. Wells Surveys, Inc., 395 F.2d 230 (10th Cir. 1968).

29. KSM, 776 F.3d at 1526–27 (discussing how the concept of colorable differences existed across all the circuits, but the implementation varied not only from circuit to circuit, but also from court to court).

30. Id. at 1526; see also McChullough Tool Co., 395 F.2d at 233.


32. Id.

33. Id.

34. Id.
Prior to the creation of the Federal Circuit, the other circuit courts employed different standards for determining when to consider contempt proceedings, what constituted contempt in this context, and at what stage they would apply the colorable differences test. While the concept of a colorable differences test is simple, in practice it has proven to be much more difficult for courts to define what constitutes a colorable difference and to state clearly how to evaluate those differences.

1. One of the First Appearances of the Colorable Differences Test: Molitor

In California Artificial Stone Paving Co. v. Molitor, one of the earliest cases addressing the concept of colorable differences, the Supreme Court ruled that the wrongfulness of the defendant’s conduct should be the deciding factor in contempt proceedings. The lower court had found the defendant guilty of infringing a patent covering a novel method for forming blocks of cement pavement. Following the finding of infringement, the lower court issued an injunction “restraining [the Defendant, Charles Molitor,] . . . from making, selling, or using, or in any manner disposing of, any artificial stone-block pavements embracing the invention and improvements described in the [patent].” Molitor subsequently redesigned his product and marketed his new form of cement stone. The plaintiff asked the court to hold Molitor in contempt of court for disobeying the injunction. The lower court held that the redesigned product was not an infringement and thus Molitor could not

35. KSM Fastening Sys., Inc. v. H.A. Jones Co., 776 F.2d 1522, 1530 (Fed. Cir. 1985) ("The standard for determining a 'colorable' difference is critical, and an examination of case law indicates wide variance.").

36. From an infringer’s standpoint, knowing how to proceed following the issuing of a permanent injunction is of the utmost importance, as substantial portions of the infringer’s business may be enjoined from operating until a design-around can be developed. However, without clear guidance as to what varieties of design-arounds are allowed and what types would violate the injunction, the infringer runs the risk of incurring substantial civil penalties or even criminal punishment. See id. at 1524; see also id. at 1530 ("[S]tating that the 'difference' must be 'colorable' provides little guidance to the appropriateness of contempt proceedings. The standard for determining a 'colorable' difference is critical, and an examination of case law indicates wide variance.").


38. Id. at 611–12.

39. Id. at 611–13.

40. Id. at 613.

41. Id. The most novel aspect of the plaintiff’s invention was the beveling of the individual blocks to prevent them from becoming uneven relative to blocks placed next to them. Id. at 611. The defendant had originally used a method which included individual stones as well, but the redesigned product consisted instead of a single, very large block with small beveling traced into the surface. Id. at 613.
be found in contempt.\footnote{42} The plaintiff appealed this decision to the Supreme Court.\footnote{43}

The Supreme Court declined to rule on whether the redesigned product infringed the plaintiff’s patent, holding that the mixed question of law and fact was best decided by the circuit court that had originally ruled on the construction of the claim.\footnote{44} The Court held that not all subsequent infringements that follow an injunctive order should be considered contempt of court, especially when there is a “fair ground of doubt” in the wrongfulness of the defendant’s conduct.\footnote{45} The Court emphasized that contempt proceedings are only appropriate when the defendant’s actions in redesigning his product were somehow “wrongful.”\footnote{46} Though the Supreme Court did not use the phrase colorable differences, the Court alluded to that concept. The Court stated that the circuit court may rule on the infringing nature of the new product and may still hold Molitor in contempt, but that “[a new trial] is by far the most appropriate [option] where it is really a doubtful question whether the new process adopted is an infringement or not.”\footnote{47}

2. \textit{Struggling with Colorable Differences from Molitor Through TiVo}

In the decades following \textit{Molitor}, several circuits created colorable differences tests, with most echoing the Supreme Court’s “fair ground of doubt” reasoning from \textit{Molitor}.\footnote{48} However, the circuits each had different standards for when to consider contempt proceedings, what constituted contempt in this context, and at what stage they would apply the colorable differences test. Some circuits, for instance, held that if the continued infringement was a “doubtful question,” then the defendant’s conduct likely was not of the “wrongful” character required to find contempt. Id. at 618. The Supreme Court implied that if the continued infringement was a “doubtful question,” then the defendant’s conduct likely was not of the “wrongful” character required to find contempt. Id.

\begin{itemize}
  \item \textit{Sure Plus Mfg. Co. v. Kobrin}, 719 F.2d 1114, 1118 (11th Cir. 1983) (“Even if the [defendants’] modified mirror assembly infringes the Sure Plus patent, as long as it is more than \textit{colorably different} the infringement should not amount to a contempt nor should it be tested in contempt proceedings.”) (emphasis added); American Foundry & Mfg. Co. v. Josam, 79 F.2d 116, 117 (8th Cir. 1935) (“[Redesigned products] may turn out to be infringements, but if they are more than \textit{colorably different}, the issue of infringement must be otherwise determined than by a contempt proceeding.”) (emphasis added); Radio Corp. of America v. Cable Radio Tube Corp., 66 F.2d 778, 782–83 (2d Cir. 1933) (“But where infringement 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 contempt proceedings, but must bring a supplemental bill for an injunction covering the new device, or institute a wholly new suit for such an injunction.”).
\end{itemize}
differences test. Several circuits drew upon the doctrine of equivalents test of patent infringement from *Graver Tank* to determine the colorability of differences wherein if “two devices do the same work in substantially the same way, and accomplish substantially the same result, they are the same, even though different in name, form or shape.” By contrast, other circuits applied a test that considered the evidentiary elements related to the infringement of the accused device; these circuits found that two devices were more than colorably different when “infringement by the new device is not clear on the face of the matter, and [when] there are substantial issues for the determination of the court.” Thus, while the circuits agreed that only certain redesigned products should be triable in a contempt proceeding, they varied in the tests they employed to sort those eligible for contempt proceedings from those requiring a separate trial for infringement.

