

the staples had to do with the patented machine. Neither constituted an element in the respective inventions. Each was indefinitely older than the respective inventions. For in the statement of the facts in the Heaton case, the Court said: "The principal and earlier of these patents describes the invention as intended to produce a setting device which can be used conveniently for setting and clinching an ordinary (black ours) metallic staple."

The next case cited by the Court is *Travers vs. Beyer* (1886) 26 Fed. 450.

The claim of the patent here alleged to have been infringed was as follows: "The combination of a hammock A. having suspension ropes, f. f., with detachable distending blocks g. g., which are notched at their lower edge to space said ropes f. f. substantially as specified." It was alleged and proved that the defendants made and sold the "detachable notched distending blocks" without the consent of the plaintiff, the owner of the patent. The Court said: "The detachable notched distending blocks are the essence of the invention. The blocks are of no practical utility or value except for the special purpose of the patentee. The defendants do not make or sell hammocks, but they are manufacturers of the blocks described in the specification, and sell them to dealers in hammocks, who sell them with or without the hammocks, at the option of the purchasers.

"They thereby concert with those to whom they sell the blocks to invade the complainant's rights. They are intentional promoters of the ultimate act of infringement." (Black ours.)

Here, once more, the defendants made and sold the very essence of the invention. They re-created, externalized and sold the very thing that the inventor's imagination conceived and that his hands physically embodied as an original idea.

But in the Heaton case the staples were not only not the essence of the invention, but were not even remotely related to the invention.

They had no more to do with the patented machine than screws have to do with a patented screwdriver.

Suppose the patentee had sold this hammock with this condition attached: "This hammock is sold and purchased to use only to swing a baby furnished by the patentee, to whom the title to said hammock immediately reverts upon violation of this contract of sale." A proud father purchases one of these hammocks, suspends it at each end and places therein his darling son, Priam, whose white head shines like a star, and swings said Priam in the hammock. Would the Court of Appeals hold that the father was an infringer of the patent? Yet the boy swung bears the same relation to the hammock that the staples do to the Heaton machine. The latter was made to be used "conveniently for setting and clinching an ordinary metallic staple." The hammock was designed to swing an ordinary hard-headed person. The Heaton machine would not accommodate itself to all sizes of staples, neither would the patented hammock contain all sizes of persons; i. e., one of the judges who concurred in the decision in the Heaton case.

But neither in one case or the other did this circumstance have anything to do with the rights of the owners of the respective patents.

The next case cited is *Willis vs. McCullan* (1886), 29 Fed. 641. There is no statement of facts here sufficient to enable us to ascertain precisely the issue involved. The opening sentence gives the only hint as to the facts: "The respondent had a license to use the patented process, and also a license to sell the materials for the process to other licensees." The charge against the defendant was that he sold the materials to others than licensees, for use in the process. The Court said: "By these sales thus made the respondent became a party to their use (viz the use of the materials in practicing the patented process).

Now the soundness of the decision depends entirely upon whether or not the "materials" were patented.

If not, then the defendant needed no license to justify his selling them to anyone and everyone, as he saw fit.

A process cannot be "made" or "sold"; it can only be "used". A patent for a process cannot be infringed except by "using" it; by going through the form of action described in the patent. And neither the vendor of unpatented materials used by the purchaser to infringe a process, nor the purchaser of an unpatented product made by an infringing process, is liable as an infringer of the patent.

A vendor in such case is not liable because he no more participates in the use of the process than the landlord who rents a factory premises to the infringer, or the man who supplies him with coal.

The purchaser is not liable, for he has no more to do with using the process than has the vendor of the materials.

The point has been directly adjudicated time and again. See *Merrill vs. Yeomans* (1876), 94 U. S. 568.

But, assuming in the case under consideration that the "materials", too, were patented, then the defendant in making and selling them to others without warrant, thereby enabled others to "use" the patented processes. The defendant, co-operating with others, went through the very form of action described in the patent and this is precisely to infringe a process patent.

But this decision affords no imaginary support for the opinion in the Heaton case. It has been settled ever since the case of *Corning vs. Burden* (1853), 15 How. 252, that "a man cannot have a patent for the function or abstract effect of a machine, but only for the machine which produces it." In *Burr vs. Duryee* (1863), 1 Wall 531 at 570, the Court said: "It requires no great ingenuity to mystify a subject by the use of abstract terms of indefinite or equivocal meaning. Because the law requires a patentee to explain the mode of operation of his peculiar machine, which distinguishes it from others, it does not authorize a patent for a mode of operation as exhibited in a machine."

In the Heaton case this "mystifying ingenuity" was employed with the result that the plaintiff was given a patent on the "function or abstract effect of the machine." The only thing the defendant did was to supply an ordinary unpatented chattel which was used to enable the purchaser to enjoy "the function or abstract effect of the machine," which is not patentable.

Anyone who supplies oil to lubricate, a cloth to clean, power to run, or a building to protect, the mechanism, was on an exact parity with the defendants with respect to infringement.

Such persons like the defendants contributed to facilitate the "function or abstract effect of the machine".

This is all that was done in either case. If the defendants were guilty of contributory infringement, so would be the persons mentioned. If the latter could not be held liable for infringement, neither can the defendants in the Heaton case, for the Court said the staples had no more to do with the patented machine than the "buttons to be affixed by means of the staples, on the shoes to which both are to be attached". Why did not the Court include the man who supplied the buttons and him who supplied the leather in the category of contributory infringers?

The next case cited is: *Alabastine Co. vs. Payne* (1886), 27 Fed. 559. The patent here was for an improvement in calcimine. The claim was for a compound; consisting of pulverized calcined gypsum and white glue, the latter being dissolved in hot water, and when cold, stirred into the gypsum with sufficient cold water to bring the mixture to proper consistency to be applied with a brush." Of course, the patentee made the compound in accordance with this method and sold it to the public. Now the defendant made and sold a dry mixture composed of pulverized calcined gypsum and glue put up in packages with printed directions for reducing the dry mixture to a liquid in accordance with the formula of the patent. It was unavoidably held that the defendant was a contributory infringer.

The defendant performed every act necessary to make the thing invented, except the addition of water, and he directed the purchaser to do this. When the purchaser followed the directions, he, in conjunction with the defendant, created and made the identical thing invented and patented. But this decision has no relevancy whatever to the Heaton case.

In the latter case the defendant did not co-operate with the purchaser to make the machine. He sold materials for use in a machine which the purchaser had bought and paid for and owned.

Suppose again, in the Alabastine case, the patentee had sold a gallon of the mixture accompanied by this notice: "This calcimine is sold and purchased to use only on a wall 12 by 8 feet in dimensions, title to said calcimine immediately reverts to the patentee upon violation of this contract of sale." A carpenter is employed by the purchaser to build a wall 16 by 10 feet in dimensions. The carpenter knows the calcimine is to be used on the wall; he reads the "license". After finishing the wall he stands by and consents, abets and aids in the spreading on of the calcimine.

Is the carpenter guilty of contributory infringement? He had guilty knowledge; he knew of the wicked intent of the purchaser to violate the "license" and he furnished the means by which it was done.

If the Heaton case was correctly decided, the carpenter in the case supposed would be guilty of contributory infringement. If he would not be, then neither was the defendant in the Heaton case.

We come next to Celluloid Mfg. Co. vs. American Zylonite Co. (1887), 30 Fed. 437.

In this case, the patent was on an improved collar, made in part of celluloid; more accurately speaking it was the fabric made of celluloid. The single claim was as follows:

"A fabric for collars and cuffs, or other similar articles, having

outer sheets or layers of celluloid, and an interlining of textile or fibrous material, substantially as and for the purpose specified.” The alleged infringement was accomplished by three parties, who, for the sake of convenience we shall designate as A, B (the defendant) and C. It was done in this manner. A fabric, consisting of two sheets of cloth or muslin, with a paper interlining, was made by A. B (the defendant) then took the fabric from A and placed on one side of it, a thin sheet of zylonite (i. e. Celluloid), and returned the fabric thus compounded to A. A in turn cut off the top edge of the cloth and folded the top edge of the celluloid back on itself, so that there was a surface of celluloid upon both sides at all the edges of the collar except at the neck band. The body of the inside of the collar was not covered with celluloid, but the parts which demanded strength, neatness and finish and which are most liable to become soiled had a double sheet of celluloid, which enclosed an interlining of textile material. The other party, C, took the collars so made and sold them. The defendant put up many ingenious defenses, but the Court struck at the heart of the matter when it said “C receives from the manufacturers and sells collars which contain so much of the new fabric as is needed to make a collar. So much as is unnecessary had not been used. It (the defendant) has a double sheet (of celluloid) where such a sheet is indispensable, and thereby has taken the kernel of the invention to its own use, and has become to the extent to which it employs the improvement, an infringer. It is apparent that B (the defendant) made the compound sheet for A, with knowledge of the method in which it was to be used by that company in the manufacture of collars.” Here then A and B co-operated, acted concertedly to a definitely conceived, common result—to take “the kernel of the invention” to their own use. But in the Heaton case, the defendant did not, either alone, or in conjunction with the purchaser “take the kernel of the invention ’ or even a shred of the outermost husk, to his own use.

The defendant there had nothing whatever to do with the invention.

If in this Celluloid Collar Case the Court had held that the merchant who supplied collar buttons or shirts to use with the collars, was a contributory infringer then, the decision would have been relevant to the proposition announced in the Heaton case. But as it stands, the Court might just as well have cited the Squib case or the Dartmouth College case.

This is getting wearisome, but we have three more decisions to come. The next is: *Boyd vs. Cherry* (1883), 50 Fed. 279. In this case there was a conflict between two patents, both on milk cans. The earlier patent belonged to the plaintiff and the later to the defendant. In both patents, the thing contemplated was a can sealed water tight and submerged in cold water to drive out the heat and facilitate the separation of the cream. The plaintiff characterized his patent as for a process to be carried out by the use of the can. The defendant claimed a patented can to be used in doing what the plaintiff claimed as his "process". The parties were disputing over words, not things. The Court held that the defendant's can was substantially the same as the plaintiff's. The defendant sold his can with directions, which, in effect, told the purchaser to do just those things described in the plaintiff's patent for a process. But the Court refused to be deceived by mere words and insisted on dealing with things instead. The Court said: "When it is added (to what already has been said) that they (the cans sold by the defendant) are generally if not always accompanied by directions to purchasers as to the mode of using them, which directions require the adoption and use of the Cooley (plaintiff's) process (black ours), it becomes very clear that the fact of infringement is established."

Here the defendant sold a duplicate of the appliance discovered by the plaintiff and taught purchasers how to use the mechanism invented so as to infringe the "process" patented.

This is just like the Alabastine case above. But it would indeed require a "mystifying ingenuity" to imagine a bearing of this decision on the Heaton case.

The last decision of the lower courts relied on, is the case of American Cotton Tie and Supply Co. vs. McCready (1879) Fed. Cas. 295. This case was one phase of the famous controversy over the patented cotton bale tie. Here the defendant was a common carrier, and the charge against it was that it was knowingly transporting infringing ties for sale in the Southern states and refused to disclose the name of the shippers. The plaintiff swore that the ties infringed its patent; the defendant denied any knowledge on the point, but admitted its refusal to disclose the name of the shippers. Here then the making and selling of the ties was established conclusively by the only proof on the point, and the plaintiff was powerless to prevent the infringement because the identity of maker, vendor and vendee was concealed. Conceding the infringement, the defendant's refusal to disclose the names of the shippers was construed by the Court to be a participation in an infringement of the patent for the defendant was the agent of the purchasers of the infringing ties.

It is exceedingly difficult to work out a duty on the part of the defendant to disclose to the plaintiff the names of shippers by its conveyances.

But accepting the view of the Court, the decision does not touch the Heaton case. There the plaintiff had made and sold the device for use in the only way it could be used, to clinch ordinary metal staples. The defendant had nothing to do with making or selling the machine. It supplied the "ordinary metallic staples" for use in the machine, just as a hardware dealer supplies ordinary metallic screws to be driven by a patented screwdriver.

To distort this case into an authority for the Heaton case, we would have to re-shape the facts thus: The plaintiff made and sold a package of the patented ties accompanied by this notice: "These

ties are sold and purchased for use only in case they are transported to the cotton states on pack mules; the title to these ties reverts to the patentee immediately upon violation of this contract of sale." "The purchaser, we will suppose, gets anxious to deliver the ties in shorter time than by the method prescribed in the "license" and ships the same by the defendant's line of steam ships. In such case, would the Court hold the defendant guilty of contributory infringement?

We come finally to the great case of *Morgan Envelope vs. Albany Perforated Wrapping Paper Co.* (1894) 152 U. S. 425. This is the last case cited by the Court and is discussed at length. The Court had gained considerable momentum in error by the mistaken application of the nine decisions already commented on, but with all this, how the Court found it possible to drive through or around the case now to be dealt with, we have never been able to understand, though we have read both decisions scores of times.

The facts in the envelope case were these: The plaintiff owned two patents; both were for a combination of a roll of toilet paper with a mechanism for the delivery of the paper. A prior patent on the paper roll alone was declared void for want of novelty. The Court held that the patent on the mechanism was valid, but declined to decide whether or not the claim for the combination of the roll with the fixture was a valid claim for a combination. The Court said that conceding the combination valid, the defendant had not infringed, hence it was unnecessary to decide whether or not the claim for combination was well taken.

The plaintiff had made it a practice to sell the fixtures only to such parties as dealt in and used its paper. "The fixtures were also sold to hotels and other public buildings, with the understanding that their paper would be subsequently purchased of the plaintiff company. It appears to have been its invariable rule to refuse to sell fixtures except to persons also ordering paper." (Compare this with the *Heaton* case.)

Now the defendant purchased a quantity of these fixtures from persons who had bought them of the plaintiff and sold the same again, and at the same time supplied the vendees with paper to be used in the fixtures. The plaintiff charged that these acts constituted infringement.

The cause was argued on two days and the opinion was unanimous on the part of all the members of the court who heard the argument. It does not betray any lack of care in preparation.

Mr. Justice Brown, in writing the opinion, proceeds to divide the question disputed into parts and to discuss them separately. That way is the way to clearness and precision.

He first dealt with the question of infringement on the part of the defendant in selling the fixtures he had purchased from the plaintiff's vendees. We have already devoted an abundance of time and space to this, so we pass it up with the quotation of one sentence: "The patentee having once received his royalty upon such device, he cannot treat the subsequent seller or user as an infringer."

Now he passes to the other question and says: "The real question in this case is, whether, conceding (observe, not deciding), the combination of the oval roll with the fixture to be a valid combination, the sale of one element of such combination, with the intent that it shall be used with the other element is an infringement. We are of the opinion that it is not." In other words, the statement is thus: If we should decide that the claim for combination is invalid it would necessarily follow that the sale of the paper would not constitute infringement as the paper roll would constitute no part of the invention. But, for argument's sake, we will make the case stronger and concede the claim for combination valid, and even then there would be no infringement. Now in dealing with the decision the Court in the Heaton case inverts the argument employed by the Supreme Court. It says: "It is true that Mr. Justice Brown, in discussing the question involved in that case assumes that a combination of the machine

for delivering the paper with the paper to be delivered was valid. But before he finishes the argument, he shows that the assumption leads to an absurdity." Indeed, he did show that the case when strengthened by the concession led to an absurdity. But without the assumption the absurdity would have been infinitely worse than the Court made it out. The assumption was in favor of the plaintiff's contention and even then that contention was seen to be absurd. Without the assumption the Court would have held it unthinkable.

The Court in the Heaton case says again: "The illustration of the result of such a combination shows that what the (Supreme) Court was deciding was that a combination of the machine with an unpatentable paper or material to be operated upon by the machine was an impossibility." The Court **might** have decided that, but it found it unnecessary and declined to do so. What it **did** decide was that conceding that the plaintiff had a patent on the combination, it was impossible to hold the defendant liable as an infringer for selling the rolls of toilet paper.

