



Ruling on Motion for Entry of Permanent Injunction [Doc. # 1388], at 9. This Court also enjoined defendants from contributing to the infringement of claim 45 of the '675 patent and claims 1, 44, and 158 of the '610 patent, by selling, offering to sell, or importing into the United States any products found to infringe at trial. Id. Likewise, defendants were enjoined from inducing others to infringe claims 17, 33, and 45 of the '675 patent, claim 16 of the '493 patent, and claim 1, 44, and 158 of the '610 patent, by encouraging, urging, aiding, assisting, causing, facilitating, instructing, teaching, advertising, servicing, repairing, or otherwise promoting the use of the products found to infringe at trial for use with the polymerase chain reaction. Id. The ruling further provided that defendants would provide notice of the injunction and would take whatever means necessary and appropriate to ensure compliance therewith. Id. at 9-10.

Less than two weeks after the issuance of the Court's ruling, on September 12, 2005, Applera filed its motion to hold MJ and Bio-Rad in contempt for violating the injunction. See Contempt Motion [Doc. # 1397]. Subsequently, on October 17, 2005, Applera filed the instant motion for leave to take discovery into the post-injunction activities of MJ and Bio-Rad, specifically regarding: (1) efforts to comply with the Court's injunction, (2) communications with customers, vendors, suppliers, and manufacturers concerning the injunction, (3) post-

injunction marketing, advertising, promotion, and press releases, including the updating of MJ's and Bio Rad's websites, (4) foreign sales and supply of enjoined products, and (5) the structure and operation of the MJ Mini. See Motion For Leave To Take Discovery [Doc. # 1425]; Pl's Mem. in Support of Motion for Leave [Doc. # 1426], Ehrlich Decl. Ex. 1.

## II. DISCUSSION

"A Court's inherent power to hold a party in civil contempt may be exercised only when (1) the order the party allegedly failed to comply with is clear and unambiguous, (2) the proof of noncompliance is clear and convincing, and (3) the party has not diligently attempted in a reasonable manner to comply."<sup>1</sup> N.Y. State Nat'l Org. For Women v. Terry, 886 F.2d 1339, 1352 (2d Cir. 1989). Courts have also described the third factor in this assessment as a consideration of "whether the defendant has displayed an evident sense of non-urgency bordering on indifference." See e.g., Int'l Controls & Measurements Corp. v. Watsco, Inc., 853 F. Supp. 585, 587 (N.D.N.Y. 1994) (internal quotation and citations omitted).

Applera argues that a finding of contempt is justified for four reasons: (1) MJ and Bio-Rad have failed to give adequate notice of the injunction, as required by the Court's ruling, (2)

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<sup>1</sup> The parties do not dispute that the permanent injunction is clear and unambiguous.

MJ and Bio-Rad have continued to engage in enjoined commercial activities, including promoting, offering for sale, selling, and servicing, infringing products, (3) MJ and Bio-Rad have "flatly ignored" multiple requests from Applera to confirm compliance with the injunction, and (4) MJ and Bio-Rad continue to manufacture and sell updated MJ thermal cyclers, including the MJ Mini, which Applera claims are "not more than colorably different from the infringing products." See Pl. Mem. in Support of Contempt Motion [Doc. # 1398], at 7.

Applera argues that its showing in its motion for contempt, as well as MJ's and Bio-Rad's more recent claims of compliance coupled with their "utter refusal" to cooperate, warrants discovery into MJ's and Bio-Rad's post-injunction activities. Pl's Mem. in Support of Motion for Leave at 3-4 (citing Ehrlich Decl. Exs. 1-3). Applera claims that MJ and Bio-Rad have "flatly ignored" Applera's requests for confirmation that they are in compliance with the Court's injunction, notwithstanding repeated requests. See Pl. Mem. in Support of Contempt Motion, at 2; Declaration of Edward R. Reines in Support of Applera's Motion to Hold MJ and Bio-Rad in Contempt ("Reines Decl.") [Doc. # 1399], Exs. A, B, E-G. While MJ's and Bio-Rad's apparent stubborn silence understandably gave rise to suspicions on the part of Applera, suspicions alone cannot provide a basis for an order permitting a foray into the post-injunction activities of MJ and

Bio-Rad and Bio-Rad has now set forth the substance of its post-injunction notice and compliance activities, including cessation of sales of products found to have infringed.