In 1985, the newly formed Federal Circuit established uniformity in the matter by promulgating a single test for contempt. In *KSM*, the plaintiff, KSM Fastening Systems, brought suit against H.A. Jones Co., the alleged infringer, for manufacturing and selling hanger assemblies for securing refractory linings to furnace walls. The parties settled, Jones stipulated as to the validity of KSM’s patent and infringement thereof, and Jones was also

49. KSM Fastening Sys., Inc. v. H.A. Jones Co., 776 F.2d 1522, 1530 (Fed. Cir. 1985) (“The standard for determining a ‘colorable’ difference is critical, and an examination of case law indicates wide variance.”). The Federal Circuit advocated for clarity in the colorable difference test. *Id*. at 1530 (“[S]tating that the ‘difference’ must be more than ‘colorable’ provides little guidance to the appropriateness of contempt proceedings.”).


51. *Interdynamics, Inc. v. Firma Wolf*, 653 F.2d 93, 99 (3rd Cir. 1981); *Ransburg Electro-Coating Corp. v. Ionic Electrostatic Corp.*, 395 F.2d 294 (4th Cir. 1968); *Chemical Cleaning, Inc. v. Dow Chemical Co.*, 379 F.2d 294 (5th Cir. 1967); *Siebring v. Hansen*, 346 F.2d 474 (8th Cir. 1965). The Federal Circuit in *KSM* disfavored this substantive standard for determining colorability, and instead preferred that the measure of colorable differences be based on a consideration of procedural elements related to infringement. See *KSM*, 776 F.2d at 1532.

52. *Radio Corp. of America*, 66 F.2d at 782–83. This approach effectively considered the infringement of the redesigned product as opposed to its difference from the original product, and was also adopted by the 7th Circuit. See, e.g., *Great Lakes Carbon Corp. v. Eagle Lumber Dealers Supply Co.*, 402 F.2d 106 (7th Cir. 1968); *Baltz v. The Fair*, 279 F.2d 899 (7th Cir. 1960).

53. See *KSM*, 776 F.2d at 1527 (discussing how the concept of colorable differences existed across all the circuits, but the implementation varied not only from circuit to circuit, but from court to court). The court noted that uniformity could be achieved by requiring courts to write injunctions in a particular manner, but the court decided to leave the district courts wide discretion in writing injunctions and instead insist on uniformity in contempt proceedings. *Id*.

54. *Id*. at 1523–24.
enjoined from further infringement.  

55. Id. The injunction read, “[t]he Defendant . . . [is] enjoined and restrained from making, using or selling insulation hangers or refractory anchors of the type and nature identified by the Plaintiff in its Complaint against the Defendant for the remainder of the life of U.S. Patent No. 3,738,217 issued June 12, 1973.” Id. at 1523–24 n.6.

56. Id. at 1523–24.

57. Id. at 1527 (noting that the district court applied the standard set forth in Interdynamics, Inc. v. Firma Wolf, 653 F.2d 93 (3rd Cir. 1981)).

58. KSM, 776 F.2d at 1527. The court concluded that the modified doctrine of equivalents adopted by the Interdynamics court does not assure a proper finding that the modified device actually infringes the claims. Id. at 1528. See also Preemption Devices, Inc. v. Minnesota Mining & Manufacturing Co., 803 F.2d 1170, 1175 (Fed. Cir. 1986) (remanding the case to the district court for similar reasoning).

59. KSM, 776 F.2d at 1529–30.

60. Id. at 1531.

61. Id. at 1532.

62. Id.

63. Id. at 1531. (“The question to be answered under such a standard is essentially a procedural one. Must substantial new issues be litigated to determine infringement?” (emphasis in original)).
The court in KSM held that whether or not colorable differences exist between the original infringing product and the redesigned product would depend on whether there are substantial open issues with respect to infringement that needed to be tried. If the court would need to litigate complex questions of infringement—for example, if expert and other testimony subject to cross-examination would be helpful or necessary in order to determine the infringing nature of the accused product—contempt proceedings would be inappropriate, and the court would not proceed to the second step of the test. Thus, under KSM, the colorable differences inquiry was not directed to the actual elements of the products, but rather to procedural or evidentiary considerations related to the infringing nature of the products. In practice, if a court could rule on the infringing nature of a redesigned product without requiring much evidence outside of the established record, then the original and redesigned devices would not likely be more than colorably different and contempt proceedings would be appropriate. On the other hand, if the court needed to obtain substantial amounts of new evidence to determine infringement—such as several new expert reports or new witness testimony—the original and redesigned devices would likely be more than colorably different and contempt proceedings would be inappropriate.

If a court determined that contempt proceedings were appropriate, it proceeded to the second step of the KSM test in which it would determine whether the redesigned device actually violated the injunction and infringed the patent. If the redesigned product both infringed the patent and violated the injunction, the court could then hold the defendant in contempt.