The following passage in the opinion is levelled as squarely at the mistaken theory in the Heaton case as if it had been prepared by the Supreme Court to dispose of the issue there joined: "There are doubtless many cases to the effect that the manufacture and sale of a single element of a combination, with intent that it shall be united to the other elements, and so complete the combination is an infringement. But we think these cases have no application to one where the element made by the alleged infringer is an article of manufacture perishable in its nature (staples) which it is the object of the mechanism to deliver (staples) and which must be renewed periodically whenever the device (Heaton machine) is put to use. Of course, if the product itself is the subject of a valid patent (the staples were not) it would be an infringement of that patent to purchase such product from another than the patentee; but, if the product be unpatentable, it is giving to the patentee of the machine the benefit of a

patent upon the product (staples) by requiring such product to be bought of him. To repeat an illustration already put: If a log (staple) were an element of a patentable mechanism for sawing such log (machine for fastening such staple) it would, upon the construction claimed by the plaintiff, require the purchaser of the sawing (fastening) device to buy his logs (staples) of the patentee of the mechanism, or subject himself to a charge of infringement. **This exhibits not only the impossibility of this construction of the patent, but the difficulty of treating the paper as an element of the combination at all.**" (Black ours.) It is utterly and wholly impossible to distinguish the two cases: The toilet fixture was useless and worthless without the paper. The Heaton machine was useless and worthless without the staples. The fixture was made solely to deliver the paper; the machine was made solely to fasten staples. The paper was perishable and could be used but once, so were the staples. The paper had to be renewed each time the fixture was used; the staples likewise had to be renewed each time the fastener was used. The Supreme Court said, even considering the paper was part of a patented combination, yet, supplying it was not infringement. The Court of Appeals said that although the staples had no more to do with the patented machine than the buttons on the shoes, yet, that the defendant in supplying them, invaded the patent right of the plaintiff and was a contributory infringer!

But it is not necessary to discuss further the rule of contributory infringement in the Heaton case. That doctrine has no basis in reason or in law. Infringement always consists in making, using or selling the thing invented **without the patentee's consent.** Here the owner of the patent made the machine and sold it; the only value of the machine consists in the right to use it. That was just the thing the purchaser paid for. No machine was ever made or purchased except for use. If the vendor did not sell the right to use the machine, he sold nothing at all. It is perfectly clear that by the sale the machine

passed out of the limits of the right to exclude and became the absolute property of the purchaser.

The vendor irrevocably consented to its use until worn out. The "condition" or "license" if we can imagine the purchaser bound by it, was simply a common-law contract in restraint of trade, violating statutes of the State of Michigan or the Federal Antitrust Act, or both.

The rule of contributory infringement announced in this case has been consciously ignored by the Supreme Court. In the case of Leeds and Catlin vs. Victor Talking Machine Co. (1908), 213 U. S. 325, the Court of Appeals had dealt with a case of real contributory infringement; in holding that the defendant was guilty, the Court of Appeals said: "Upon these facts it is clear that the Leeds and Catlin Company have made and sold a single element of the claims of the Berlin patent, with the intent that it should be united to the other element and complete the combination; and this is infringement." (Black ours.) Citing as authority the Heaton case! But that was the precise thing the defendant in the Heaton case had not done, as stated by the Court in the first two sentences of the opinion. This was the only authority relied on by the Court of Appeals. Now the Supreme Court quotes the above passage (213 U. S. 332,) but is careful to put it in quotation marks. It then decides the issue of infringement by considering and applying prior decisions of its own, but does not once mention the Heaton case, or the rule there announced.

The Heaton case is wholly unsupported by authority and is opposed to every notion of infringement to be found in the Supreme Court reports. We must pass on to consider other cases, in the course of which we will take up questions here passed over. The question of jurisdiction, of the effect of the notice to constitute a contract, of the defendant's "guilty" knowledge, of the fact that the staples were "peculiarly adapted" to the "infringing use", none of these has been

overlooked and all will be discussed. Viewed in any aspect and from all different aspects, the case is wholly unsupportable. This will more fully appear in what follows.

The two cases now to be considered are:

Tubular Rivet & Stud Co. vs. O'Brien (1898), 93 Fed. 200, and Rupp vs. Elliott (1904), 131 Fed. 730.

We will refer to these two decisions as the "rivet case" and the "Rupp case". This for brevity and convenience. These two decisions are aside from the main question we are considering. What we are trying to elucidate is the right of the owner of a patent to control the use of an article embodying the invention which has been sold by the patentee, and paid for by the purchaser. In the two cases now to be considered there was no sale of the machine, no transfer of title; the entire interest and property in the machine remained in the patentee-vendor. The lessee did not own the machine any more than a man who has rented a horse or an automobile for use for a day, owns the horse or automobile. But, strange as it may seem, neither opinion even refers to this fact as operative in any manner. Both opinions treat the lessee just as the opinion in the Heaton case treated the purchaser. We have nominated this confusion of a licensee to use with a purchaser of the thing used, as the master fallacy, the towering error, the gigantic blunder of the Heaton case.

If upon full consideration, one confesses to an inability to appreciate the difference, as to their respective rights, between a licensee to use a machine and a purchaser of the machine, we have nothing further to say on the point. It ought not to require much comprehension to perceive the difference between the right of one who owns a house and one who rents the same house. Any tenant will explain the difference. A man of a very vivid imagination who hires an automobile from a garage may experience moments during an all night's ride in which he feels as if he owned the automobile. But in the cold grey dawn of the morning after, before the police magistrate and

in the presence of the outraged owner of a smashed vehicle, he does not doubt that the machine was, and the wreck is, the property of another. We shall not dwell further on the distinction and difference between a licensee and an owner. In our own mind, there never has been and never will be any doubt. If this is regarded as impertinent, we add that doubt on the point or confusion of the respective rights of a purchaser and a licensee cannot be attributed to anything that the Supreme Court has said.

In the Rupp case the Bement case is made to do valiant service on a false errand. There the Court said: "The general rule is absolute freedom in the use or sale of rights (black ours) under the patent laws of the United States." For sixty years the Supreme Court has been trying to force an acceptance of the obvious fact that the sole right under the patent laws is the right to exclude.

The Supreme Court has never said and unless stricken with locomotor ataxia, never will say "the general rule is absolute freedom in the sale or use of patented machines or patented articles". On the contrary, it has repeatedly declared that there is no connection whatever between the incorporeal, intangible right to exclude and the corporeal, tangible merchandise, physically symbolizing the genius of the inventor. In *Patterson vs. Kentucky*, the Court held that the State of Kentucky had the power to entirely interdict the sale or use of the patented oil. In *Webber vs. Virginia*, the Court planted itself on the proposition that: "The legislation respecting the (patented) articles which a state may adopt after the patents have expired, it may equally adopt during their continuance."

Then, lest the unwary might be misled, the Court adds the complementary: "It is only the right to the invention or discovery, the incorporeal right, which the State cannot interfere with." He that has a heart to understand, let him understand. We pass over this point, and it is only taken here to prevent a misconception of the Bement case. Let that case rest until it is up for consideration on its

merits. Then we will see what the Court there said.

In the Rupp case the Court emphasized throughout the opinion, by the use of glaring italics, the allegation of the bill of complaint, that the wire sold by the defendant to the lessees of the machines "has been and is put up on spools or coils of the exact form, size and shape suitable for use upon the (leased machine) and suitable for no other use". Of course, this allegation was false. It was just as false as a similar allegation with reference to the rolls of toilet paper would have been in the Morgan Envelope case. The wire was of "a certain size, and a certain temper or color, and coiled or put up in packages so shaped as to be received into the appropriate part of the machine". Suppose the patentee of the machine had presented a claim in the exact words just quoted and asked for a patent on the wire so put up. He would have had his trouble for his pains. No patent would be granted for the reason that such copper wire is old, very old and likewise the spools or package. This wire could have been used and was suited to be used in a hundred different ways. It is the same case as the patented hammer and the nails, or screwdriver and screws. When we say that the wire is no part of the invention, no element in a combination, that is the end of the matter. What a time the Courts have in explaining and trying to uphold this theory!

In the Rivet case, there was no allegation that the studs sold by the defendant were adapted solely to use in complainant's machines. Now certainly the counsel for the defendant was justified in attempting to get from under the Heaton case because of the peculiar stress put on that point in that case. However, the Court said "but in the Heaton case, the Court laid little stress upon that statement, and based its decision mainly upon the allegation which is found in both bills, that the respondent induced the users of the complainant's machines to infringe the complainant's patent". But the reason it was held there was such inducement, was because the staples sold were "peculiarly adapted" to the infringing use.

For in the case of Edison Electric Light Co. vs. Peninsular Light, Power and Heat Co. (1900), 101 Fed. 831, the Court of Appeals for the Sixth Circuit, Judge Lorton himself writing the opinion, held that one who supplied electric current to a customer using an infringing apparatus was not a contributory infringer. And it is there said (l. c. 833): "In the case of (Heaton) the fasteners made and sold were not only peculiarly adapted to the infringing use, but they were made and sold with the definite intent that they should be so used." Now these three decisions complete the circle. In the Heaton case the Court did make the fact that the staples were peculiarly adapted to use in the machine, a turning point in the contest. In the Rivet case the Court held that the fact that the rivets were of a common size and standard make, made no difference.

In the Light Co. case, the Court defeated the charge of contributory infringement because the thing furnished—electric current—was not peculiarly adapted to the infringing use. Of course, the defendant in this last case knew what use was being made of the current and hence the element of "guilty" knowledge is ignored. If this is not playing with a baseless distinction we know not what to call it. In the Heaton case (to compare the three decisions again) two factors controlled, co-ordinately, the peculiar adaptability of the article, and guilty intent. In the Rivet case the guilty intent alone controlled. In the Light Co. case the guilty intent alone was thought to be present and it was ignored.

In the Light Co. case the electric current was just as peculiarly adapted to use with the infringing apparatus as were the staples to the Heaton machine. The staples had to be of a certain shape and dimension, so the current had to be of a certain voltage and applied to the mechanism in form of direct or alternating power, depending upon which form the mechanism was designed to utilize.

Staples varying in size or shape were not "peculiarly" adapted

to use in the machine; so a voltage too high or too low, or a current not meeting the requirements of the mechanism, as to its direct or alternating form, was not "peculiarly" adapted to use in the apparatus, to which the defendant supplied it.

In the instance of the staples we test the adaptability by a dimensional standard; in the case of the current by a kinetical standard. The attribute of peculiar adaptability for use cannot be affirmed in one instance and denied in the other.

But all this contention about "peculiar adaptability" for use, is labor wasted. The notion is a mere bugaboo. The peculiar adaptability to use it not in the thing, but in the mind of man. The attempt to make it the turning point of a decision is as useless as speculation about "reasonable" and "unreasonable" restraints of trade in connection with the Antitrust Act. The Supreme Court has always refused to embark in metaphysical hair-splitting to determine whether or not a given restraint is reasonable or unreasonable. And pray when is a thing "peculiarly adapted" for use?

Let us take corn. Corn may be ground for bread, planted to increase the quantity, fed to animals to be converted into fat, distilled in the form of alcohol. Now is corn peculiarly adapted to one, some, or all of these uses? Suppose M. obtains a patent on a grinder, N. on a planter, R. on a feeding trough, and S. on a distilling apparatus. Each sells or leases his separate device subject to the terms of a "license" which permits the purchaser to use the same only in conjunction with corn supplied by the patentee. The corn is "peculiarly adapted" for use in each patented device. If we submit to the logic of these decisions, how is it possible to escape the conclusion that one who supplies corn to any one of the "licensees" in violation of the terms of the "license" is a "contributory infringer"? If this is thought fantastical, let us take the actual decisions and vary them slightly.

In the Heaton case, suppose the staples sold by the defendant had

varied somewhat in size, being considerably longer or shorter and of smaller cross section, and had worked poorly and imperfectly in the machine, about one-half failing to be clinched. What would the Court have done in such case? Would the Court have held the defendant guilty of supplying staples "peculiarly adapted" to use in the machine? Suppose in the Rupp case that the wire had been made of wrought steel instead of copper, had been of smaller diameter and unwound from a flat coil instead of a spool. Would the Court have held that such wire was "peculiarly adapted" to the use instanced? Or suppose the galvanized wire had been cut into lengths and delivered to the crimping mechanism by the hand of a person? What then?

The reason why one who furnishes an unpatented element with knowledge that it is to be used to constitute a part of a patented combination, is held to be an infringer when the element has been so used in fact, is that he has co-operated in making the thing invented. The element furnished is not only "peculiarly adapted" to the use, which is a colorless fact, but the use to which it is put is "peculiar" in this, that it was a use discovered by the inventor and its novelty has been certified by the Patent Office. One has no right to take pieces of iron and wood that are "peculiarly adapted" to a hundred different uses and of them construct a patented device. That is not because the materials are not adapted, but because the use is forbidden.

It is not possible to be delivered from the body of this monster except by entirely cutting it away. It was not necessary to do so in the Heaton case because the entire absence of any basis for sustaining a charge of infringement was superlatively palpable from the circumstance that the user of the machine owned it. And "in the essential nature of things" (as Mr. Justice Miller said in *Adams vs. Burke*) the patentee in the exercise of the patent monopoly could no longer restrict the use of what belonged to the purchaser. But here the question of infringement or not, is more evasive and subtle, by reason of

the fact that the patentee still owns the machine used. We apologize for tarrying so long before getting at the heart of the difficulty, but there was much underbrush to be cut away before the exact configuration of the ground could be clearly seen. Now we are ready to grapple with the Rivet and Rupp cases and we think the doctrine of these two cases is such stuff as dreams are made of.

These two decisions are alike in the circumstance of guilty intent: they are unlike in circumstance of "peculiar adaptability" for use. After what has been said about the last factor, we shall bid a definite and final good bye as to it. We have left, then, only this narrow question: A patentee leases a patented machine; a condition of the lease is that the lessee shall use the machine in conjunction with materials purchased of the patentee-vendor. The lessee purchases the materials from another and operates the machine in conjunction with such materials. Has he infringed the patent?

We have deliberately left out the qualification "peculiarly adapted to use," for it was left out of Rivet case and we have seen its utter uselessness. But the precise question has not yet been stated. It is: Is the person who furnishes materials for use in such case, knowing that in using them, the lessee will violate a term of his lease, a contributory infringer? At this stage the question is scarcely worth answering. We shall answer it for the pure delight of doing so, but not under the delusion that we shall impart any knowledge of the law in the process. Unfortunately the precise terms of the "licenses" are not stated in either of these cases. But we presume it safe to rely on the language of the Court. In the Rivet case (p. 200) we read: "These machines it (complainant) does not sell, but licenses their use by a lease which provides that the licensees shall use in the machines only those studs which are manufactured by the complainant." In the Rupp case (p. 730): "These machines are never sold, but "placed in the hands of users under a license to use only in connection with staple wire purchased from the patentee".

Now the whole trouble inheres in the phrases "use in the machine" and "use in connection with staple wire". Using studs in the riveting machine is not using the invention in the meaning of the patent law. So of using staple wire in the Rupp machine. No one has to obtain permission from a patentee to use studs or staple wire. They are public property; if one desires to use them he has only to go into the market, buy and use. That is all. But it is said the patentee-lessor leased the machine "on condition" that it should only be used "in connection with" studs or staple wire purchased of the lessor. Certainly that is the condition. But it seems not to be well understood how totally disconnected that condition is from an infringement of the patent. The gleam of light in the Heaton case illuminates the darkness here. There the Court said: "They (the staples) are no more within the direct (black ours) monopoly of the patents than are the buttons to be affixed by means of the staples or the shoes to which both are to be attached." The word "direct" in this sentence is meaningless, and misleading. It implies that while there was no "direct" connection there was an "indirect" connection. But this was not true. Suppose the 'license' or lease in this case had provided "This machine is licensed for use only in connection with power generated by a gasoline engine." A. comes into the lessee's establishment and reads the condition on the machine and straightway induces the lessee to do away with the gasoline engine and install A's windmill. Is A. guilty of contributory infringement? Power of some kind is just as essential to the use of the machine as studs or staple wire. Both factors are absolutely essential; neither can possibly be dispensed with. If the staple wire and studs are used "in" or "in connection with" the machine so is the power. Not one button can be fastened or one stud riveted without both. And it is just as foolish to dispute as to which has the more to do with the use of the machine as it is to argue about which of two scissor blades has the more to do with cutting a

piece of cloth, or which of the two elements, water and air, has the more to do with the growth of a plant.

Then if the studs and windmill can be brought directly or indirectly, within the monopoly of the patent, how can it be done? We answer that it cannot be done at all, by any stretch of our patent law. The patentee did not invent either the studs or the windmill and he cannot exclude anyone from using either. In these two cases the leases extended to the lessees the permission to use the patented machine and connected the use of the machines with the use of studs and staple wire purchased only of the respective lessors. All things can be connected by contract.

I can license my patented fountain pen for use only "in" or "in connection with" the licensee's right hand, but that does not bring his right hand either "directly" or "indirectly" within the monopoly of the patent, any Court to the contrary notwithstanding. There is no such thing conceivable as a contributory infringer without there being another, whom we may call a principal infringer.