The announcement posted to the Bio-Rad website on September 2, 2005, in response to a September 1, 2005 press release made by Applera, see Reines Decl. Ex. C, is claimed to manifest defiance of the injunction order and constitute a "counter notice." In the announcement, Bio-Rad states that it believed a settlement between the parties had been reached, which settlement "together with Bio-Rad's existing license, ensure the continued supply of MJ products." Id.<sup>2</sup> Notwithstanding Applera's characterizations, the Court does not read this announcement, which was effectively provoked by Applera's September 1 press release, as an indication that MJ and Bio-Rad have otherwise failed to supply sufficient notice of the injunction or that, worse, this announcement constitutes "counter-notice" to induce the public to purchase infringing products, compare Pl. Mem. in Support Of Contempt Motion, at 5. In the context of the posting of this announcement - including the ongoing settlement negotiations being conducted by the parties at the time the injunction order was issued, coupled with Applera's September 1 press release - it cannot

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<sup>2</sup> Applera also notes that, despite the fact that this Court advised the parties that no finalized settlement had been reported as of September 7, 2005, see Reines Decl. Ex. D, the press release remains on Bio-Rad's website. It is unknown whether this continues to be the case.

clearly be construed as indicating "an evident sense of non-urgency bordering on indifference" on the part of MJ or Bio-Rad sufficient to support a finding of contempt. See Int'l Controls, supra.

With respect to Applera's claims that MJ and Bio-Rad continued to engage in enjoined commercial activities, Applera itself acknowledged steps taken by defendants toward compliance in its September 6, 2005 letter, specifically that Bio-Rad placed a notice on the MJ website stating that it was "currently suspending sales of its DNA Engine cycler product lines in the U.S." See Reines Decl. Ex. E. Thus, with respect to products found to infringe at trial, there is no need for discovery.<sup>3</sup>

Applera also argues that MJ and Bio-Rad continue to sell updated MJ thermal cyclers, including the MJ Mini, which are sufficiently similar to the products found at trial to infringe Applera's patents to justify a finding of contempt. Pl. Mem. in Support of Contempt Motion at 7; Pl's Mem. in Support of Motion

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<sup>3</sup> Applera is also apparently concerned that Bio-Rad may have diverted its products to Europe immediately following the issuance of the Court's injunction, and may even be servicing its domestic customer base through foreign sales. See Pl's Mem. In Support of Motion for Leave at 6-7 (citing Ehrlich Ex. 5 (stating that Bio-Rad "expect[s] the injunction to be short term" and noting "[w]e have significant stock of product and parts in Europe that will allow us to continue business as usual")). Since this statement was made at a time and in the context of defendants' view that a settlement agreement had been reached with Applera, it does not provide clear and convincing evidence of contempt.

for Leave at 4-5; Ehrlich Ex. 4. Whether the MJ Mini and other updated thermal cyclers are "not more than colorably different from the infringing products" remains disputed, but it is undisputed that these recently released products were not among those found to infringe at trial. Applera has identified the features it claims demonstrate infringement of the '610 Patent, see Pl. Mem. in Support of Contempt Motion at 6-7, and thus shows no basis as to why discovery on the MJ Mini is required. Moreover, the Court is concerned that this contempt proceeding not be turned into a claim of infringement by new products which properly is brought in a separate action.

Applera's claim that MJ and Bio-Rad have "flatly ignored" its requests for confirmation of compliance with the injunction does not alone create a basis for discovery. In addition, as discussed above, on the basis of their opposition to the motion for contempt, there is now a record of steps MJ and Bio-Rad claim to have taken, starting within a week of receiving notice of the Court's order. See generally Declaration of Sanford S. Wadler, Esq. ("Wadler Decl.") [Doc. # 1415], ¶¶ 6-21. While the efficacy and adequacy of the notice given and other compliance steps taken, including cessation of enjoined commercial activities, may be disputed by Applera in its reply memorandum or at oral argument/hearing to be scheduled on its motion, there does not appear to be a basis for discovery on defendant's proffered