Unfortunately, the KSM decision did not enhance the clarity and uniformity of the colorable differences test. As noted by the court in TiVo, district courts ended up confusing the procedural infringement considerations of colorable differences in the first step with the actual infringement analysis of the second step. Consequently, rather than applying the two-step process envisioned by the Federal Circuit, district

64. Id. at 1532.
65. Id. at 1531.
66. As discussed in Part IIIA, infra, this standard ended up with courts collapsing the question of colorable differences down to one of infringement of the redesigned product. In determining what they would need to determine infringement, courts would effectively decide colorable differences of the redesigned product based the infringing nature of the redesigned product, which is exactly what the Federal Circuit wanted to avoid.
67. KSM, 776 F.2d at 1532.
68. Id. at 1532.
courts often compressed the KSM test into a single question of infringement of the redesigned device.\footnote{See, e.g., id. at 883–84 (noting that the district court only considered whether the redesigned product infringed the patent); Arbek Manufacturing, Inc. v. Sasan Moazzam, 55 F.3d 1567, 1569 (Fed. Cir. 1995) (“The trial court chose, however, to undertake a substantive infringement analysis [to determine contempt].”).}

II. THE TIVO CASE

Recognizing that the KSM test did not provide a clear standard for determining when to entertain contempt proceedings in patent cases, the Federal Circuit in \textit{Tivo\textasciicircum} discarded the test and articulated a new test for contempt and a new method for determining whether differences between two products are more than colorable.\footnote{See \textit{Tivo\textasciicircum}, 646 F.3d at 881. Though the court did not explicitly state it in \textit{Tivo\textasciicircum}, one of the primary justifications for a clear test in contempt proceedings is to counter the wide discretion that district courts have in writing injunctions. See \textit{KSM}, 776 F.2d at 1527.} The Federal Circuit shifted the colorable differences analysis from a consideration of procedural and evidentiary factors, where courts consider the information needed to determine infringement, to a consideration of the substantive elements of the redesigned product, where courts analyze the changes made to the infringing elements of the original product.\footnote{See \textit{Tivo\textasciicircum}, 646 F.3d at 882–83; \textit{Matthews}, supra note 8 and accompanying text.}

A. PROCEDURAL HISTORY AND FACTS

TiVo is a producer of digital video recorders (“DVRs”), which are devices that allow users to pause and record live television.\footnote{\textit{Id.}, 646 F.3d at 876.} The ability to record live TV allows TiVo users to pause or rewind a television program in the same manner they would a home movie.\footnote{\textit{Id}.} TiVo holds several patents on its DVR, including U.S. Patent No. 6,233,389 (the “‘389 patent”).\footnote{\textit{Id}.} The claim at issue, Claim 31 of the ‘389 patent, reads in its pertinent sections:

A process for the simultaneous storage and play back of multimedia data, comprising the steps of:

[1] providing a physical data source, wherein said physical data source accepts broadcast data from an input device, parses video and audio data from said broadcast data [the “parsing” limitation], and temporarily stores said video and audio data;

[2] providing a source object, wherein said source object extracts video and audio data from said physical data source;
[3] providing a transform object, wherein said transform object stores and retrieves data streams onto a storage device;

[4] wherein said source object obtains a buffer from said transform object, said source object converts video data into data streams and fills said buffer with said streams;

[5] wherein said source object is automatically flow controlled by said transform object.76

In 2004, TiVo sued EchoStar for infringing several claims of the '389 patent, including Claim 31, based on EchoStar's sale of its own DVRs.77 A jury found that the patent was valid and that EchoStar's products were infringing.78 Specifically, the jury found that EchoStar's start code procedure met the “parsing” limitation of Claim 31.79 The district court issued a permanent injunction against EchoStar, ordering EchoStar to (1) stop making, using, offering to sell, and selling the receivers that had been found infringing by the jury (the “infringement” provision); (2) disable the DVR functionality in existing receivers that had already been placed with EchoStar's customers and in new placements that were yet to be placed with EchoStar's customers (the “disablement” provision); and (3) not “otherwise infring[e] or induc[e] others to infringe the Infringed Claims of the '389 patent” (the “catchall” provision).80 On the first appeal, the Federal Circuit overturned several infringement findings, but upheld the verdict of infringement of Claim 31.81

Following the first appeal, EchoStar redesigned its DVR, and TiVo subsequently filed a motion in the district court to hold EchoStar in

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76. Id.
77. Id. at 877.
78. Id.
79. Id. at 878.
80. Id. at 877 (“The infringement provision reads: ‘Each Defendant . . . [is] hereby restrained and enjoined, pursuant to 35 U.S.C. 283 and Fed.R.Civ.P. 65(d), from making, using, offering to sell, selling, or importing in the United States, the Infringing Products, either alone or in combination with any other product and all other products that are only colorably different therefrom in the context of the Infringed Claims, whether individually or in combination with other products or as a part of another product, and from otherwise infringing or inducing others to infringe the Infringed Claims of the '389 patent . . . . The disablement provision reads: ‘Defendants are hereby FURTHER ORDERED to, within thirty (30) days of the issuance of this order, disable the DVR functionality . . . in all but 192,708 units of the Infringing Products that have been placed with an end user or subscriber. The DVR functionality . . . shall not be enabled in any new placements of the Infringing Products.’”).
contempt of the court’s permanent injunction.82 EchoStar argued that it had redesigned its products so that they no longer met the “parsing” limitation of Claim 31.83 During redesign, EchoStar had replaced its infringing start code procedure with a statistical estimation element, which they argued was non-infringing.84 Using the two-part KSM test, the district court held that EchoStar’s redesigned product was not more than colorably different from its original infringing product.85 The district court further held that even if the new statistical estimation feature did not infringe Claim 31, an unaltered element of EchoStar’s DVR, the PID filter, still fell within the “parsing” limitation, and thus contempt was appropriate for violation of the “infringement” provision of the injunction.86 The PID filter was present in both the original product and the redesigned product, but the jury had never ruled on whether or not the PID filter met the “parsing” limitation.87 The district court also held that EchoStar had failed to comply with the “disablement” provision of the injunction because it had not disabled the DVR functionality in its existing receivers.88 The court dismissed as untimely EchoStar’s contentions that the injunction was overbroad, and the court awarded damages to TiVo for EchoStar’s contempt.89 EchoStar appealed to the Federal Circuit once more.