Now in all these cases, the defendants were charged as contributory infringers, so we turn for last glance at the lessees as direct or principal infringers. The only way it is possible for a licensee or lessee to become an infringer is for him to cease to be a licensee or lessee. One cannot be both at the same time. A licensee is one who uses with the consent of the licensor; an infringer is one who uses without that consent. The licensee either has, or has not, that consent. There is no such thing as a cross between an infringer and a licensee. Such a hybrid is recognized by the lower federal courts, but the pedigree is not vouched for by the Supreme Tribunal of the nation. It does not believe in juristic cross polenization. If the licensee can and does legally and validly withdraw his consent and permission, immediately the (he who was a) licensee by a further use, becomes an infringer.

Or if the licensee repudiates the licensee, totally disregards the

permission, thereby he becomes an infringer. But the important thing to remember is that the licensor has given his consent by a contract, and the fact that he is a patentee does not give him any more power to rescind a contract than any other person. A contract cannot be rescinded by one party. There may be a forfeiture clause or a condition, breach of which, goes to the essence of the contract and wipes it out. But whether the forfeiture is enforceable or the condition goes to the essence of the agreement, are matters which the licensor cannot decide for himself. A Court must decide for him. It is sometimes exceedingly difficult to tell whether or not breach of a condition does away with a contract. But whether it does or not is a question of law for a Court to decide.

A licensor then cannot convert a licensee into an infringer by hurling epithets, as we have already said. Perhaps one could find a hundred decisions in the lower courts to the effect that breach of a license agreement is per se infringement. But we have not found any such decision in the Supreme Court Reports, though we have found an unbroken line to the effect that if a licensor sues a licensee for breach of a term of a license the suit is one for breach of contract and not for an infringement of a patent, and of such suit the Federal Courts have no jurisdiction apart from diversity of citizenship and the requisite amount involved. Sometimes a licensor treats the license as annulled by the licensee's acts and sues the latter for infringement. In such case the Court will determine whether or not the license has been forfeited, and after it has determined that, then, it will determine whether the defendant is to be treated as a licensee and liable for breach of contract or as an infringer and liable for invading the patentee's rights under his patent. But the two things are quite distinct. We will discuss the authorities involved later.

Let us suppose, then, that in the Rupp and Rivet cases the patent owner goes into court and has the license contract annulled or that he and the licensee mutually cancel it.

Then, the permission or license is withdrawn, done away with, gone. There is no licensee or lessee. If the person who was such uses the machine once, with any staple wire or any stud whatever, he is an infringer of the patent. And it makes no difference who supplies him with staples, or studs, or power. He lacks the consent of the patentee to use the machine. It is thus seen that furnishing of studs, staple wire, electric current or what not, has no more to do with infringing the patent than supplying the licensee with oxygen to breathe.

In the Rivet case, the Court made everything turn on the intent and purpose of the defendant. Indeed, no other course was open. It was shown that the studs were not "peculiarly adapted" or fitted for use in the machine. That guilty knowledge of the defendant was his sole contribution to the infringement of complainant's patent, but that was enough to satisfy the Court. This blots out the distinction between a thought and an act, and renders a murderous thought a capital offense as well as the act of murder. The man who looks through the interstices of the cashier's iron cage and secretly plans or meditates seizing a roll of bills is a felon. This was taught a long time ago, but we are not accustomed to have it propounded by courts of law.

The reason why the courts in all these cases felt that knowledge on the part of the defendant was an indispensable precedent to liability, is that in no other way was it possible to build up a theory of wrong doing on the part of the defendant. And what was it of which the defendant had this wicked knowledge? Not the patented machine: the metal plate was not a magnifying glass through which alone the defendant could see the machine. It was the metal plate; the gilt inscription a knowledge of which undid the defendants.

This means, of course, that it was the defendant's knowledge of a Contract between the plaintiff and the licensee that rendered him guilty of contributory infringement. The actions were, all of them, for

a breach of contract and the Court had no jurisdiction in any single instance. Each time the plaintiff alleges the contract; each time he alleges the defendant's knowledge of the contract and purpose to induce its violation, though this is called "infringement".

There was not the semblance of contributory infringement in either the Rupp or Rivet case. There was no complaint as to making or selling. In each instance the owner of the patent had made the device and there was no sale. In order for the use of the machine so made to constitute infringement, such use must have been unauthorized and without the consent of the patent owner. The latter had leased the machines; placed them in possession of the lessees and encouraged the use of them and obtained a profit thereby. It is quite true that the leases provided that the machines could only be used in connection with materials supplied by the lessors and that that term was broken. However, it by no means follows that by such breach the lessee instantly became an infringer. So long as the relation of lessor and lessee continued, the latter could not possibly be regarded as an infringer. A lessee has the consent of the patent owner. An infringer has it not. One and the same person cannot be both at the same time. Neither can one and the same act be a licensed act and an infringing act. Were the users of these machines lessees or infringers? Under many states of fact that might be difficult of determination. Whether or not a breach of a condition or term of a contract operates completely to annul and forfeit all rights of the offending party, is often a very difficult question to decide. We need not struggle with the difficulty here because the complainants sued in affirmance of the contracts. They made no effort to have the leases rescinded. They alleged the existence of the leases, asserted their validity and prayed the court to perpetuate them. Their longing desires were that the lessees should continue to be lessees; that they might continue to use the machines during the existence of the patent. But at the same time these ambitious lessors were bent to

having the defendants treated as contributory infringers. However, on the showing made by the bills of complaint, there was no infringing use to which the defendants contributed. Notwithstanding the lessees had violated their leases, the lessors did not repudiate the letting but stood by it. So long as this was the state of affairs, there was no infringement to which the defendants could rightly be charged as contributors. The case against the defendants must necessarily stand or fall with the case against the lessees. The defendants were not charged with infringement, apart from concert of action with the licensees. They could not be regarded as infringers unless the lessees also were infringers. The startling thing about the two decisions is that the lessees are treated as lessees and so regarded in the pleading, although the defendants who did nothing more than lend a hand to the lessees are mulcted in damages as "contributory infringers." This makes a part greater than the whole. The licensees are not infringers, but the defendants who furnish them with supplies are "contributory infringers." This is just as if A should bring an action against B as a joint tortfeasor with C, and in his pleading entirely exonerate C, and thereupon the Court should give judgment against B as a joint wrong doer. The only colorable cause of action which these plaintiffs had was one for damages for inducing a breach of contract. This is what the Supreme Court mooted in the case of *Cortelyou vs. Johnson*. Such a cause of action would not involve the patent law and of it the Federal Court would have no jurisdiction apart from a diversity of citizenship and the requisite amount involved. However, it is easy to see why the complainants did not wish to bring such an action in the State Courts and it is not difficult to appreciate the hazard of such attempt.

Why did it happen in every one of these cases that the suit was brought against a third party, a contributory infringer? Why not go after the purchaser or lessee as a principal infringer? What is the use to be so zealous in prosecuting an accessory, without in any manner

molesting the chief offenders? Why is it that the Court invariably excoriates the defendant for his malicious motives and wicked purposes but has not a word to say about the criminal licensee who is reaping the full fruit of the unauthorized use? If the defendant was a bad citizen, the licensee ought to have been deported with a convict gang.

The reason for all this is plain. Suppose in the Heaton case, the suit had been brought against the purchaser, the bill of complaint would have run something like this:

“Your orator complains and says that it is the owner of letters patent on a machine for fastening buttons. That your orator made divers of said machines and duly advertised the same for sale and that defendant knowing all the facts, unlawfully, maliciously and wickedly purchased one of said machines and paid the full purchase price for the same, and took from your orator a bill of sale receipted in full, a copy of which is hereto annexed and marked exhibit “A”. The original, as your orator verily believes is now wholly within the possession of the afore characterized defendant.

II.

Your orator further complains that said defendant, after having purchased said machine and paid for it, unlawfully as aforesaid, set the same up in his place of business, and there maliciously, unlawfully, and with guilty intent used the same.

Your orator further and finally avers that though said defendant did buy and pay for said machine and even now, as your orator avers on suspicion, information and belief, holds your orator's receipt in full for the purchase price, and that though said defendant owned said machine and entire interest therein, yet the said defendant (particular reference being made to his character as hereinbefore averred

to) did use his said machine, and in so doing did infringe your orator's patent rights under the Constitution, all of which was against the peace and dignity of the nation and occasioned the highest indignation of your orator."

If these cases had been brought in the State Court, which alone had jurisdiction, the farce of the whole proceeding would have been unavoidably palpable. It would then have been plain that the respective complainants who had patent monopolies on their machines were attempting to acquire, by contract, an unlawful monopoly in common staple articles of trade. One who has a patent on a railway block signal with equal reason claims the right to furnish all the rolling stock "used in connection" therewith. Mr. Justice Brown in the Morgan Envelope case put more absurd consequences to the rule than this. Yet in all three of these cases, the courts issued injunctions against the defendants where there was no infringement whatever and deprived them of a right to conduct a lawful business. Protection to civil rights and property rights is the only excuse for the existence of any government. But in these cases the courts bound the person of the defendants in the iron grip of a writ running in personam and at the same time took away their rights to pursue a perfectly legitimate trade. And in granting the injunctions they gave the complainants a monopoly in an unpatented article, built up by a system of contracts, in clear violation of the law of every state in the Union. Yet this is "encouraging progress in science and the useful arts"! It is forcing something else, too, which will manifest itself some of these days and then the conservators of the peace will be as powerless as grasshoppers in the van of an army.

Cortelyou vs. Lowe (1901 C. C. A. 2d Cir.) 111 Fed. 1005.

No facts are stated, but the defendant here was led like an ox to the slaughter. The memorandum states: "The case upon which the order was granted is in its facts practically identical with the one which was before the Circuit Court of Appeals of the Sixth Circuit

(in the Heaton case). We fully agree with the opinion of the Court in that case and think the case should control the case at bar. The order is affirmed with **Costs**". Injustice, as well as justice, costs these days.

Cortelyou vs. Lowe (C. C. S. D. N. Y. 1902) 114 Fed. 1021.

Again no facts, no opinion and no reasons. "This demurrer to the bill cannot be sustained without disregarding the decision of Judge Thomas granting a preliminary injunction thereon and that of the Circuit Court of Appeals affirming the same. 111 Fed. 1005."

Cortelyou vs. Carter's Ink Co. (C. C. S. D. N. Y. 1902) 118 Fed. 1022.

"Complainant may take a restraining order in the general form of the injunction in the Lowe case." It is so easy.

Brodrick Copygraph vs. Roper (C. C. R. I. 1903) 124 Fed. 1019.

We are still dealing with fine print memorandums. "I am of the opinion that the complainant is entitled to a preliminary injunction upon the authority of the following cases:" Heaton case, Cortelyou vs. Lowe, Tubular River and Stud case, and then this "See also" Victor Talking Machine Co. case, and the Bement case. But we insist that the decisions of the Supreme Court shall not be insinuated into upholding the doctrine here enforced by even a "see also".

In the Bement case there was no infringement or contributory infringement.

Brodrick Copygraph Co. vs. Mayhew (C. C. Wis. 1904) 131 Fed. 92.

We have dealt with four decisions now in which the courts have abdicated their power of reasoning in deference to the opinion in the Heaton case. Fortunately in this instance the defendants' rights are not disposed of in the oblivion of fine print with ditto marks for an opinion. Here we have a few facts stated, and they appear to be these: The bill is founded on letters patent for a machine known as

a "Rotary Neostyle". We quote: "These machines are sold with the restriction that they are licensed to be used only with stencil paper and ink (both of which are patented) made by the Neostyle Company and the defendant is charged as a contributory infringer, with making a Rotary Neostyle Ink specially designed for use with such machines, and so sold to purchasers thus licensed to be so used in derogation of the rights reserved to the patentees." The Court then cites the Victor Talking Machine case as controlling and the Lowe cases. We will deal with the Talking Machine case later. Thus far we have no ground for the decision whatever. But now comes the juristic philosophy "Not only are these rulings (cases just mentioned) controlling and well supported by the cases there cited (they all rest on the Heaton case), but I am satisfied that the doctrine for which the defendant contends is inconsistent with the unlimited right of monopoly intended by the patent law." Now what is this "unlimited right of monopoly"? It would be interesting to know because "unlimited" is certainly a superlative term. The beginning and end of the Court's argument is contained in the two concluding sentences: "It rests with the patentee to determine the method for its (i. e. unlimited right of monopoly) exercise and he is at liberty to fix any price for the machine, and reserve as well any benefit in its use. The sales in question are not unrestricted, but are plainly limited or conditional in use, and if the allegations of the bill are sustained by proof, the complainant is entitled to the relief sought."

What can this mean? The "unlimited right of monopoly" is a concatenation of sounds which can only indicate the right to exclude others, and has nothing whatever to do with "liberty to fix any price for the machine". Again a purchaser, an owner of the chattel, is treated as a mere "licensee". A man who owns a horse has no greater rights in the horse than one who has rented one from a livery barn.

"He is at liberty to fix any price for the machine and reserve as well any benefit in its use." Indeed, let us test this. Suppose a patent

on a piano. The owner of the patent manufactures one of the patented pianos and sells it to a customer for \$1,000 cash. A bill of sale is given and payment is receipted in full.

In the front of this instrument, just above the music rest, in plain view of the performer, is that inevitable metal plate, the sheet anchor of a patentee-vendor. This plate has inscribed on it in raised letters of lucent gilt these words: "This piano is sold and purchased with the restriction that the purchaser is licensed to play on it the tune of Yankee Doodle, and none other whatever, and on breach of the license title reverts to the patentee-vendor." The purchaser's attention is called to this plate before he pays the money. Nevertheless he takes the piano and the first thing he does in his home after the instrument is delivered is to seat himself squarely in front of the staring metal plate and lustily pound out the melody of "Dixie".

We do not understand how a court that assents to the doctrine of the Heaton and Neostyle cases, without contradicting itself, could escape holding the purchaser of the piano in the case supposed, an infringer of the patent. The purchaser under the rule announced in those cases is a mere "licensee" as to the use of the piano.

In the Brodrick case the defendant sold to the purchaser a common article—ink. The Court informs us, parenthetically, that the plaintiff had a patent on "stencil paper and ink," but there was no charge that those patents were infringed. We will not discuss the point of contributory infringement, as it is precisely the same as in the Heaton case.

The decision in this case was on appeal affirmed by the Court of Appeals for the Seventh Circuit (137 Fed. 596) in a Per Curiam memorandum, without the citation of an authority.

Cortelyou vs. Johnson (S. D. N. Y. 1904) 138 Fed. 110.

This is the sixth case we have noted following the lead of the Heaton case, and the first the opinion in which sets out at length the

reasoning to support the decree of the Court. This action on the part of the Court is gratifying, for it is at least a mournful consolation to know by what means and for what cause one was vanquished.

The Court here seals the doom of the defendant in thirteen closely printed pages, so that the defendant did not have to guess at what moved the Court to decide against him.

We cannot examine all parts of the opinion: it is too long for that purpose, and it was wiped out by the Appellate Court at any rate. Then, too, there are long extracts from the Heaton case. These we will pass over. For the rest we shall follow the arguments seriatim as presented.

THE FACTS.

The plaintiff was the owner of letters patent No. 584,787 covering the machine known as the "rotary neostyle". The plaintiff sold the patented "neostyle" having attached to the baseboard thereof, in a conspicuous manner, a white celluloid plate on which was, and is, inscribed in black letters the following:

"License Agreement."

"This machine is sold by the Neostyle Co. and purchased by the owner, with the express understanding that it is licensed to be used only with stencil paper and ink (both of which are patented) made by the Neostyle Company." The defendant was sued as a contributory infringer of the patent for that he sold paper and ink to the purchaser for use in conjunction with the patented appliance. Now to begin with we will once and for all put entirely out of the case the fact that the complainant's paper and ink were patented. No one was charged with infringing these patents. The plaintiff was not fussing because some one had used his patented paper and ink; his grievance

was that his ink and paper had not been used. It is only another step, however, for some Court to hold that some defendant is liable as a contributory infringer because he has not sold and supplied the patented article of the complainant. Then the patent monopoly will indeed be complete.

The first three pages of the opinion, 111, 112, 113, are devoted to an exposition which may be summed up as follows: The complainant had learned from experience that selling the machine without restrictions had resulted in dissatisfaction on the part of purchasers because of the fact that they had used all sorts of ink on the machines and thereby gotten poor service from the machines. The machines were in a bad way. They were about to come into disrepute and fall into disuse because the purchasers did not have sense enough to appreciate the superior quality of the ink and paper that the vendor of the machine was anxious to sell. Thereupon the patentee conceived a most ingenious scheme. It was deemed unwise to increase the price of the machine. The plan was then formed of selling the machine under a "license restriction". Now observe the next: "The machine was improved, and placed in the hands of users at the price of \$50.00, the same before charged"! (Black ours).