B. A NEW CONTEMPT REGIME FOR PATENT CASES

On the second appeal, the Federal Circuit rejected the KSM two-step contempt inquiry applied by the district court and reformulated a new one.90 The court found the KSM test unworkable because many district courts, such as the district court in this case, simply analyzed whether or not the new

82. *TiVo*, 646 F.3d at 878.
83. *Id.*
84. *Id.*
85. *Id.*
86. *Id.* at 878–79.
87. *Id.*
88. *Id.* at 879. EchoStar argued that by replacing the infringing elements of its products there were no longer any “infringing” DVRs to disable. *Id.* The court rejected this contention, noting that the injunction required a disablement of the DVR functionality of EchoStar’s receivers, which EchoStar could not escape by attempting changing small parts of its products. *Id.* at 886–87. The court noted that this injunction was broad, but refused to rule on the issue that it may in fact cover non-infringing activities. *Id.* at 890 n.9 (“We note, however, that, although we have strongly discouraged judicial restraint of noninfringing activities . . . we have never barred it outright and instead have repeatedly stated that district courts are in the best position to fashion an injunction tailored to prevent or remedy infringement.”).
89. *Id.* at 878.
90. *Id.* at 881.
product was infringing when determining whether contempt was appropriate during the first step of the KSM test.\textsuperscript{91} With this confusion in mind, the Federal Circuit ruled that colorable differences in the first step of the KSM test would no longer be tied to any question of infringement.\textsuperscript{92} Furthermore, the Federal Circuit held that colorable differences would no longer be tied to the appropriateness of holding contempt proceedings.\textsuperscript{93} Instead, district courts could use their discretion in deciding when to hold contempt proceedings.\textsuperscript{94}

The first step of contempt proceedings under *TiVo* is to determine whether the original and redesigned devices are merely colorably different. While this is similar to the first step of the KSM test, the Federal Circuit did away with the KSM test’s required analysis of procedural and evidentiary issues related to infringement for judging colorable differences.\textsuperscript{95} Instead, the *TiVo* court held that when elements previously found to infringe [have] been modified, or removed, the court must make an inquiry into whether that modification is significant, [and if they] are significant, the newly accused product as a whole shall be deemed more than colorably different from the adjudged infringing one.\textsuperscript{96}

If the district court finds that the devices are no more than colorably different, the district court may then determine whether the redesigned product violates the injunction and infringes the patent.\textsuperscript{97}

In articulating the new method for determining colorable differences, the court stressed that if there were more than colorable changes to the infringing elements of the original product, then the alleged infringement of the new product is irrelevant to the contempt proceeding, and courts must

\begin{itemize}
\item \textsuperscript{91} *Id.*
\item \textsuperscript{92} *Id.* at 881–82.
\item \textsuperscript{93} *Id.*
\item \textsuperscript{94} *Id.* at 881.
\item \textsuperscript{95} *Id.* at 882.
\item \textsuperscript{96} *Id.* The court noted that “[t]he significance of the differences between the two products is much dependent on the nature of the products at issue . . . .” *Id.* To aid in determining if a change to an element is a colorable difference or not, the court stated that “[a] nonobvious modification may well result in a finding of more than a colorable difference.” *Id.* at 882–83.
\item \textsuperscript{97} *Id.* at 883. This varies from the KSM test in that rather than determining colorable differences when deciding whether or not to hold contempt proceedings, district courts now are left with broad discretion in deciding to hold contempt proceedings, and only once the court has decided to entertain contempt proceedings would it turn to the question of “colorable differences.”
\end{itemize}
order a new trial on the merits. On the other hand, if the district court concludes that the infringing elements of the original device and those of the redesigned device are only colorably different, then it may proceed to hold the defendant in contempt as long as the redesigned product actually violates the injunction by infringing the patent.

Applying the new rule, the Federal Circuit found that the district court judge had not evaluated the changes made to the infringing start code element of EchoStar’s DVRs. Specifically, the district court failed to determine whether the new statistical estimation element was more than colorably different from the original start code element that it replaced. Rather, the district court judge had ruled that the devices were merely colorably different because a separate element, the unmodified PID filter, also met the parsing limitation, even though the infringing nature of the PID filter had not been ruled upon during the trial. The Federal Circuit remanded the case to the district court to determine whether, under the new test, EchoStar’s replacement statistical estimation feature was merely colorably different from the previous start code procedure. If the district court determines that the two are more than colorably different, then the court must order a new trial to determine infringement, even if the PID filter or the new statistical estimation feature could potentially meet the parsing limitation.