Of course the counsel who drew up this notice had before him the opinion in the Heaton case. But what are we to say about the impudence of counsel's argument that the "license" was to be justified because the purchasers of the machine were using with them inferior ink? The counsel who made this argument ought to have been hobbled by the Court and put in the court-yard to eat grass for three days.

Let us apply this argument: The Singer Sewing Machine Company suddenly discovers that its machines are losing caste because the housewives use rotten thread. Hence the Singer Company, to save its dear reputation, will sell the machines at the same old price, but will "license" them only for use with thread purchased from the Singer

Company. Now its reputation is saved and incidentally it has a monopoly of the thread supply.

The Harvester Trust suddenly discovers that its automatic binders are coming into disrepute, all because the farmers use poor twine. Its attorney, a "corporation lawyer," or it may be he is a "constitutional lawyer," reads up the Heaton case, and under his high-priced counsel the Harvester Trust sells the machine at the same price, but under a "license" that takes over the twine business.

Still the Singer machine does not give entire satisfaction. The directors and expert mechanics ponder the problem and their hearts are burdened with the loud complaints of the housewives.

Much hard study and close examination reveal the fact that the housewives had no lubricating oil handy and used sorghum instead. There's the whole trouble. Now the "license" is broadened, and the machines, though sold at the same price, can only be used with **thread and oil** purchased of the Singer Company. A woman who lubricates with sorghum now becomes an "infringer". Here is one put over on the "Constitutional lawyer" for the Harvester Trust. He learns of the instance and goes to his client and says in a loud harsh voice: "I knew those farmers were not using our machine properly. I know what the trouble is now. Why did not you tell me they were using tar instead of our fine lubricating oil? I have changed this license so that the farmers will either use our oil, or I will prosecute them for infringement. Here is my bill for \$10,000. Let me have the money.

Of course, the Neostyle machine may become rusty and be ruined for use; it may be clogged with dust. The office boy may run out of ink and use poke berry juice to get off a baseball score card for Saturday afternoon, and thereby put the machine in bad shape. But what has all this to do with "infringement?" Gillett ought to sell his safety razor under a "license" not only restricting the right to resell the same at not less than \$5.00, but forbidding the use of the razor except in conjunction with shaving soap purchased of Gillett.

No doubt many a man has become disgusted with one of these razors, without knowing that the real cause was the bad soap used. Gillett ought to awake to this fact and take over the shaving soap business.

The "constitutional lawyer" who advanced this argument in this case capitalized sophistry at the highest figure and should have been well paid for it, and doubtless was; a sleight of hand performance always comes high.

The Court next starts in at the bottom of page 113 to define the right of the owner of a patent. "We start here with the proposition that the complainants have a valid patent and so far as this case is concerned, the exclusive right thereto, and to the invention covered thereby, to keep, lock up, hide, use, or sell." Already things look in a bad way. To know just how one can have an "exclusive right" to a "patent" requires much pondering. We suppose what is meant is that complainants have an "exclusive right" to a valid "exclusive right", for, that is all there is to a patent. And what is it that the complainant may keep, lock up, hide, use, or sell? Is it the thing invented, or the patent right? It is fairly difficult to see how one could "lock up" or "hide" the latter; it is an incorporeal, intangible thing. "They (the complainants) may use it themselves and refuse the privilege to any one else." The "it" still squints. But in the next we learn its antecedent. "It is theirs (complainant's), like the dollar of the one who has earned it, and they have the exclusive right to it; the right of the owner of the dollar, to throw it in the ocean or to bury it in the earth; the right to put it at interest or to let it lie idle and wholly unproductive."

Now we have it, of course the Court has been referring to the Neostyle, a chattel, and not to the patent right. For Lord Mansfield said the latter is "property in a notion" (supra p. 32), and of course the Court does not mean that even a patentee can bury a thought or drown an idea, like a cat.

The above sentence is illuminating. Metaphors and similes do not

advance an argument or strengthen it, but they vividly illustrate what is in the mind of the arguer. Indeed we agree that the Neostyle is just like the dollar of one who has earned it; but when we say this we stick to it. When I transfer my dollar to another, it is his and not mine; then he can bury it or throw it into the ocean; he can put it at interest or let it lie idle and wholly unproductive, and I cannot restrain him from so doing by any sort of "license". This is what the simile of the dollar leads to.

We skip page 114, remarking only that in the Bement case there was no sale whatever of a chattel by the patentee. On page 115 the Bement case is again made to support the proposition that a purchaser of a patented machine is a "licensee," but the Supreme Court has not said that and never will say it. "It seems to this Court that this doctrine (viz, that the purchaser is a "licensee") is too firmly settled to be seriously questioned." The only new light thrown on this doctrine is citation of the Tubular Rivet and Stud case, which we have already reviewed.

The Court preserves perfectly intact the false identity between a purchaser of a patented appliance and a licensee to use such appliance belonging to the patent owner. At the middle of page 118, the Court begins to draw in its lines to hold the defendant as a contributory infringer. "The purchaser of personal property with certain exceptions takes it subject to all defects plainly observable." This label was plainly observable, therefore, the purchaser took the machine subject to this "defect". That is certainly a new name for a "license". But the nomenclature of the law increases and becomes more varied and beautiful as time goes on.

Then in leading up to the matter of contributory infringement it is said "There was no fraud or deceit". This, too, is novel. We never read before that it was possible for an issue of contributory infringement to hinge on "fraud or deceit". "A patent may be infringed in either of three ways: by the unlawful making or by the unlawful

selling, or by the unlawful using of a patented invention. This is elementary." At the same time we must remember that the word "unlawful" here is a mere question begging epithet. The making, using, or selling is unlawful, only if without the consent of the patentee. For the above sentence the Court cited the case of Goodyear Shoe Machine Co. vs. Jackson (1901) 112 Fed. 146, decided Court of Appeals, First Circuit. That was indeed a case of alleged contributory infringement, and the Court dealt with the question in masterly fashion. The following passage from the opinion in that case goes through the loose fallacy of this Cortelyou case like a bolt of lightning through a cloud. "In approaching the question of infringement by the purchaser of a patented machine, it is important to bear in mind what the patentee sold and the purchaser bought. (This is getting down to bed rock.) The patentee has parted with his machine and the monopoly that goes with it, and the purchaser has bought the machine with the right to use the patented invention until the machine is worn out and destroyed. * * * When the patented machine has passed outside the monopoly by a sale and purchase, the patentee has no right to impose any restrictions on its use for his own benefit. He cannot forbid the further use of the machine because it is out of repair in consequence of the wearing out or breaking of some of its parts.

The purchased machine has become the individual property of the purchaser, and it is like any other piece of property which he owns. (That's the point.) He may sell it, or he may use it so long as its usefulness lasts, and then throw it away or dispose of it for junk. He is only prohibited from constructing a substantially new machine. He cannot, under the pretext of repairs, build another machine." That is the doctrine of contributory infringement stated with unsurpassed accuracy, and that statement is founded on unassailable authority.

Now the Court in the Cortelyou case quotes from the Goodyear case the syllabus to this effect: "The essence of contributory in-

fringement of a patent lies in concerting or planning with others in an unlawful invasion of the patentee's right which is usually done by making or selling a part of the patented invention with the intent and purpose of aiding (black ours) another in its use."

But here the ink and paper constitute no part of the invention. The patent was not for a combination. The ink and paper had no more to do with the Neostyle than powder has to do with a patented fire arm; or human eyesight with a patented microscope.

The Court then says, "See also Thompson-Houston Electric Co vs. Ry. 72 Fed. 1016," but that was a case of a patent for a combination.

At page 122, the Court says: "It would appear from the evidence that the defendant is not only guilty of contributory infringement, but of unfair competition in trade"! No doubt the defendant had been guilty of wife beating or poker playing if the Court had but investigated his past sufficiently thorough. Next the Court quotes the "license notice" which accompanied the plaintiff's ink (not the Neostyle). This is thrown in as a makeweight against the defendant.

At the bottom of page 122, the Court says: "The defendant has the right to make ink and to sell ink, and to make and sell the same kind of ink it sold or caused to be sold to the licensee or licensees of the complainants, but it has no right (now listen) directly or indirectly to dispose of the same with intent or purpose that it shall reach the hands of the users of rotary Neostyles." The Court here takes the golden axiom of the philosophy of the spirit of man, "As a man thinketh in his heart so is he," converts it into a principle of law thus: "As a defendant thinketh in his heart so shall he be punished or not by this Court." Let us suppose two boys enter the defendant's store; both want ink. The defendant still has the fear of the Court's wrath before his mind's eye. He asks both boys for what purpose they want the ink. The first wants the ink to use on a Neostyle, but lies and says he wants it to copy the phrases from his copy book, one of which

is "The way of the transgressor is hard". The other boy is a joker and does not care whether he gets the ink or not for his employer. The ink he is after is not for use on the Neostyle, but he says: "We want it for one of them Brodrick machines." The defendant sells the first boy openly, but in the case of the second boy he conceals the ink in a plain wrapper and tells the boy not to explain where the ink came from. The ink parted with by the first sale is used on the Neostyle, but the defendant is not guilty of infringement because he did not intend or purpose that it should be so used: the ink sold in the second instance is not used on the Neostyle, but the defendant is liable as a contributory infringer because he sold it with the intent and purpose that it should be so used. The power of the Federal Court is a matter that hinges on the secret thoughts of the defendant. And the question of jurisdiction becomes one of occult science. Goethe says: "Out of error nothing is evolved, it only involves us."

This decision is perfectly brutal. The purchaser of the machine was not an infringer; he was using his own machine that he had bought and paid for. The defendant was not a contributory infringer by every test ever laid down by the Supreme Court. The purchaser was not even guilty of a breach of contract. There was no contract: the plaintiff never agreed to supply any ink or paper. The Court had no jurisdiction to try the case. The Court allowed the plaintiff to sell his machine for \$50.00, which was the price before the license scheme was put in vogue, and then play the glutton by monopolizing the trade in ink and paper. All this was done under the guise of the patent!

This case was appealed to the Court of Appeals and is reported in 145 Fed. 933.

Here the Court of Appeals was confronted with an odd dilemma. It had previously affirmed the doctrine of the Heaton case in the memorandum in one of the Lowe cases, 111 Fed. 1005.

And even more, the Court says: "The opinion of Judge Lurton

in the Peninsular case covers the entire field of controversy and presents the arguments and all the arguments, in support of the complainants' contention. It is a clear, comprehensive and convincing exposition of the law as applicable to the facts as stated in the bill and admitted by the demurrer."

Nevertheless the Court glances mournfully over the high bulwark of precedent and utters a confession of unconvinced reason, "even though as an original question we might have reached a different conclusion."

The majority of the Court undoubtedly felt that the Heaton case was wrong in principle even though "correct on the facts". The Court then "distinguishes" the present case on the ground of want of notice on the part of the defendant.

The Court seems to draw a distinction between the two cases on the further ground that in the Heaton case the staples were especially adapted in size to be used in the machine, while in the case at bar the ink was manufactured without being designed for use on the Neo-style. But the distinction is a fiction. The Court says, page 935: "When confined to articles, whether covered by patent or not, which are made for the express purpose of inducing infringement and are not intended for any legitimate use, the doctrine of contributory infringement is logical, just and salutary." It would be difficult to find a sentence more crowded with ambiguities and latent fallacies than that one. "When confined to articles whether covered by patent or not." What does the Court mean by "covered by patent"? Does it mean that the article is itself patented or is an unpatented part of a patented combination? There is much difference between the two. When we define contributory infringement as furnishing an article for the express purpose of inducing contributory infringement, we have only said it is what it is. Again, whether or not the article is intended for a legitimate use, is of course, dependent upon whether or not it is intended to induce infringement.

It is difficult to call such a doctrine "logical, just and salutary" because we do not know what it is.

The Heaton case cannot be distinguished on the ground that there the staples were made and designed to fit the machine. We might as well say that if a purchaser was "licensed" to use a patented hammer in conjunction with nails to be furnished by the patentee, that one who furnished him nails to be driven with the hammer would be a contributory infringer, but one who furnished carpet tacks for the same purpose would not be.

In the Morgan Envelope case the rolls of toilet paper undoubtedly were made to fit the fixture alleged to have been misused. In the Heaton case nothing whatever depends on the size and shape of the staples. The patentee did not claim any patent on the staples: he did not any more assert them to be novel than does a patentee of a screw-driver assert that screws are novel. He made the machine with a capacity for a staple of a certain size and shape, and no doubt this was done so that it would not be so easy for the purchaser of the machine to supply himself with staples elsewhere than from the patentee. But the fact remains that the staples had no more to do with the patented mechanism, as the Court there truly said, than the buttons on the shoes. The patentee was no more entitled to a monopoly on the staples than on the buttons on shoes, or we may add, the groceries which the purchaser of the machine consumed on his table.

If the reader is inclined to think that the cases we have heretofore supposed, to illustrate the inconvenience of this doctrine, are extravagant, let him examine the hypothetical cases stated by the Court on page 935.

Take this: (If the doctrine be pushed to its logical extent). "No one may safely sell coffee to the consumer but the patentee of his coffee mill, no one can furnish him flour but the patentee of his baking pans and he may yet be compelled to buy milk from the patentee of his milk can and soap from the patentee of his bath tub. It is mani-

fest that the doctrine can be expanded ad infinitum." Indeed, we have so contended from the start.

The dissenting opinion here at least has the merit of being consistent. The member of the Court who wrote it believes in thinking one's thoughts to the bitter end. That is the way to find out whether or not one is going in the right direction. If we are in doubt whether or not one line is parallel with another, all we have to do is to project both far enough; if they are not parallel, they will cross.

We are tired of pointing out misapplications of the Bement case, so we pass over that feature.

The dissenting opinion then quotes the master fallacy of the Heaton case. "As to the right to use the invention, he, the purchaser, is obviously a licensee, having no interest in the monopoly created by the letters patent." That is the rock on which the courts split every time.

It is then said that we should not make the law swerve because of considerations of supposed inconvenience. This is sound. The argument of inconvenience does not establish anything. It merely illustrates and emphasizes what is susceptible of being demonstrated on principle.

The doctrine of so-called contributory infringement announced in these cases is not unsound because it leads to inconvenience. It leads to inconvenience because it is unsound. The test to be applied to every case is this: Has the defendant alone or in conjunction with others used the patented invention without the patentee's consent?

The patentee here had sold this specimen of his invention and he had no more right to control or circumscribe its use than he had a right to give orders to defendant's office boy, so far as the patent law is concerned. In the concluding page of the opinion we are challenged to accept the view that the patentee of a gun should be given a monopoly on the powder used in it and that a patentee of a "delicate mechanism" (An adding machine, for example) should have a monopoly

on the oil used therewith. One last sentence must not pass. "Or suppose, as in the case at bar (black ours), the patentee, having created an invention which is of great benefit to the public, finds that his chief profit may be derived from selling the patented article at a nominal figure to the public, on condition that the public shall use certain unpatented materials in connection with it." But that is not the case at bar. The complainant did not sell his patented article at a nominal figure; he sold the Neostyle for \$50.00. And what is more important, that is all he asked for it before he attempted to monopolize the supply of paper and ink.

This has nothing to do with the merits of the case, but we are reluctant to see a complainant, possessed of monumental greed, and having no cause of action whatever, consoled with false commiseration when he has been turned out of court.

This case was taken on a writ of certiorari to the Supreme Court and is there reported in Vol. 207 of the Supreme Court reports, and will be considered later.

II.

RESTRICTIONS ON THE RIGHT OF A PURCHASER OF A PATENTED ARTICLE TO RESELL THE SAME.

We now take up the decisions dealing with the right of a patent owner to restrict the price at which a purchaser from him of a specimen of the patented article shall resell the same. These decisions, in point of time, follow the cases we have just considered and the most of them are referable to the decision in the Heaton case. This will clearly appear as we advance. We shall proceed slowly. It may appear foolish to the reader that we should spend so much time in the detailed examination of these cases. It might be thought that we ought to compress a statement of the law within ten pages. Indeed such a thing would not be difficult, at all. But it would be worthless.

The strength of an analysis, the compelling force of a conclusion, depends altogether upon thoroughly clarifying all the intermediate steps by which the final result is reached. A mere abstracted, abbreviated discussion always invites the easy conjecture that certain unmentioned "important facts" have been overlooked. Deductions from

general propositions by the use of abstract terms may satisfy mathematicians, but it is dangerous in legal expositions. It is so easy to deny the application of a general proposition to a given case by falling back on the "particular facts" there involved. The "particular facts of the case" has always constituted a hook on which lawyers hang any makeshift for conclusive, self satisfying reasoning. When once a bubble is discovered at the center of a decision, immediately the unpleasant task of confessing and undoing the mistake is evaded by suspending the thing out of view on that much used hook. What we have in mind is to attend to the "particular facts" of each case. It may be that decisions devoid of differentiating particular facts have been impaled on this hook. An examination of each case in detail requires time and effort, but it seems distinctly worth while. Sustained attention is not possible unless the view point is shifted continually and new aspects are brought to light. The concrete facts of each case hold attention and facilitate a prolonged examination of each step in the process of reasoning.

What we have to deal with here is best indicated by a suppositional case

Let us suppose that some one has invented a phonoscope or an audiograph. These have not yet been put on the market, reader. But they will be invented and of course patented. A phonoscope is an instrument by which one can see the human voice. With it an absolutely deaf man can see a melody or a lawyer's voice. The audiograph is an instrument by means of which one can hear a printed page. When it is perfected and applied to the reports of the Supreme Court, there are going to be many ear drums ruptured by the terrible noise.

We do not know just who will invent these instruments, but we do know that the inventions, and all of them will be claimed by certain citizens of New York and New Jersey. That phase of the prophecy is certain of fulfillment.

Then we will take one of these instruments—the audiograph. The Audiograph Company of America owns the patent and has manufactured several thousand of the instruments. Now the Patent Owner has the right to exclude every one from making, using and selling this audiograph without his consent.

In the cases already dealt with, it was the **using** that constituted the problem, because it was only by controlling the use that the patent owner was enabled to dispose of a lot of scrap iron or junk in the shape of wire, studs, staples, or common paper and ink. But here nothing is needed but the human ear to use the instrument and it would require a longer opinion than the one in Heaton case to persuade a man with ears that his ears were part of a patented combination and that by using them in excess of the “terms of a license” said ears had been put to an infringing “use” and he, the bearer of those ears, had become a contributory infringer. No court has yet enjoined hearing with one’s ears, though the thing is susceptible of justification, provided we do not cavil at the source of the authority. There is a very ancient injunction to the opposite that is very commonly disobeyed; which reads: “He that hath ears to hear let **him** hear.”

So in this instance the Audiograph Company of America turns away from the field of use and considers what is left. The field of “making” likewise appears barren: no one else wants to cultivate it. Selling alone remains. The instruments cannot be sold until they are made. So it makes several thousand, as we have above supposed. The problem now is to “monopolize,” the sale of the instruments. No profit can be seen in an attempt to monopolize the “use” as was done in the earlier cases. The Company, of course, can exclude everyone

entirely from making, using or selling the things, but it knows that not a dollar was ever made in such a manner by any patent owner.

The precise question is how to make the things and sell them and at the same time not sell them. That is, sell them and yet be able to say that they have not been sold. The thing is difficult, but has been done as we shall see. This is the method of procedure. The American Company draws up two forms of agreements: one a form of Jobbers Agreement and the other a form of Dealers' Agreement. The price of the Audiograph to the Consumer is \$50.00; its cost of manufacture is \$4.00. The price to the Jobber is \$25.00, to the Dealer it is \$35.00. The Jobber's Agreement contains this clause: "The retail price of the Audiograph is \$50.00; the purchaser herein (Jobber) is "licensed" to sell the same to Dealers only at \$35.00 and then only pursuant to the terms of a Dealer's Contract whereby the latter is "licensed" to sell it at retail only at \$50.00. Then it is stated in addition that the Audiograph is patented and that any jobber or dealer selling the same at less than the "licensed resale" price is an infringer of the American Company's patent. But this is not all. On a conspicuous part of the instrument, is securely fastened this skull and bones:

"Notice."

"This Audiograph is patented and is licensed for sale at retail only at the price of \$50.00; any one purchasing or selling the same at a less price will be prosecuted for infringement to the full extent of the law.

(Signed)

Audiograph Company of America,
Hoboken, N. J."

Now let us take one Audiograph and follow it from the American Company to a parlor in a Chicago flat. The American Company executes an Agreement with a Jobber in Chicago, and sells to him

one of the Audiographs at \$25.00. Of course the Jobber is "licensed" to sell the same to the Dealer at not less than \$35.00. The Jobber tries long and hard to sell the instrument, but Dealers in looking through his stock, say they do not want to buy an experiment. Says the Dealer, "What is an Audiograph anyhow?" The Jobber looks in amazement and replies, "What? Don't you know what this is. I will show you." He gets a copy of the "First Battle," opens it out at the proper page, adjusts the instrument to the book and the Dealer's ears, and the latter is all but paralyzed in hearing a voice that roars like the winds in a cave. He recognizes the voice of the Great Commoner, thundering about the thorny crown and the golden cross. The Dealer is determined to have the instrument, but he conceals his interest and insists that the price is too high. The Jobber shows him the License Contract. Finally they agree to the price of \$30.00; both agree to say nothing about the cut. The Dealer promises faithfully to sell at not less than \$50.00 and signs the License agreement to that effect. The Dealer keeps the instrument until he has heard all the great books, Socrates talking with the hemlock cup in his uplifted hand, Napoleon's voice reverberating from the base of the Pyramids, Garrison standing in the streets of Boston, covered with dust and blood, surrounded by ruffians and uttering words that through this instrument blister the very tympanum of the ear.

He knows that all he has to do is to get this instrument going and his fortune is made in Dealer's profits. This is the only one he has. But he decides to sell it at the price of \$40.00 in order to introduce it into the parlor of a Chicago flat.

He says to the purchaser: "What do you and I care about that 'n' vice'? I have bought this thing and paid for it and own it. You pay me \$40.00 for it and it's yours, just like a horse trade." The customer pays the money and carries his instrument to the parlor flat and being of a different turn of mind he uses the instrument to "hear" Mark Twain laugh and Lincoln tell a story.

Oh! Mr. Jobber, Dealer, and Consumer, you know not what you have done! You have invaded the "patent monopoly" of the (American) Audiograph Company.

That Company hears of what a terrible thing has been done. Its directors hold an indignation meeting. The president weeps to think its "Constitutional" rights should be so flagrantly outraged. The directors determine to spare no expense or effort to punish the offenders. The amount involved is small, but a great principle, underlying the patent monopoly is at stake. No ordinary lawyer can properly handle such a case.

The directors look over the names of those on the legal staff, but none is "peculiarly adapted" to the use here contemplated. They go outside and hire a "Constitutional lawyer." We must not use phrases or definitions of doubtful meaning and it seems worth while to remark that a "Constitutional lawyer" is a rare individual. He is a peculiar product of the American soil. He is an extraordinary man. There are but few of them in this country. The peculiar characteristics are fine apparel, a gruff voice, a face hard as the point of a drill bit and as devoid of a smile as the coffin plate in Adams vs. Burke. One thing further, he is nearly always an "ex" something; an "ex"-Judge, "ex"-Attorney General, or it may be an "ex"-Alderman. We have never heard of one converted from an "ex"-convict, though there may be instances. Well, he is retained for \$50,000. The reason for holding indispensable in such a case the services of a "Constitutional lawyer" is that, by the client, he is considered more powerful than the Court, and he tacitly entertains the same view.

This great Lawyer sues the Jobber for "infringement" and gets threefold damages, or \$15.00 and costs; he then sues the Dealer and gets threefold damages, or \$30.00 and costs. His client is tickled. But the "Constitutional lawyer" is not done.

He goes further and sues the wicked occupant of that Chicago

flat, for he, too, is an "infringer". Did he not buy at less than the "license" price? He, too, is stuck for threefold damages, or \$30.00 and costs and the "infringing" property is taken from him. The Court savagely denounces all three defendants for violating the patent rights of the American Company, asserting at the same time that a rigid protection of patent rights is absolutely essential to the stability and progress of the industries of the nation. Selah. The "Constitutional lawyer" mops the sweat from his brow, lights a big very black cigar and silently retires to the gloomy recesses of his great office, like a huge spider in the dark center of its web. The directors meet and all agree that a high priced "Constitutional lawyer" always pays. They take an inventory of damages collected: \$15.00 from the Jobber, \$30.00 from the Dealer, and \$30.00 from the man in the flat. In the first instance, the American Company sold the entire property in the instrument for \$25.00, but "reserved an ungranted portion of its monopoly of sale" through the medium of the "license agreement" and by means of this, properly interpreted to the Court, by the "Constitutional lawyer," in the light of the patent law, the Company now has obtained \$75.00 additional or all told \$100.00 for the instrument! Oh! reader marvel not nor laugh at this as an exaggeration. We will show you that this thing has been done many times.

We will take up first the case of **Edison Phonograph Co. vs. Kaufman (C. C. W. D. Pa. 1901) 105 Fed. 960.**

By very close reading of the opinion here we learn in one sentence of nine words in next to the last line that the defendants were sued as infringers. From no other part of the opinion does this conclusion appear warrantable. The facts are simple. The complainant owned a patent on a phonograph. It sold these patented instruments only under their "Jobber's Agreement" (we follow the lead of the Court in suspending the appellation of this remarkable instrument between inverted commas). The defendants were presented with this "Agreement", and their signature to it required as a condition concurrent to

the sale of the instruments, but they declined to sign because they would not "be bound by any trade restrictions"!! Then the defendants made use of one, Woods, for a very essential service, so they thought. Woods was a go-between, a sort of commercial match maker for the complainant and defendant. He got himself and everybody else into trouble, as go-betweens usually do. Woods undertook to get some of the instruments from the complainant and deliver them to the defendants without the interposition of that "Jobber's Agreement". But he pleaded for delay. The president of the complainant was then in Europe (no doubt in company with a "Constitutional lawyer"). Matters would have to rest until he returned. For as Woods truly said: "There was no use for him to talk to anybody else; that when one wants on the inside one must go to the head man" (black ours). All our experience confirms the fact that the last pair of semicolons here, stake off the expression of a truth of the greatest value in life. Never stop with the office boy. He is fully as dangerous as the "head man", but has nothing to give you. Always bring out the "head man" if you have to yell "Fire" or shatter a plate glass window to do so. Woods later saw the "head man", got the phonographs and delivered them to the defendant without the execution of a "Jobber's Agreement". Now Woods acted on the right principle, but he was mistaken as to who was the "head man". In attempting to go around a "Jobber's Agreement" like the one here, one must not ignore the "Constitutional lawyer". It is worse than taking the office boy's cigarettes.

The defendants bought the phonographs and apparently paid for the same. They were about to sell the same when the complainant sued them for infringement. The opinion is short; our comment will be shorter still

Says the Court: "I cannot doubt (black ours) that the complainants have the right to sell their patented phonographs with the restrictions and upon the conditions contained in their 'Jobber's agree-

ment' and that Dealers buying the patented instruments from the Jobbers with notice of those restrictions and conditions are bound thereby."

Dickerson vs. Matheson, 57 Fed. 524.

Same vs. Tinling, 84 Fed. 192, 195.

This is the only proposition of law stated in the opinion. In next to the last line the Court says: "The defendants, I think (black ours) must be treated as infringers". The Court started in with "I cannot doubt" and ended up with "I think", though it might as well have concluded with a "dream".

There are many thinks yet to come on that decision. We cannot discuss this opinion. There is nothing to discuss. If the Court had entered up a decree adjudging Woods of unsound mind or divorcing one of the defendants from his wife we could not be more completely mystified. We will have to wait until we reach a decision that contains some intelligible proposition of law before we can discuss any principle. We cannot stab water, fight the air or wrestle with a spook. There must be something for us to get a grip on, something to accept or reject, affirm or deny.

The Court cites two cases involving the same state of facts. The point involved in each case is painfully obvious. We will drop the long German names and call the owner of the patent A. A. owned a patent on a chemical preparation. He owned the patent under the laws of Germany, for that country, and also owned a patent on the same article under the laws of the United States. Now A made and sold, or authorized the making and selling of, the article in Germany and also in the United States. On the article made in Germany there was placed a label forbidding its importation into and sale in the United States. A quantity of the preparation was made in Germany and sold there, but bearing the restrictive placard against importation to the United States. Thereafter the patent owner assigned the letters patent for the United States to the complainant together with

the "right to sue for past infringement". Meanwhile the defendants, in violation of the placard restriction, had imported some of the stuff to the United States and here were selling it. They were sued for infringement and set up as a defense that they bought the stuff in Europe where it had been made and sold under the authority of A, who owned the patent monopoly for Germany and for the United States also, and since it was sold to them by authority of the person who then owned the patent for the United States, they were free to use it here without incurring the hazard of infringement. And (heaven save the mark) they cited Adams vs. Burke and similar cases to sustain the contention!! In the case reported in 57 Federal, the Court decided the issue correctly without a struggle by referring to Boesch vs. Graff, 133 U. S. 697. In the case reported in 84 Federal also, the Court referred to the same authority and reached the same result, but in doing so threw out some remarks under "conceding—but not deciding", which caused the Court in this Phonograph case to stumble. The two cases cited are very simple. If the same person owns a patent right under the laws of Germany and also a patent right on the same article under the laws of the United States he has two separate rights, just as distinct as if the two rights pertained to different articles and were vested in two different persons. The laws of Germany have no force in the United States and vice versa. And it is a maxim as old as the law that when two rights meet in the same person it is the same as if they were in different persons. Every executor, trustee, and agent, in fact the whole law of representation exemplifies, this fundamental postulate of jurisprudence. The Latin of it is: *Cum duo jura concurrent in una persona aequum est ac si essent in duobus.* The "Constitutional Lawyer" will relish that. That right for Germany consists in the right to exclude everyone from making, using and selling in Germany. The patent right for the United States consists in the right to exclude every one from making, using and selling in the United States. When the patentee made and sold the patented

article in Germany he exercised no right under his patent right there, but he passed the article out of the limit of the right to exclude under his German patent. When he made and sold the article in Germany he did so pursuant to a right protected by the general law of that Empire, but he did not confer on the purchaser any right protected by the laws of the United States. When the purchaser brought the article to the American port, the moment it touched the land he had invaded the exclusory right under the patent granted by the United States. The defendant in relying on *Adams vs. Burke* showed that he regarded the states of the American Union foreign countries in the same sense that England is foreign to Germany. However, the important point to note is that the restrictive placard had nothing whatever to do with the matter. The man who wrote that restriction knew just as much and no more about the patent law than he who wrote the inscription for the Cotton Tie "Licensed for use once only". This explains the fallacy of the citation of the Court, "84 Fed. 192, 195". There the Court said: "There can be no doubt that a patentee has the same right and power to sell the patented article upon conditions or with restrictions that he has to sell it at all." But the important thing is omitted; the patent gives him no right to sell at all, much less to sell with restrictions. "Bayer & Co. (the patentee) had the right to sell its phenacetine in Germany without restrictions. (But this was not a right under the patent.) It had an equal right to subject to the limitations that it should not be sold or used in any way that would curtail or affect the exclusive right which that corporation held under this patent to make, use and vend (black ours) the phenacetine in the United States." There's the whole fallacy. The patentee has not "an exclusive right to make, use and sell" under his patent. He has only the right to exclude others from doing those things. The Supreme Court has long ago clinched that. The statement quoted implies, and asserts by implication, that if the patentee had not imposed the "restriction" the defendants would not have been infringers, but that

is not true. They were infringers independently of the foolish restriction because they sold the phenacetine in the United States without the consent of Bayer & Co. in their right or capacity as owners of the United States patent.

Had Bayer & Co. in the United States made and sold the article to the defendants by that act, the article would have passed out of the monopoly granted by the patent laws of the United States. Had Bayer & Co. sold the article in Germany to the defendant and at the same time entered into a contract with the defendants giving the latter the right to sell in the United States, that contract would have constituted an estoppel personal to Bayer & Co. and prevented them from suing for infringement. But it would not have affected the rights of a subsequent assignee of the United States patent without notice of the contract and with a right to sue for past infringement. In such case Bayer & Co., before the assignment, could not sue because of a personal estoppel, but that would not avail against a subsequent assignee without notice. If Bayer & Co. had made and sold the article in the United States they could not have sued the defendants for infringement, but for an entirely different reason, as we have pointed out. All the confusion arose from the fact that the two distinct and separate rights were owned by one and the same person. Yet we cannot suppose that the Court would have any difficulty in grasping the fact that a governor of a state in his right as an executive can pardon a convicted criminal, but in his right as an individual, can do no such thing. Yet it is the same individual who for the time being unites in himself both rights, or capacities. We have dwelt on this case at length because it is continually bobbing up in the decisions hereafter to be considered and we desire to have done with it. We have asserted nothing novel in explaining the decision. It is all contained in *Boesch vs. Graf*, 133 U. S., and rather dubiously expounded in *Daimler Mfg. Co. vs. Conklin* (1909) 170 Fed. 70, but there the Court misconstrues *Adams vs. Burke* and similar cases.