At the same time, the Federal Circuit considered and rejected EchoStar’s claims that the “disablement” provision of the injunction was vague and overbroad. First, EchoStar contended that the “disablement” provision was vague because the requirement to disable DVR functionality should not apply to machines with the redesigned software installed in place of the

98. Id. at 882–83. This signals a shift in colorable differences from the infringement-based analysis of the KSM test to a substantive comparison of the original and redesigned products devoid of any infringement considerations. See id. at 881 (“As to the question whether an injunction against patent infringement has been violated, courts should continue to employ a ‘more than colorable differences’ standard as [set forth] below.”).
99. Id. at 883.
100. Id. at 883–84.
101. Id. Interestingly, the Federal Circuit never discussed the required analysis related to the removal of the record buffer and the “flow control” limitation.
102. Id.
103. Id. at 884.
104. Id. The dissent argued against remanding the case to the district court on the grounds that the devices were clearly colorably different, as the element adjudicated to be infringing had been removed entirely and replaced with something else. Id. at 890–91.
105. Id. at 884–90.
original software.106 The Federal Circuit dismissed this argument as untimely because EchoStar had had several opportunities to challenge the vagueness of the injunction through appeal, but had chosen not to.107 The court held that EchoStar could not unilaterally decide to proceed in the face of the injunction and make an after-the-fact contention that it is unduly vague.108 The Federal Circuit similarly barred as untimely EchoStar’s second claim that the injunction was overbroad.109

In summary, the Federal Circuit reversed the district court’s holding that EchoStar violated the “infringement” provision of the injunction and remanded the case for the district court to apply its newly formulated test for contempt.110 However, the Federal Circuit upheld the district court’s ruling that EchoStar had violated the “disablement” provision of the injunction by failing to disable any of its DVRs.111

C. THE NEW TiVo RULE APPLIED: HYDRO ENGINEERING

In a recent district court case, Hydro Engineering, the court applied the new colorable differences test from TiVo and held that while the redesigned product may very well infringe the patent, the original product and the redesigned product were more than colorably different under TiVo such that contempt proceedings were inappropriate.112 Hydro Engineering illustrates that under the TiVo rule, the colorable differences hurdle to contempt is entirely separate from any consideration of infringement; the question instead turns on “the differences between the features relied upon to establish infringement and the modified features of the newly accused products.”113

In the initial suit, Petter Investments, Inc. (“Petter”) and Hydro Engineering, Inc. (“Hydro”) both sold wash fluid containment systems for cleaning large vehicles, such as bulldozers.114 While prior washing systems

106. Id. at 884–85.
107. Id. at 886.
108. Id.
109. Id. at 889.
110. Id. at 884.
111. Id. at 890 (holding that while the injunction was indeed very broad, EchoStar had not complied with the injunction and had failed to challenge the overbreadth or vagueness of the injunction until this time).
113. See TiVo, 646 F.3d at 882.
were permanently fixed to the ground and consisted of a porous grate that
the vehicle would drive onto situated over a large open tank to collect waste
water. Hydro developed and patented a portable version of such a washing
system (U.S. Patent No. 6,799,591) (the “ ’591 patent”) that could be placed
on any type of surface or slope. Rather than utilizing a porous grate,
Hydro’s portable system consisted of an impervious, grooved surface, where
the waste water ran along the grooves and collected in a trough at the edge of
the wash pad. Petter also marketed a series of portable wash pads that
featured a side trough for collecting waste water.

Hydro contended that Petter’s pads infringed Claim 15 of the ’591
patent, which reads:

A vehicle receiving pad comprising:

An impervious top comprising: (a) spaced generally transversely
directed impervious ridge portions upon which vehicles, including
heavy vehicles, and other items are supported in load-transferring
relation for exterior cleaning using a cleaning liquid and (b)
impervious generally transversely direct sloped drainage corridors
disposed below the ridge portions into which used cleaning liquid
and removed debris collectively flow, each drainage corridor being
sloped toward at least one side of the pad;

A trough into which the cleaning liquid and debris discharged from
the covering, collectively flow and are temporarily stored, so as to
prevent any material debris accumulation in the drainage corridors
and from which the liquid and debris can later be generally
segregated and separately removed.

Relying on the fact that Petter’s wash pads were “impervious” and
included a “side trough,” the district court held that Petter’s wash pads
infringed Claim 15. The district court entered an injunction that enjoined
Petter from infringing the ’591 patent and from

making . . . any impervious ‘side trough’ wash pad, including
Petter’s impervious side trough wash pads without water channels,
and any other wash pads for which all of the components found in
[the wash pads] determined to infringe (1) impervious side trough
wash pads without water channels and [2] impervious side trough wash pads with water channels) are components of any new product.120

Following the issuance of the injunction, Petter attempted to redesign its wash pads so that the injunction would not cover the new pads.121 Petter replaced the impervious top surface of the pad with a continuous metal-plate surface that had pairs of uniformly-spaced lines of holes over drainage channels hidden beneath the wash pad surface to accommodate the water flow to the trough.122 Petter also relocated the trough from the side of the wash pad to the interior, near the back of the pad, such that it ran down the center.123 Hydro filed a motion to hold Petter in contempt, claiming that these redesigns violated the injunction and infringed the patent.124

Having decided that contempt proceedings were appropriate, the district court, applying the new test from *TiVo*, held that Petter was not in contempt for violation of the injunction because the differences between the original wash pads and the redesigned pads were more than colorable.125 As required by *TiVo*, the court restricted its colorable differences analysis to the actual elements that it had previously found that Petter had infringed, which included the impervious surface and the side trough.126 The court noted that Petter’s prior infringing wash pads had an impervious top surface with ridges and grooves, but the new pads have golf ball-sized holes in the surface that allow water to drain into channels located directly beneath.127 The court held that “[t]his difference is more than merely one of appearance; rather, it affects how the wash pad functions. Given the nature of the product and the prior art, this difference is significant.”128 The court also held that the relocation of the trough from the side to the center of the pad was more than a colorable difference.129 Noting that the relocation of the trough may still infringe the patent, the court held that the change was more than colorable because it was unclear to what extent the relocation affected the operation

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120. *Hydro Engineering*, No. 1:07 CV 1033 at *3–4. The district court also held that Petter had contributorily infringed Claims 2 and 3 of the process patent. *Id.* at *3.*
121. *Id.* at *4.*
122. *Id.*
123. *Id.*
124. *Id.*
125. *Id.* at *5* (“In the Court’s judgment, the differences between Petter’s redesigned wash pads and the accused products are significant, such that the redesigned products are more than colorably different from the adjudged infringing wash pads.”).
126. *Id.* at *4–6.*
127. *Id.* at *5.*
128. *Id.*
129. *Id.* at *6.*
and design of the wash pad support structure.\(^{130}\) Thus, the court concluded that while the new pads may still infringe the '591 patent, contempt was inappropriate and infringement should be determined through a new trial.\(^{131}\)

### III. DISCUSSION

The *TiVo* decision altered the colorable differences test and redefined it as a direct evaluation of the redesigned product, instead of a question related to infringement. This recasting of colorable differences will help to clear up the infringement-related confusion of *KSM* and force courts to independently evaluate whether the changes made during redesign were more than colorable. Even though this does shorten the potential reach of contempt proceedings, focusing the test on the products themselves helps bring the colorable differences test in line with the policy goals of *Molitor*, the early Supreme Court case on the concept of colorable differences, because it structures contempt proceedings such that contempt is only found if the defendant’s conduct is somehow “wrongful.” Finally, the *TiVo* test provides clear guidance to courts and to infringers attempting to redesign their products to avoid contempt.

#### A. COLORABLE DIFFERENCES SHIFTS FROM INFRINGEMENT TO AN EVALUATION OF THE REDESIGNED PRODUCT

The new test set forth in *TiVo* shifts the colorable differences test from a consideration of procedural and evidentiary factors related to infringement to a substantive analysis of the changes made to the infringing elements of the original product.\(^{132}\) The old *KSM* rule stressed that the colorable differences test was a question of the procedural and evidentiary issues related to the infringing nature of the redesigned product.\(^{133}\) Under the *KSM* test, two devices were more than colorably different if substantial issues related to

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\(^{130}\) *Id.* (“Whether the additional decking material is actually part of the washing surface presents a significant issue inappropriate for contempt proceedings[.]”).

\(^{131}\) *Id.* The court went on to conclude that even if the new pads were only colorably different, they did not infringe the '591 patent because they were not “impervious.” *Id.* This case illustrates the shift from considering whether or not two products are colorably different to whether or not the elements of two products are colorably different. *See id.* Here, the court found that both of the elements relied upon to establish infringement (the impervious top surface and the side trough) had been altered in more than colorable ways, but even altering one of these in more than a colorable manner would have been sufficient to avoid contempt. *Id.*

\(^{132}\) *See TiVo, Inc. v. EchoStar Corp.*, 646 F.3d 869, 882 (Fed. Cir. 2011).

\(^{133}\) *KSM Fastening Sys., Inc. v. H.A. Jones Co.*, 776 F.2d 1522, 1531 (Fed. Cir. 1985) (“The question to be answered under such a standard is essentially a procedural one. Must substantial new issues be litigated to determine infringement?” (emphasis in original)).
infringement would need to be litigated to determine the infringing nature of the redesigned product as compared to the original.\textsuperscript{134} Thus, the crux of colorable differences under the \textit{KSM} test was whether or not the original and redesigned devices were similar enough for the court to rule on the infringing nature of the redesigned product without the need for substantial further litigation.\textsuperscript{135} Under \textit{KSM}, if a court found that two devices were merely colorably different, then the court could entertain contempt proceedings.\textsuperscript{136} In such a contempt proceeding, if the court determined that the redesigned product actually infringed the patent and violated the injunction then the court would find the defendant in contempt.\textsuperscript{137}

By contrast, under the new rule set forth in \textit{TiVo}, the colorable differences step is a substantive evaluation of the changes made to the infringing elements of the original product.\textsuperscript{138} The \textit{TiVo} test also removes colorable differences from the “appropriateness” section of the first step of the \textit{KSM} test and grants district courts wide discretion in deciding when contempt proceedings are appropriate.\textsuperscript{139} Thus, under \textit{KSM}, a court would consider colorable differences when deciding whether or not to hold contempt proceedings, but under \textit{TiVo}, the court would not evaluate colorable differences until it has already decided to hold contempt proceedings. The \textit{TiVo} colorable differences test is also wholly apart from any consideration of infringement, and is instead its own separate hurdle to support a finding of contempt.\textsuperscript{140} Only after a district court has evaluated the changes made to the infringing elements of the original product and found the changes to be merely colorable differences may the court consider whether the redesigned product infringes the patent and violates the injunction.\textsuperscript{141}

Unlike the \textit{KSM} rule, the \textit{TiVo} rule specifically sets forth what parts of the product must be analyzed to determine whether there are more than colorable differences between the original and redesigned products.\textsuperscript{142} Rather

\begin{itemize}
\item \textsuperscript{134} \textit{Id.}
\item \textsuperscript{135} \textit{See}, e.g., \textit{id.}
\item \textsuperscript{136} \textit{Id. at 1532.}
\item \textsuperscript{137} \textit{See id.} The presence of infringement considerations in both steps of the \textit{KSM} test likely led to the confusion witnessed in the district courts. \textit{See}, e.g., \textit{TiVo}, Inc. v. EchoStar Corp., 646 F.3d 869, 881 (Fed. Cir. 2011) (rejecting the \textit{KSM} test as unworkable because many district courts simply analyzed whether or not the new product was infringing).
\item \textsuperscript{138} \textit{TiVo}, 646 F.3d at 882.
\item \textsuperscript{139} \textit{Id. at 881.}
\item \textsuperscript{140} \textit{Id. at 882} (“Today we reject [the] infringement-based understanding of the colorably different test.”).
\item \textsuperscript{141} \textit{Id. at 883.}
\item \textsuperscript{142} \textit{Id. at 882.}
\end{itemize}
than determining colorable differences based on the procedural and evidentiary ramifications of infringement proceedings of the redesigned products, district courts must now determine colorable differences by undertaking a substantive analysis of the changes made to the infringing elements of the original product. Specifically, the Federal Circuit held that “[when] elements previously found to infringe [have] been modified, or removed, the court must make an inquiry into whether that modification is significant, [and if they] are significant, the newly accused product as a whole shall be deemed more than colorably different from the adjudged infringing one.” By removing any question of infringement from the colorable differences test, the TiVo rule is likely to avoid the pitfalls of the KSM test by clearly restricting the focus of the district court. Thus, unlike KSM, which required courts to compare somewhat imprecisely two products based on the procedural implications of infringement, the TiVo rule guides courts in determining what elements of the redesigned product they should analyze when deciding whether or not changes to the infringing elements of the original product are more than colorable differences.