In this Phonograph case, the Court seized upon a "conceding—but not deciding" dictum which was completely and totally erroneous, and applied it to outrage the rights of the defendants.

A "dictum" is a terrible thing. It does no good whatever in the opinion which contains it and no harm, but it may be seized upon later and turned to a destructive use.

In this Phonograph case the defendants had bought the instruments and paid for them. The complainant got the full purchase price which it asked for the same and no doubt deposited the money in the bank. And by the law of the land as announced for the last sixty years, the defendants owned the phonographs absolutely and unqualifiedly to do with as they pleased.

They could have given them away or smashed them up with a hammer, and it would have been none of complainant's business. We "cannot doubt" that this was their unquestioned right. We do not "think", but know they were not infringers. The Court had no jurisdiction of the case and should have dismissed the bill at complainant's costs.

**Edison Phonograph Co. vs. Pike (1902 C. C. Mass.), 116 Fed.
863,**

is the next case in order. And, reader, if you will turn back and read the Audiograph case, which we tried out in the forum of the imagination, you will here recognize its deadly parallel. Here again the facts are very simple. The complainant owned two patents pertaining to improvements in phonographs and records for the same. The Eastern Talking Machine Co. entered into a "Jobber's Agreement" which forbade it to sell the patented phonographs below certain scheduled prices. This "Agreement" contained the following additional clauses:

"(5) Jobbers must not sell or supply, either directly or indi-

rectly, Edison phonographs or parts thereof, records or blanks to any dealer who will not sign the agreement governing and controlling the sale of the same, nor to dealers who are on our suspended list”!

“(11) All Edison phonographs, records, and blanks are covered by United States patents, and are sold under the condition that the license to use and vend them implied from such sale is dependent on the observance by the vendor of all the foregoing conditions. Upon the breach of any of said conditions the license to use or vend said phonographs, records and blanks immediately ceases, and any vendor or user thereafter becomes an infringer of said patents and he may be proceeded against by suit for injunction or damages or both.”

But this is not all. The phonographs purchased by the Eastern Talking Machine Co. of complainant were contained in boxes. Each box was marked as follows: “Notice to dealers: This record is sold subject to restrictions as to persons and the prices at which it may be sold. Any violation of such restrictions makes (listen) the seller or user an infringer of the Edison patents!” The wretched defendant “knew of the said agreement, and the restriction contained therein, and having such knowledge, and without signing the agreement, bought from the Eastern Talking Machine Co. phonographs and records and sold the same.” Moreover, “the defendant has in his possession phonographs and records purchased (note that) not only from the Eastern Talking Machine Co., but from other vendees of complainant bound by similar agreements (and this without petitioner’s(?) having signed the required agreement), which last mentioned phonographs and records the petitioner (we suppose by “petitioner” is meant the defendant) is using, vending and threatening to vend. Wherefore the defendant is guilty of infringement of the patents in question.” And the Court so held.

This is where the “Constitutional lawyer” got in his work.

We know from reading history that Sir Matthew Hale solemnly tried and convicted and condemned to suffer certain persons 10r

that they were "witches". We are accustomed to regard this conduct of Sir Matthew with horror and to commiserate him and tender to his memory a tribute of mild and urbane pity for his awful mistake. This is well, but no one who accepts the doctrine of the case now under consideration ought ever to cast a stone at Sir Matthew sentencing a witch. Sir Matthew did but give a lurid interpretation to a mistaken statute. Here the Court unreservedly confiscated the property of the defendant in the teeth of overwhelming authority to the contrary. In the witch case, the statute is the occasion of regret; in the phonograph case, the occasion is the Court's construction.

In the opinion here to be dealt with there is much authority which we have already considered and some that we shall look into hereafter. We lay entirely to one side the long quotation from the Heaton case. The two Dickerson cases, the Kauffman and Cortelyou cases we have already dwelt on. The Bement case is yet to come, but we are not bound by what is said of it in this opinion.

This leaves three decisions to be summarily disposed of preliminary to getting at the merits of this case. These three decisions are:

Featherston vs. Cycle Co. (1892) 52 Fed. 113, where the defendant was sued for infringement for making a tire like the one described in complainant's patent. The last two sentences of the opinion read: "Infringement has not been seriously and cannot be successfully, denied (and now follows the reason). Plaintiff's and defendant's tires, when completed, are substantially the same." That is easy. The defendant, without the patentee's consent had made the patented tire. What would the Court have said if the plaintiff had alleged that he himself made the tire and sold it to the defendant and then had the purchase money in his pocket, but that the defendant was an infringer because he was using or about to sell the tire so bought and paid for?

Edison Electric Light Co. vs. Goelet (1894), 65 Fed. 612, 613 (two cases), is a powerful counterblast to the point for which it was cited. In the first of the two cases the defendant was sued for handling in-

fringing lamps. The point being that the person who made the lamps, made them in infringement of the patent. Such lamps never were within the "monopoly," but were conceived and created in violation of the patentee's right to exclude. Of course no one could use or sell such lamps without being an infringer. In the second case the Court dealt with lamps made and sold by the owner of the patent, but accompanied by divers "license restrictions as to the use". The Court, with great reluctance, but none the less positively, followed the great cases of Adams vs. Burke and Hobbie vs. Jennison. "The Supreme Court has so held and there is nothing for this Court to do but conform to such decision."

The very highest quality of the human mind is that which recognizes what is really over and above us and fixes our gaze steadfastly on that.

The Court concludes: "The patentee's remedy is against those who, after binding themselves to his restrictions, have violated their agreements. He may protect himself either by selling his lamps only to persons on whose honesty and responsibility he can rely or by requiring from them sufficient security that they will respond for any damages he may sustain by their failure to keep faith with him". That is a harsh alternative, but in no other way in heaven or on the earth can the patentee "protect himself" in such case. Now suppose the complainant here had taken one of its most brilliant lamps and, like the ancient philosopher, looked for one of the class of men mentioned in the first supposition. It cannot find one and is driven to the second method. The stipulation is made and broken. It has sold the lamps and got the money for them, now they belong to the purchaser! Suppose he gives them away, or breaks them up, or sends them up in a balloon or sells them for ten per cent of what he paid for them. What imaginable damages has the complainant suffered? If it attempted to try out such a case in court, we can see how somebody would have a good chance to be fined or sent to jail for violating the-

state anti-trust act. But that is the only "damage" or danger we can see in or about such a case. The Court concludes: "The purchaser of lamps once sold by the patentee or by the person whom he authorized to make and sell them, cannot, under the decisions supra, be charged with knowledge of the restrictions upon resale, which are matter of agreement between the patentee or the licensed manufacturer and the first purchaser". Even so, and if he could be successfully so charged it would be with knowledge of an "agreement," which agreement violated the law of every state in the Union and the Federal anti-trust act as well. The Court said, finally: "Motion to punish for contempt is denied" and it should have added, "all papers in this case will be sent to the Grand Jury for their especial attention".

The last of the three cases cited is *Wiggin vs. Shoe Co.* (1894), 161 Mass. 597. It is not worth while even mentioning this case, as it was a suit for a breach of contract, in the state court. Anyone who cares to read the opinion will ascertain that the Supreme Court of Massachusetts understands exactly what the case of *Hobbie vs. Jennison* means. We should say that it is a dangerous thing in the class of cases now being considered to refer to the Massachusetts Supreme Court decisions. We are apt to be reminded of the fact that that state sent to the bench, Shaw, Story and Gray, and if we should set about reading the opinions of the latter two of these three giants on patent rights, these cases would look rather strange. Moreover, in the year of our Lord, 1907, the Supreme Court of Massachusetts, in response to an inquiry of the legislature, had some strange things to say about patent rights and patented articles (193 Mass. 608). At page 611, the Court said this: "We find nothing in (the Heaton case) which seems to us at variance with our opinion. That case simply decides that a stipulation like those considered may by contract be made incident to a sale of the patented machine. In the absence of prohibiting legislation, we do not doubt this. (Massachusetts in 1907 had no anti-trust act.) What the effect of such a statute would be was not

considered in that case. (All the same, the State of Michigan had a statute, Acts 1889, page 331, then in force, providing, among other things, that "all contracts, agreements, understandings and combinations", the purpose or object or intent of which shall be to enhance, control or regulate the market price of any article or commodity or in any manner to prevent or restrict free competition in the production or sale of any article shall be utterly illegal and void and every such contract shall constitute a criminal conspiracy"! And, on conviction, the offenders shall be punished by imprisonment in the state prison for not more than one year"!)

The passage continues: "Nor was that case decided upon any distinction between a patented and an unpatented article. The discussion (decision?) rested upon the general right of the owner of any property to dispose of it as he sees fit. The decision would have been the same if the article had not been patented. The same may be said of *Bement vs. National Harrow Co.*, 186 U. S. 70." That paragraph is an imperishable and indestructible contribution of the Supreme Court of Massachusetts to the juristic literature of the nation. Any one who takes from or adds to, that, is bungler.

Now we come back for just a few minutes to this Pike case. All of the opinion is rid of except page 864 and four lines on page 865. The opening sentence of the opinion is alarming. "The extent to which restrictions can be placed by a patentee upon the use of patented goods sold by him is not clearly settled"! We cannot so agree, but point blank to the opposite quote the words of Chief Justice Taney, uttered just fifty years earlier: "The (patented) implement or machine (purchased from the patentee) becomes his (purchaser's) private, individual property, not protected by the laws of the United States, but by the laws of the state in which it is situated.

(Now listen.) "Contracts in relation to it are regulated by the laws of the State and are subject to state jurisdiction." (*Bloomer vs. McQuewan.*) This principle has been so often declared by the

Supreme Court that we cannot understand how it can be regarded as unsettled.

As early as 1863 the Supreme Court said in *Bloomer vs. Millinger*: "Considering that the question has been several times decided by this Court, we do not think it necessary to pursue the investigation." We have this repeated over and over again. The language of the Supreme Court becomes more intense and positive with every repetition. If we could only apply the Audiograph to *Adams vs. Burke* we could hear the teeth of Mr. Justice Miller fairly grind, as, after congregating all the earlier decisions into one mighty summary, he pounds the desk with this: "But, in the essential nature of things, when the patentee, or the person having his rights, sells a machine or instrument whose sole value is in its use, he receives the consideration for its use and he parts with the right to restrict that use."

Then, "in the essential nature of things," when the patentee sells the article, he parts with the right to restrict that use" (of the thing sold). "That is to say (the Court further explains), it is open to the use of the purchaser without further restriction on account of the monopoly of the patentee."

Now, twenty-one years later, the Supreme Court in the *Folding Bed* case (157 U. S. 659), in speaking of the right of a patentee to control the use of a patented article after it had been sold by the patentee or an assignee, said: "It is, however, obvious (not questionable or doubtful) that such a question would arise as a question of contract, and not as one under the inherent meaning and effect of the patent laws." The Court in this *Pike* case says, "If the last sentence (the one just quoted) means that the special contracts alluded to can be enforced only like any other contract, the dictum disposes of the case at bar." Well that is just exactly what it means. Here the Court stood at the parting of the ways. There are times in our thinking as in our lives, when if we deflect even imperceptibly from the straight path and persist in the changed course, the consequence is precisely

analogous to projecting two lines, thought to be, but, in fact, not quite parallel, to infinity—they cross each other and the parallel is destroyed. Before following the deflected path, the Court took a glance backwards to the starting point. “See Harrison vs. Maynard, 61 Fed. 689.” Yes, see it. For it is well worth whole hours or days of seeing. There the Court was dealing with the right of the owner of a copyright to restrict the alienation of a copy of the book which he had sold. Page 691, “The right to restrain the sale of a particular copy of the book by virtue of the copyright statutes has gone when the owner of the copyright and of that copy has parted with all his title to it, and has conferred an absolute title to the copy upon a purchaser, although with an agreement for a restricted use (black ours). The exclusive right to vend the particular copy no longer remains in the owner of the copyright by the copyright statutes. The new purchaser cannot reprint the copy. He cannot print or publish a new edition of the book; but the copy having been absolutely sold to him, the ordinary incidents of ownership in personal property, among which is the right of alienation, attach to it. If he has agreed that he will not sell it for certain purposes or to certain persons, and violates his agreement and sells to an innocent purchaser, he can be punished for a violation of his agreement; but neither is guilty, under the copyright statutes, of an infringement.” (black ours.)

That is as clear cut as the acanthus leaves on a Greek temple, and equally beyond the reach of criticism. And there is no use to take to cover by asserting the wide difference between the patent right and the copyright franchise. We will nail this up to dry later, but we now interpose the suggestion that the noble faculty of the human mind by which differences are recognized as differences, is worthless unless we make use of it likewise to recognize as similar things that are similar. The copyright franchise and the patent franchise are absolutely identical in this: that the copyright franchise consists altogether in the right to exclude everyone from multiplying and vend-

ing copies of the thing copyrighted without the consent of the owner of the copyright; and the patent franchise consists altogether in the right to exclude every one from making, using and vending the thing invented without the patentee's consent. Point out a thousand differences, if you will, but, in the name of common sense, please do not overlook the vital fact that when we get to the root of the matter each consists altogether in the right to exclude. We will later show that in this fundamental aspect, the Supreme Court has always joined the two rights together and what that vast repository of wisdom has joined together, let no man put asunder.

We have done with this case and place it behind us. The Court had no jurisdiction to try the case. The defendant was not an infringer. He was using and selling his own property. He had not even violated an agreement. The defendant's right to use and sell these phonographs was an inalienable right, a blood right, a right that has been fought for and won with pikes and muskets, a right the fierce assertion of which caused King John to tremble, a right which if denied generally to men, as it was to the defendant in this particular instance, would cause a greater insurrection than ever yet confused the affairs of men.

But the Court denied the defendant the right to what was his, denied him the right to the gains of his own industry, nay, denied to him a legitimate pursuit of happiness. And enforced this denial with an injunction, the most terrible instrument of the law, after the downfall of the gallows.

Oh! reader, whoever you may be, you will see our Audiograph case more completely translated into terms of every-day life than this. Watch the next case.

Victor Talking Machine Co. vs. The Fair (1903 C. C. A. 7th Cir.) 123 Fed. Rep. 424.

A purchase is an acceptance of these conditions. All rights revert to the undersigned in the event of any violation.

Victor Talking Machine Co.”

Now this wise complainant filled in the blanks on each notice with the appropriate number and the price of \$25.00. It then sold them to a jobber, subject to all the restrictions set forth in the notice, which restrictions the jobber agreed to at the time of the purchase. The defendant, a large department store in Chicago, with full knowledge of the restrictions under which the jobber took the machine, purchased and acquired possession of them from such jobber with labels conspicuously attached thereto, and advertised them for sale at \$18.00 each; “and sold some and insisted upon its right to sell others at the cut price.”

The complainant, of course, sued for infringement at once.

We desire to call attention to one eye opener in connection with this amazing notice. It informs us that an erasure or removal of the label will be construed as a violation of the license. That means that if the owner's small boy took a penknife and removed the label, the owner, who had paid the full Trust price for it, would be an infringer! We dare not stop to comment on this notice; it would require forty pages.

The defendant demurred on the ground that it had the right to sell the machines at any price it chose, and the plaintiff's cause of action, if any, was for a breach of contract. We undertake here and now to sustain both of those defenses and further to show the complainant had no cause of action whatever.

The Court divided its discussion into two parts, one pertaining to the question of jurisdiction, and one to the merits of the case. We will follow the same course.

So far as we can now recall this is the first case of this character in which the jurisdiction of the Court has been questioned. We have, therefore, had no occasion to consider it with thoroughness.

The question of jurisdiction is always the greatest that can ever be discussed by any court. Jurisdiction is the power of the Court to decide the contest. Justice is said to be the greatest interest in the earth. Jurisdiction is the measure of the power to deal out justice. When a litigant questions the jurisdiction of the Court, he asks the Court to sit in judgment and mark the boundaries to its own powers. An appeal is made to sovereignty to limit itself. Many times the appeal fails.

Here the Court says: The test is: "If the plaintiff is seeking a judgment for debt or damages, or a decree for cancellation or specific performance on account of the defendant's breach of his covenant, the cause of action arises out of the contract, and though the determination of the issue of breach or no breach may involve the interpretation of the patent and of the prior art, the insistence of the defendant that his device according to the true construction of the patent and of the prior art, is not within the patent right granted him in the contract, cannot change the nature of the action. On the other hand, if the plaintiff is seeking a judgment for damages, or a decree for an injunction and an accounting, on account of the defendant's unauthorized use of the patent right in making or using or selling the device without license, the cause of action arises out of the patent laws; and though the determination of the issue of infringement or no infringement may involve the interpretation of the contract, the insistence that his act was within his rights under the contract, if properly construed, cannot change the nature of the action."

These two long sentences may be summed up in one very short one: If the plaintiff is suing for breach of contract, the Federal Court has no original jurisdiction; if he is suing for infringement, it has. But this does not tend in the least to determine the matter

The question still is: What is the nature of the suit? It makes no difference by what name the plaintiff calls the action. It depends entirely upon the facts which the Court has to weigh in order to deter-

mine whether or not the plaintiff's right has been invaded. If the Court has to examine the specification of a patent and also examine a machine, device or process alleged to have been made, used or sold without the patentee's consent, and determine whether or not the thing handled by the defendant corresponds substantially with the specification of a patent then the suit is one for infringement. But if no question is raised about the fact that the thing in controversy is that described by the patent and was made by the patentee and the only fact in dispute be whether or not the plaintiff has consented to what the defendant has done, then the suit is for a breach of contract. Here there was no dispute as to the validity of the patent; the plaintiff had made the machine in accordance with the description in its patent, and there could be no dispute that the graphophone was identically the one patented. The sole issue was whether or not the plaintiff had given its consent to the sale of the graphophones by the defendant. Consent is always a matter of contract.

What a strange spectacle the plaintiff presented! It set out a contract in its bill; set out all the terms of the contract, the facts showing that such contract was in force between it and the defendant (this corresponds to class of allegations described in the first sentence quoted above from the opinion). Then it asked for an injunction (which is a part of a suit characterized by the second sentence).

In other words, the plaintiff throughout the charging part of its bill treats the defendant as a contractee, a licensee; in the prayer for relief it treats the defendant as an infringer. The plaintiff sued on one cause of action and prayed for relief on an entirely different one.

The Court says at the top of page 426: "In the present case, it is hardly conceivable that the question of jurisdiction would have been broached, if appellants had confined themselves to drafting and filing a straight bill for infringement (black type ours). But again, the defense, whether put in by the defendant, or by the plaintiff, cannot

change the nature of the action." But no defense was put in by the defendant; it demurred to the bill. What defense was put in by the plaintiff? Does the Court mean that the contract was a defense and if this had been left out we would have had a "straight bill for infringement"? Let us try it. We strike out the jobber's agreement, the "Notice" and all knowledge of it by defendant. Now what is left? These allegations: The plaintiff owns a patent covering a graphophone: it made a quantity of these patented instruments, sold them and got the purchase money: subsequently the defendant bought them from the owner and paid for them: Now it owns them and is advertising them for sale. Wherefore plaintiff prays for a "preliminary and a perpetual injunction and an accounting of profits and damages"! This would have been a "straight bill for infringement" in this case and if it had been so drawn, the complainant's counsel would have been sent "straight" out of court. Yet this is all there is to the case and all that can be made out of it.

But we are not going into the merits for a moment: we are going to stick at this dry question of jurisdiction. Let us try to imagine that there was a "license" of some kind in this case and that somehow the defendant was a "licensee" that had violated its "license".

The plaintiff had to stick to the Jobber's Agreement, and "Notice" in this case to get any standing in court at all. So it repeats and reiterates that the defendant had "full knowledge of the restrictions under which the jobber took the machines" and "acquired possession of them with the labels conspicuously attached thereto". All these allegations are nonsensical except for the purpose of showing a contract in effect between plaintiff and defendant.

But a defendant cannot be both a "licensee" and an infringer. No such thing is possible. If he has the plaintiff's consent, he is a "Licensee"; if he has it not, he is an infringer. If the plaintiff has licensed the defendant, whether or not the plaintiff can sue for infringement, depends upon whether or not he is justified in entirely re-

pudiating the license contract and holding it for naught. It is for the Court to decide when he tries it; if the defendant pleads a license as a justification, the Court will determine whether or not the defendant's breach went to the essence of the contract and wiped out the consent. If yes, there is no consent or license; if no, there is a consent which has been violated and for which the plaintiff may have damages, but which consent he cannot withdraw. It is a hazardous thing for a licensor to jump to the conclusion that he can sue his licensee in a "straight bill for infringement". It depends entirely on whether or not he is entitled under the circumstances to treat as completely rescinded a contract to which the defendant is a party. Courts are constantly saying that any use in excess of a license constitutes infringement, but the Supreme Court cannot be charged with responsibility for such language. According to its doctrine, so long as there is a license, a consent, there is no infringement. When the license or consent is validly and legally withdrawn, any making, using or selling is infringement.

There are six cases that cover this whole question in masterly fashion. They progressively develop the entire doctrine. These are:

- (1) Wilson vs. Sanford (1850), 10 How. 99.
- (2) Littlefield vs. Perry (1874). 91 Wall. 205.
- (3) Hartell vs. Tilghman (1878), 99 U. S. 547.
- (4) Marsh vs. Nichols (1890), 140 U. S. 344.
- (5) White vs. Rankin (1891), 144 U. S. 628.
- (6) Excelsior Pipe Co. vs. Bridge Co. (1901), 185 U. S. 282.

Wilson vs. Sanford, we have already discussed and quoted elaborately, see supra page 69 et. seq. In that case, the plaintiff attempted precisely what was successfully accomplished in the case now under discussion. If we follow the Court here and treat the defendant as a party to a "license contract" (and in no other way is the language of the opinion intelligible), it is wholly impossible to distinguish the

two cases. In both cases a contract is pleaded as the basis of the action: in both cases, the right alleged to have been invaded is a covenant; in both cases the relief prayed for included an injunction. In the earlier case, Chief Justice Taney said the plaintiff "alleges no ground for an injunction unless the contract is set aside". Precisely. The plaintiff had given his consent; had made the defendant a licensee by a common law contract. He cannot now treat the defendant as an infringer until the "contract is set aside". Whether or not the contract has been forfeited and should be set aside is not even remotely dependent on the patent law.

In deciding that question, the validity of the patent, the novelty of the invention and such matters are irrelevant. The sole question is, has the defendant lived up to his contract? If the defendant has completely repudiated the contract and the plaintiff has joined him in this repudiation, the contract is gone. However, if the defendant has merely broken one of the terms of the contract, the plaintiff is entitled only to damages for that breach. But all such questions are matters of general contract law, of which the state court alone has jurisdiction.

Now *Littlefield vs. Perry* is, at first reading, exceedingly perplexing, but upon further study and with a little looking before and after it becomes surprisingly simple. There the patent owner had extended an exclusive license to the licensee and then violated it. The licensee brought a suit for infringement, and the jurisdiction was affirmed. This seems to overthrow the rule running through all the cases; that a licensee cannot maintain a suit for infringement, because he has not title to the patent. But here jurisdiction is assumed out of pure necessity. Said Chief Justice Waite (l. c. 223) "A mere licensee cannot sue strangers. Here, however, the patentee is the infringer, and as he cannot sue himself, the licensee is powerless, so far as the courts of the United States are concerned, unless he can sue in his own name" (black ours). There is the reason for the exception, and *Littlefield vs.*

Perry is not in any manner relevant to *Victor Talking Machine vs. Fair*.

Hartell vs. Tilgham simply re-affirms *Wilson vs. Sanford*. *Marsh vs. Nichols* is to the same effect.

White vs. Rankin is also puzzling at first, but easy when closely attended to. The plaintiff filed a "straight bill for infringement". The defendant pleaded a license in his answer, and the plaintiff came back with a replication. The parties then stipulated that the defendant had made and sold articles embodying the patented invention. Thereupon the Circuit Court dismissed the bill for want of jurisdiction. The Supreme Court declared this to be an error. It said, l. c. 635:

"The Circuit Court did not decide the case upon the facts contained in the stipulation, nor did it adjudicate upon the legal effect of those facts. It did not hold that those facts were facts in the case and then dismiss the bill because the existence of those facts as facts removed the case from the cognizance of the Court. (Black ours: there's the test.) It appears to have dismissed the bill on the simple ground that the defendants set up a contract of license from White." Then the paragraph concludes with this: "All of the parties to the suit were citizens of California, and if jurisdiction did not exist under the patent laws, it did not exist at all." And whether it existed under the patent laws depends upon adjudicating upon the facts set up by the answer and denied by the replication.

If upon hearing the evidence, the Court should decide that there was then in effect a license from White to Rankin, then jurisdiction by the Federal Court "did not exist at all", for "all the parties to the suit were citizens of California."

Near the bottom of page 636, the Court said: "All these matters and questions should have been adjudicated by the Circuit Court before it could find grounds to determine whether or not it should dismiss the bill." (Black ours.)

But the Circuit Court did not follow this plan. It denied its own jurisdiction simply because the defendant said it had none.

Jurisdiction never depends upon what is alleged unless it be also proven. The last sentence of testimony in a case may show the court has no jurisdiction. Suppose at the end of a ten days' trial in a civil case, the last question put to the defendant on cross examination by a smart lawyer for the plaintiff is this: "Now face the Court and tell his Honor how old you are." The defendant, in utter helplessness, turns and says: "Twenty, last March." It is all over. The only thing left is for the clerk to make out a bill of costs and hand it to learned counsel for the plaintiff. See the stinging remarks of Chief Justice Marshall (1834), 8 Peters at 144.

The case of: *Excelsior Pipe Co. vs. Bridge Co.* is a powerful re-statement of the entire rule and we cite it only to quote one sentence. It is the last in the opinion: "We regard this question as conclusively settled in *Littlefield vs. Perry* and *White vs. Rankin*, and have no disposition to disturb it." That time the Court struck twelve, reader.

Tested by these decisions, the Court had no jurisdiction to enter up any decree in this Victor Talking Machine Case. Moreover the courts had no jurisdiction in the Heaton case or any of the Neostyle cases. There was no jurisdiction in any of the graphophone cases, which we have already considered or that we shall hereafter consider. In the Heaton case, the Court said, "the remedy of the complainant may be (black ours) a double one." But we know of no instance where the Supreme Court has decided the question of jurisdiction by hazarding a conjecture or positing a surmise. It invariably goes to rockbottom whenever that question is raised. And it does not wield its great power unless its right to do so is utterly beyond question.

II

We come now to the merits of this case. The Court starts off on firm ground: "Without applying to the patent office one may make, use and sell the device that embodies his invention. That is his natural right." We would prefer to substitute for the phrase "that embodies his invention" the words "that is described in the letters patent". We shall see that there is much grievous ambiguity in the word "invention". Assuming the substitution made, the sentence then would be among those things that abide. Watch the word "invention". "All that the government can and does grant him is the right to exclude others from practicing his invention without consent." There is much subtle ambiguity in the use of the phrase "practicing his invention". Obviously what the Court means is "making, using and selling the device described in the letters patent". Let us substitute equals for equals and then we have: "All the government can and does grant him is the right to exclude others from making, using and selling the device described by the letters patent without his consent."

The Court then says: "Within his domain he is Czar." But remember the Court has already marked out the boundaries of the domain. All that it is, is the right to exclude others. We go on. "The people must take the invention on the terms he dictates or let it alone for seventeen years." What does "invention" mean here? It makes all the difference in the world whether the Court means "the right to exclude others" or "the device embodying his invention". We will try substituting both of these. "The people must take the (right to exclude others—invention) on the terms he dictates or let it alone for seventeen years." And when the seventeen years are up, the people and no one else can take it. on the patentee's terms or anyone else's terms, for it vanishes into thin air and disappears utterly like a disimprisoned spirit. At the end of that period the sceptre of

the Czar crumbles into dust and is blown away into utter non existence. His domain can no longer be found; it has gone the way that no fowl knoweth and that the vulture's eye hath not seen. It is to be found neither in the sea nor on the earth, and the places that knew it shall know it no more forever. That is what happens to that right at the end of seventeen years.

But now let us try the other meaning of "invention" in this sentence, and see how it works. "The people must take it (the device embodying the invention—invention) on the terms he dictates or let it alone for seventeen years." Aye, and for seven times seventeen years. Not when the seventeen years are up nor any multiple thereof can the people take that device except on the terms dictated by the owner unless in the meantime the black pall of socialism is draped from the Golden Gates to Buzzard's Bay and from the Great Lakes to Mexico. For the right to that device is not granted by the Patent Law. It is as the Court said "a natural right". If a man has made and owns a graphophone or purchased a horse and has it in his stable, his right to that graphophone or that horse is not a patent right, granted by the Federal government and perishing of inherent weakness in seventeen years.

Oh, no; it is "a natural right," older than the Constitution, more vital than the Republic itself. We have called it a battle field right. for it has its origin away back there in the boom of cannons and the clash of sabres. Some times when this right—the right to enjoy the fruit of one's own industry, has been denied to men generally, the wild grass has been torn up to the horizon and whole nations turned into a trampled corn field and a bloody street. But, mark you, when the man who owns the graphophone and the horse sells both to another man, there are then two blood rights. The man who buys, parts with a blood right in the purchase money and then he gets a blood right in the graphophone and the horse. And a court, acting within the law, has no more right to take away the right of the purchaser in

the graphophone and the horse at the instance of the seller than it has the right to take away the right of the seller in the purchase money, at the instance of the buyer. A sale is an exchange of blood rights. This is warm, reader, but everything is hot when you get at its center.

Next the Court says: "Cries of restraint of trade and impairment of the freedom of sales are unavailing, because for the promotion of the useful arts the Constitution and statutes authorize this very monopoly." To us those are strange looking words. Let us try them out. We will start with the last word, "monopoly". What is the monopoly of a patent? Why, it is the right to exclude, that is all. The patent monopoly consists **altogether** in the right to exclude others. Fifty-eight years ago, Chief Justice Taney fashioned that out of the heart of the law, and the Supreme Court has been remaking and restating it ever since. A right to exclude is not trade, restraining a right to exclude is not restraining trade. The patentee, in the exercise of his right to exclude cannot either trade or restrain trade. An exercise of the right to exclude has never made anything, used anything or sold anything. The patent monopoly consists **altogether** in the right to exclude. And if a patentee simply exercises his right to exclude and does nothing more and has no other means of subsistence, he will starve and if his successor in interest is in the same situation and imitates the wisdom of his departed predecessor he also will soon be gathered to his fathers. The right to exclude is as barren as the wild fig tree that casts its untimely fruit.

The right to exclude only keeps others from making the thing described in the letters patent without the patentee's consent, and from selling or using such thing made by a third party, without the patentee's consent. But when the patentee himself or someone else by his authority has made the thing described in the patent, it constitutes a visible, tangible thing, that can be traded. Cries with reference to restraints of trade have nothing to do with the intangible, incorporeal right to exclude. Nobody cares anything about the trade in that.

We must revise this sentence then, so that it will read as follows: "Cries of restraint of trade (in the right to exclude) and impairment of the freedom of sales (of the right to exclude) are unavailing because for the promotion of the useful arts, the Constitution and the statutes authorize this very (right to exclude) monopoly." So stated, the sentence is correct.

We are still in the outer periphery of this opinion and we must advance inward. When we get our breath and start again, we encounter this:

"By its terms, the grant covers three separate fields." That looks bad. The grant by its terms consists altogether in the right to exclude others from making, using and vending, but where does the "field" come in? Suppose A goes to the patentee and says: "Czar, let me make a graphophone," and the patentee, answering harshly, says, "No, I exclude you." What "field", even in a figurative sense has A been excluded from? We go to the next. "The patentee may agree with one that he will not exclude him from making, with another from using, and with yet another from selling devices that exemplify the principles of his invention." Indeed he may. But he gets no such right from the patent. The patent grant says nothing about not excluding, nothing about an agreement not to exclude. The right not to exclude or in other words the right to let in or, stated still more intelligibly, the right to permit another to enjoy the results of one's own industry is that natural, or primordial right, with which the patent law has nothing to do. Suppose X discovers a secret process for making diamonds out of carbon. It is known only to him. He does not have to go to the patent office to get the right not to exclude others or the right to agree not to exclude others from using the process after he has disclosed it to them. Moreover, he can license them to use under proper contracts and his discovery will be just as valuable to him and as useful to the licensees as if he had taken out the patent. Chancellor Kent, in defining the different kinds of personal property,

says: "Another instance of property acquired by one's own act and power is that of mechanical inventions, consisting of useful machines or discoveries, produced by the joint result of intellectual and manual labor." Now all that the patent does is to prevent others during seventeen years from stealing or appropriating the results of this intellectual labor without the patentee's consent.

But we must go on. "Within the field of making (which is an exercise of the natural right), it has never been doubted, so far as we are aware that he may subdivide as he pleases and offer to sell or lease in the most fanciful parcels on the hardest terms; that whether purchasers and tenants come or not is purely his own concern: and if purchasers do come, the courts will enforce the terms of the sale or lease."