In summary, the TiVo test separates the colorable differences test from any consideration of infringement, and instead maintains it as an independent substantive consideration that courts must address before turning to the questions of infringement or violation of the injunction.

B. **TiVo Adds Clarity to Colorable Differences and Conforms Closer to the Policy Goals of Molitor**

By specifically defining the elements of a device that must be colorably different and by separating this question from infringement, the Federal Circuit has brought more clarity to contempt proceedings in the context of redesigns following patent infringement. TiVo also brings the colorable

143. *Id.*

144. *Id.*

145. Compare KSM Fastening Sys., Inc. v. H.A. Jones Co., 776 F.2d 1522, 1532 (Fed. Cir. 1985) (holding that colorable differences between two products are to be determined by evaluating if substantial open issues with respect to infringement are to be tried), with TiVo, 646 F.3d at 882 (holding that the changes to the actual infringing elements of the original product should be analyzed).

146. See TiVo, 646 F.3d at 882. In some ways this holding marks a return to the *Interdynamics* style substantive rule that was rejected by the court in *KSM* in favor of a consideration of evidentiary and procedural elements. See *KSM*, 776 F.2d at 1527–31 (rejecting the substantive doctrine-of-equivalents style test used by some circuits for determining colorable differences in favor of a more procedurally oriented test).

147. See *KSM*, 776 F.2d at 1527 (holding that a clear test for contempt was necessary to counteract the broad injunctions often seen in patent cases).
Infringers who are confronted with a broad injunction following a finding of patent infringement may now redesign their products with a fair understanding of how that product will be analyzed in any potential contempt proceedings. Prior to TiVo, courts would evaluate colorable differences in the light of an infringement analysis, as required by KSM. This version of the colorable differences test provided infringers with little guidance concerning redesigned products, and infringers ran the risk that even substantial changes to infringing elements would not suffice to avoid contempt. For example, the district court in TiVo, applying the KSM test, held that even though EchoStar had in fact removed the infringing start code procedure, the product still infringed TiVo’s patent because, in the court’s opinion, another element, the PID filter, met the claim limitations, and therefore the redesigned product was not more than colorably different. Thus, prior to TiVo, infringers who completely removed infringing elements from their redesigned product still ran the risk of contempt if the district court viewed other elements as sufficiently infringing. Under the new standard, however, the question of infringement is entirely removed, and the court applying the colorable differences test must focus only on the status of the elements previously held to be infringing. Thus, under TiVo, an infringer redesigning his product can be confident in which elements of the product he should remove or substantially alter during redesign to avoid being subject to contempt proceedings. The confinement of the colorable differences analysis to the changes made to the specific modified elements which were previously found to be infringing, and not the product as a whole, provides infringers confronted with injunctions with increased

149. See, e.g., TiVo, 646 F.3d at 883–84; Arbek Manufacturing, Inc. v. Sasan Moazzam, 55 F.3d 1567, 1569 (Fed. Cir. 1995).
150. See, e.g., TiVo, 646 F.3d at 883–84.
151. See id. at 878.
152. This was not the intention of the KSM court but rather was the result of confusion stemming from the intertwining of infringement and colorable difference questions. See id. at 882 (“In some cases [the infringement based colorable difference test] has misled district courts to focus solely on infringement by the newly accused devices in deciding contempt.”).
153. Id. (“Instead of focusing on infringement, the contempt analysis must focus initially on the differences between the elements relied upon to establish infringement and the modified elements of the newly accused products.”).
guidance and greater clarity on how to avoid contempt when redesigning their products, though they may still be subject to a new infringement suit.\(^\text{154}\)

The Federal Circuit’s restructuring of the colorable differences test in *TiVo* also helps meet the policy goal expressed in *Molitor* that a contempt finding should be based on some “wrongful conduct” on the part of the infringer.\(^\text{155}\) Courts have stressed that contempt is a severe remedy and one that is not justified if there is a “fair ground of doubt” as to the wrongfulness of the infringer’s conduct.\(^\text{156}\) The colorable differences test was intended as a way to differentiate between infringers who made a good faith effort to redesign their products in compliance with the court’s injunctive order and those infringers who made only cosmetic changes in an attempt to shirk the order. Conversely, under the *KSM* rule, even infringers, such as EchoStar, who completely removed the infringing elements of their products, could be found in contempt of court because the judge determined that the product infringed the patent in another way.\(^\text{157}\) The *KSM* rule did not effectively consider the “fair ground of doubt” as to the wrongfulness of the defendants conduct because it caused courts to focus on the potential infringement of the redesigned product instead of the changes made to the infringing elements of the original product during the redesign.\(^\text{158}\) As stated by the Supreme Court in *Molitor*, not every subsequent infringement should be considered contempt of court, only those where there is something “wrongful” about the defendant’s conduct.\(^\text{159}\) In contrast to *KSM*, the *TiVo* rule is much better in line with the policy goals of *Molitor* because it requires courts to focus only on the changes made to the infringing elements of the original product when considering colorable differences.

Under *TiVo*, if a defendant has made a good faith effort to redesign the infringing product, the court, applying the colorable differences test, will likely find that they have made substantial changes to the infringing elements of the original product. By focusing specifically on the changes to the infringing elements of the original product, instead of the infringement of the

\(^{154}\) It is worth noting, however, that this conclusion applies to injunctions prohibiting further infringement. Infringers must still be wary of violating other provisions of any injunctions, even if they redesign their products. For example, while the Federal Circuit reversed the contempt holding for violation of the “disablement” provision of the injunction, EchoStar was still guilty for failing to comply with the “disablement” provision of the injunction (which presumably could not be avoided by redesigning the product). *See TiVo*, 646 F.3d at 890.


\(^{156}\) Id.

\(^{157}\) *See TiVo*, 646 F.3d at 878–79.

\(^{158}\) See id. at 881.

\(^{159}\) *Molitor*, 113 U.S. at 617–18.
redesigned product, a court can better determine whether the defendant’s conduct is wrongful and thus subject to contempt, or a good faith effort where contempt would be inappropriate.

C. **TiVo Stripes an Appropriate Balance Between Patentees and Infringers**

The TiVo test will likely bring increased clarity and fairness to the colorable differences test, but this may come at a cost to patent holders as the test limits availability of contempt proceedings against redesigned products. Requiring the patentee to institute a new infringement suit against every redesigned product diminishes the significance of the patent and the injunction. However, as noted by the court in *McChullough*, “allowing the patentee to proceed by a summary contempt proceeding in all cases [involving redesigned products] would unnecessarily deter parties from marketing new devices that are legitimately outside the scope of the patent in question.” As discussed above in Part II, *supra*, the new TiVo rule necessarily means that fewer redesigned products will be eligible for contempt proceedings than under the *KSM* rule. However, the *KSM* rule resulted in an untenable extension of contempt proceedings to redesigned products whose infringing nature would better have been decided by a new trial. Thus, even though the TiVo rule increases the burden of patent enforcement by shortening the reach of contempt, this corrects the overbroad reach of contempt proceedings that *KSM* previously granted to patent holders.

Unfortunately, in some situations, the TiVo rule may prove to favor well-financed infringers over less well-off patent holders by allowing the wily infringer to continually infringe but avoid contempt. For example, an infringer may make more than colorable changes to infringing elements to avoid contempt, but purposefully not make changes substantial enough to avoid infringing the patent. In this situation, the less well-off patent holder would be forced to file a new complaint for a new infringement trial against

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160. The *KSM* test as applied by many district courts potentially reached all redesigned products which infringed, whereas the TiVo test may only reach products that retain substantially similar infringing elements of the original products. See *TiVo*, 646 F.3d at 878–79; *KSM Fastening Sys., Inc. v. H.A. Jones Co.*, 776 F.2d 1522, 1527 (Fed. Cir. 1985).


162. *Id.*

163. *See infra* Section III.A.

164. *See, e.g., TiVo, Inc. v. EchoStar Corp.*, 646 F.3d 869 (Fed. Cir. 2011) (discussing that the district court based its contempt finding on the infringing nature of an element of the original product which had not been at issue during the preceding litigation).
the redesigned product, which is expensive and may not be financially feasible. In the worst case scenario, the well-financed infringer could repeat this cycle as many times as needed until the less well-off patent holder runs out of money.

However, district courts can counter this type of behavior by crafting more precise injunctions targeted at specific acts by the infringers. Instead of a broad proclamation simply prohibiting “further infringement of the patent,” which requires a colorable differences analysis, a district court could write a targeted injunction prohibiting certain actions or design elements. For example, in *TiVo*, even though the court reversed and remanded with respect to EchoStar’s violation of the “disablement” section of the injunction, the court upheld the finding that EchoStar violated the “disablement” provision of the injunction for failing to disable EchoStar’s installed DVRs.\(^\text{165}\) EchoStar’s contempt for violation of the “disablement” provision of the injunction did not require a colorable differences analysis because the “disablement” provision required certain acts by EchoStar and did not involve a question of infringement. A district court could prevent the problem of a well-financed infringer by writing a careful injunction that included more than infringement provisions.

Thus, even though the *TiVo* test shortens the reach of contempt proceedings relative to the test under *KSM*, *TiVo* will help ensure that patentees cannot impermissibly prevent the creation and marketing of legitimately redesigned products. Additionally, while the *TiVo* rule may seem to reward well-financed infringers, district courts can craft more precise injunctions to prevent abuse of the new contempt regime.

**IV. CONCLUSION**

*TiVo* transformed the colorable differences test from an analysis of infringement to an analysis of the changes made to the infringing elements of the original product. This new test is a marked departure from the procedural and evidentiary considerations of the colorable differences step previously set forth in *KSM*. Not only did this change the approach to colorable differences, it also made the question of colorable differences an independent hurdle to a finding of contempt. The new test articulated in *TiVo* will provide guidance to infringers who are confronted with vague or ambiguous injunctions, because infringers will have a better idea of how courts will analyze their redesigned product. *TiVo* also helps to bring contempt proceedings in patent cases in line with the policy goals of contempt as set

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165. *See id.* at 877.
forth by the Supreme Court in *Molitor*, even though it narrows the reach of contempt. Finally, the new *TiVo* rule will act as a welcome counter balance to the problems of broad injunction writing in patent cases and will encourage judges to craft more precise injunctions.