The "field of making" is an exercise of the natural right. Of course he may offer to sell or lease in the most fanciful parcels on the harshest terms, but what of it? A livery man may offer to rent a Shetland pony at \$10.00 an hour, or sell it for not less than \$10,000, and whether purchasers and tenants come is purely his own concern, but neither instance has anything to do with the patent right. "And if purchasers do come, the courts will enforce the terms of the sale or lease." But some of these days, they are going to quit doing it as they have in the past. For the sale or the lease is an ordinary, common law transaction. And if a man should lease a house to another on condition that that other perjure himself before the Court, that term the Court would not enforce.

The opinion becomes more interesting: "And how could it be otherwise? Owning the whole, he owns every part. The field being his property, and there being no law for seizing it and adjudging his damages, he cannot be compelled to part with his own except on inducements to his liking." It is very obvious that during all this time the Court has been thinking of the device that embodies the "invention" and using strong language applicable only to the incorporeal

right to exclude. This simile of the "field" running all through has to do only with the physical device. But this will not stand; in *Patterson vs. Kentucky*, the legislature of Kentucky sunk all the "fields"—making, using and selling—of the Aurora oil lower than the bed of the Ohio river. In the case of *In re Brosnahan*, Judge Miller upheld the legislature of Missouri in destroying all three "fields" in the patented oleo-margarine. And in *Webber vs. Virginia*, Mr. Justice Field said that the legislation which the state may adopt after the patents have expired, it may equally adopt during their continuance. We cannot agree with this statement, "he cannot be compelled to part with his own, except on inducements to his liking." Patterson, who lost his Aurora oil in Kentucky and Brosnahan remanded to jail, know better. "The same conditions must prevail within the field of use, for how can it be distinguished?" The same conditions do prevail.

The Court then cites the Heaton case as a case "we thoroughly approve". We have nothing to say as to that. Then follows *Cortelyou vs. Lowe*, we pass that also, but not the citation of the Bement case to this: "The field of sale is as much within the monopoly as the others, and so it has been decided." But not by the Supreme Court.

When that great tribunal declares it to be the supreme law of the land that the owner of a patented phonograph can sell the same, put the whole of the agreed purchase money in his pocket and the next day sue the owner for using it, get a judgment in damages against him for purchasing it and an injunction against his use or sale of it, we shall not be surprised to learn that Hamilton has whirled over in his bloody shroud and that the Washington Monument has leaped into the Potomac. We believe that the Supreme Court will stick to the "essential nature of things".

We learn now what was the doctrine of the earlier phonograph decisions. "The holdings were that a patentee may reserve to himself as an ungranted part of his monopoly of sale, the right to fix and con-

trol the prices at which jobbers and dealers may sell the patented article to the public, and that whoever without permission enters the reserved portion is an infringer.”

We are glad to learn that those cases held just that. Blaise Pascal, who had one of the most penetrative minds that ever inhabited the skull box of man, advised one dealing with a difficult problem to split it into as many parts as possible and consider each part separately. We think that is the part of wisdom. We are here interested in the sale of a patented graphophone, and have concerning it quite a lengthy sentence. Let us cut off a part of this sentence, drag the fragment to a quiet, isolated spot and think on it earnestly to the exclusion of all else. Let us consider this segment: “A patentee may reserve to himself as an ungranted part of his monopoly of sale.”

On the page preceding, the Court had said that all the government can and does grant is the right to exclude others and that without applying to the Patent Office, one may sell his graphophone. We may remark here that consequences are un pitying.

Where, then, does the patentee get his monopoly of sale? He gets no right to sell at all from the patent office: the Court is committed to that.

In the great Northern Securities case, a case which all the members of the Supreme Court searched to the very marrow, Mr. Justice Holmes (l. c. 193 U. S. 403) said: “Much trouble is made by substituting other phrases assumed to be equivalent which then are reasoned from as if they were in the act.” That is the danger of substituting in connection with a patent, the word “monopoly” for the phrase “right to exclude”. If a patentee in selling his patented graphophone reserves an ungranted part of his monopoly of sale, then it must follow that he parts with and grants a part of the monopoly when he sells. That is what must be meant by the words “reserve” and “ungranted”. When we speak of a part being “reserved” and “ungranted”, because of the inherent relative character of those

terms, we must mean that another part is not reserved, but granted away. Then the purchaser has a part of the monopoly. If the patentee-vendor is a Czar, we suppose the purchaser is a little czar; belonging to the same order of royal blood as the patentee, but on a lower rung of the ladder of aristocracy. But when does this Czar pollen rub off? Do subsequent purchasers get an unreserved and granted portion of this monopoly and all say to the patentee, like the mutual greeting of the Homeric heroes in hades: "Hail, chief, we have become like unto thee"? The above segment is enough. Away back in 1852, in *Bloomer vs. McQuewan*, Chief Justice Taney said: "The purchaser of the (patented) machine (from the patentee) in using it exercises no right created by the Act of Congress, nor does he derive title to it by virtue of the franchise or exclusive privilege granted to the patentee." That is enough. The purchaser gets no part of the Czar's power and when he uses or sells the graphophone, he uses and sells his own property and does not enter anyone's reserved portion. He is no infringer.

But we must hurry to the conclusion of this long examination.

The Court now puts into the mouth of the complainant a speech, which the latter is supposed to have addressed to the jobber. "We are unwilling to part with the whole of our monopoly (right to exclude). There are no terms on which we will give you an unrestricted right to deal in our machines. (Now remember the complainant is about to sell the machines, and when he does the machines belong to the jobber). However, if you choose to pay our price (think of it!) for a limited right, we will place our machines in your hands to be sold by you, or by dealers under you, to the public at not less than \$25.00 each." We do not care if the complainant said even so, his acts belied his words. He sold the machines and got for them every penny of the purchase money, otherwise he would not have sold them. A sale of a chattel, of personal property, and the payment of the agreed purchase price, transfers the thing sold to the purchaser. It is his. The

sale may be conditional. That is to say; that the title shall not pass until the purchase price is paid. But when the parties agree on the price, and the vendor accepts it and delivers the thing, that thing belongs absolutely and unqualifiedly to the purchaser. Title and possession is the beginning and end of personal property. Here the vendor transferred the property or interest in the graphophones and delivered possession of them. He received therefor from the jobber all the compensation he asked for the instruments and it is idle to talk about his having some further interest in them. And how is it possible to speak of infringement in such a case? The jobber nor the defendants made the graphophones: the patentee made them. If he did not want them used or sold he could easily have prevented this by keeping them. What did he mean by selling them to a jobber if he did not consent to their being sold again and used by the purchaser? Ownership of property without the right to use and sell it is a deception and a snare.

But the matter is quite free from difficulty. We need only one sentence from *Adams vs. Burke*. "In the essential nature of things, when the patentee, or the person having his rights, sells a machine or instrument whose sole value is in its use, he parts with the right to restrict that use." What the complainant did here was to impose a restraint on the sale and use of ordinary personal property that belonged not to him but to others, who had bought it from him, and paid him the full purchase price therefor. There is no magic about a patented article. It is a common chattel.

The patentee in selling it can impose no more restrictions on the use of or resale of it, than he could the day before the patent was granted or the day after it expires. This is because the patent consists altogether in the right to exclude. The patent is an intangible right: it does not go along with every patent article, breathing from the pores thereof and shouting, "hands off".

The attempt juridically to endow a patented article with some

inherent vigour that per se limits the purchaser's right in the article is a mere *tour de force*. It is as incomprehensible as the blind man's description of the color of scarlet which he declared to be like the sound of a trumpet.

The Court here stuck the defendant as an infringer because it had knowledge of a contract. But infringement, never by any possibility, can depend upon knowledge of any contract. It consists in making the thing invented without the patentee's consent or in using or selling the thing invented after it has been made by some one else without the patentee's consent.

Here the Court follows the lead of the Heaton case and treats a purchaser and owner of property as a "licensee" to use! Before long that famous "license notice" will be hung up among other legal curios.

"It is axiomatic in all departments of the law that unless the quality of innocence intervenes, the title of the purchaser is no better than his seller's."

That would be relevant if we were dealing with a sale by a thief or a felon. But the jobber bought and paid for the machines and owned them. Had he died, they would have gone to his personal representative. If he had made an assignment for the benefit of creditors the assignee would have taken title and owned the instruments. If he had gone into bankruptcy and the trustee had sold these machines for about \$6.00, we suppose that the Court would have mulcted the trustee and every purchaser in damages for "the trespass in entering a reserved portion of the monopoly"! And we suppose, finally, if some wretched scrub woman, with her imagination filled with the wonder of this screeching device had saved pennies in an iron box until she had sweated out \$24.99 and picked up one of the things on bargain day with the last penny, that the Court would have invaded her squalid hovel, had the marshal haul her into the court-room by the scruff of the neck and would then have addressed to her these dulcet words: "Madam, you are an infringer: you have invaded the

reserved portion of the patentee's monopoly. He is a Czar and you are a serf. If you had given one penny more for the machine, it would have been yours; but as matters stand, it will have to be delivered up and destroyed as infringing property. Let it be so ordered."

This decision far outstrips the Heaton and Neostyle cases. Those decisions only restrained the "contributory infringer" from furnishing ink, paper and staples to the "licensee". But here the Court confiscated the property which the defendant had bought and paid for.

When he parted with his money, he parted with an inalienable blood right, when he got the machines he got the same sort of right, but the Court took it from him. In *Bloomer vs. McQuewan*, Chief Justice Taney said that under the Constitution, Congress had no power to enable a patentee to recall rights that he had parted with. But now a way around this has been discovered.

Let us ask in conclusion what possible or imaginable harm could the patentee have suffered here, whatever the jobber had done with the graphophones? Suppose he cut the price, it made more sales. Suppose he gave away a gross, he would buy more for his customers. In any event, the patentee gets just what he demands for the graphophone when he sells it. The result of the decision of the Court is to outrage the anti-trust laws of the sovereign State of Illinois.

Now, reader, the Audiograph case is a reality and not a creation of the fancy.

National Phonograph Co. vs. Schlegel (1904 C. C. A. 8th Cir.)
128 Fed. 733. Reversing 117 Fed. 624.

This case almost makes us weep aloud. After reading it over many times, we feel like shrieking with anguish. It was decided by the Court of Appeals for the 8th Circuit. That is getting close to home. Indeed, it embraces home.

After reading this decision, we foreswore purchasing any patented appliance whatever.

Instead of using a patented lawn mower made by a Czar, we use a common grass-hook hammered out by an honest blacksmith. This is not patented and no doubt an instrument very similar was used by Nebuchednezzar some thousands of years ago when that eccentric prophet got to his knees on the hills of Babylon and gathered his breakfast from the blanket of the dead. Why do we not use a patented lawn-mower? Because if we should, this would be the danger. Some night, after an awful day's labor, in an effort to understand the law, when we have dropped into an old worn chair and reached for a copy of a very old book, and in it are reading these words which an ancient judge spake of himself: "I was eyes to the blind and feet was I to the lame: The cause that I knew not I searched out and I caused the widow's heart to sing for joy. I brake the jaws of the wicked and plucked the spoil from his teeth and my judgment clothed me as a robe and as a diadem,"—we have just read that passage and closed our eyes, and there we can see the smashed jaws and the spoil, ransomed from gnashing teeth. The cause has been searched out. But that is not the focal point of meditative vision. It is the judge. His countenance, terrible as an army with banners and majestic as the tomb of a dead King. And we are pondering with inexpressible delight his implacable and righteous judgment, symbolized in the robe and the diadem, when there comes an awful knock at the door. We hurry down because we know that that knock is as of one having authority. We open the door and there stands the United States Marshal. This officer, reader, is more terrible than a messenger from Caesar's tent, for the Court that sends him wields greater power than Julius Caesar ever dreamed of.

The predicament is disclosed at once. The lawn-mower was patented: the "Licensed resale price" was \$7.50. The one purchased was sold for \$6.49, for that it was shopworn and rusty, but the Czar is

obdurate: he cares not for shop wear, rust or bargain day. We hurry out in the back yard to examine the precious thing and on it is pasted the fatal "license notice". The user is an "infringer". Some days later we appear in court. The cause is heard and the Czar takes judgment for three times the damages, which means, we suppose, three times the difference between the "licensed price" of \$7.50 and the "infringing price" of \$6.49, and costs. But this is not all; the Czar had sold the lawn-mower for \$3.00 and has spent the blood money of the purchaser. Now the thing has become "infringing" property and must be delivered up and, we suppose, destroyed, unless the Czar slips it out the back door, paints it up and sells it again with a fresh license label. As for us, the mower has cost \$9.52, with the costs added, and yet we have no mower. Nevertheless, the judgment must be true and righteous altogether.

We make a hasty levy on the young lawyers in the court room, collect the amount of the "damages" and costs, and after handing the same to the affable and commiserating clerk, we depart from the court room. As we leave, we glance back, the robe has now become a black rag and the diadem has gone forever.

The night of that day, after studying what the law is not, in order to recoup the "damages" and costs, we read again, for reading is a necessity of life. But we read not in the same book as before. In order to still the violent tumult within, we read history, for Lord Bacon says that makes men wise. With a strange delight, we turn to the pages that depict John Hampden in jail and old Sam Adams raging in the streets of Boston, seeking a King to devour. We put aside the book again and this time gaze on the wall where hangs the ancestral rifle, and underneath, suspended by a thong, is the powder horn and on it carved by a rude hand the figures "1839". Thank heaven, the rifle is not patented! We have a "license" to use it, but not from any czar. We have a "license to use" that rifle in virtue of a glorious prerogative, vested in a sire and handed down to the son.

And the second amendment to the Constitution does not create, but guarantees the right, for it says, "the right of the people to keep and bear arms shall not be infringed." Don't be misled by the word "infringed"; it does not mean that all arms are patented.

Reader, if you should be so fortunate as to be on the top of the last mountain in the deluge and should there decide to exalt your final agony by contemplating the imperishable mementos of the law, among the other sacred things that will stud your fading ultimate horizon will be John Hampden, Sam Adams, a long rifle and that fragment of the constitution. They constitute a part of "the essential nature of things."

This decision is of great importance. It is law for the Eighth Circuit and that Circuit embraces within the bounds of its jurisdiction an empire.

Enough soldiers could be mustered out of its boundaries to outdo Wellington at Waterloo and from it enough food stuffs could be gathered to convert the problem in India from one of famine to one of gout. And the law of this decision is law for all that territory. A cowboy using a patented lariat in Wyoming, a farmer driving a patented reaper in North Dakota, a woman that taketh hold with her hands and is hanging out her washed scarlet in a Kansas back yard by the use of a patented clothes pin, and even a little lad spinning a patented top on the streets of Denver, all may be violating the law of this case because they did not pay the "licensed price" for the patented thing used. They may not know it, but when the judges get in earnest they say that ignorance of the law excuses no one. And Judge Pilate said: "What I have written, I have written."

If we violate the law as pronounced by the Court in this decision, we shall never plead ignorance of the opinion as an excuse, but we certainly would ask for leave to reargue the point, and not quit the case as did counsel for the defendant

But let us get at it. The facts as to the "licensee agreement" are

identical with those in the Victor Talking Machine case. We shall not repeat them. Notice this, however. Here the defendant was a party to the agreement; he signed it with his own hand. Again in this instance, the complainant was an "exclusive licensee for the sale" of the patented phonographs. Drive a stake right there and put a red flag on it, because we must not lose that place. The defendant, then, signed the agreement, purchased the graphophones, paid for them and was about selling at a cut price, when the complainant with its "Constitutional lawyer" rushed into Court and sued him.

THE OPINION.

The Court starts off with the statement that "this is not a suit to enjoin the infringement of a patent". Let us ask then, in the name of Daniel Webster and Rufus Choate, what the suit is "for"? In this very first paragraph the Court quotes from Revised Statutes, sec. 4884. If there is anything in that section about anything but patent rights, we have never been able to find it.

Then the Court cites all the cases we have been dealing with, every one of which was for "infringement". On page 736, the Court says "any sale by defendants outside of the terms of their under license or contract was an invasion of complainant's lawful monopoly." What is this but invading the domain of the Czar? We think that we must call such a culprit an "infringer" because he has no other name to go by. Yes, this, like the other cases, was a suit for "infringement". The complainant did not call it that, nor file "a straight bill for infringement," as was advised in the Victor Talking Machine case, for he knew better than to attempt either. He was not anxious about the name by which the cause of action was labelled. What he wanted to do was to have the Court sanction a rule of conduct that would affect the rights of every man, woman and child in the empire of the

Eighth Circuit and he got what he wanted. We must believe that he was a "Constitutional lawyer".

The lower Court at first got the impression that this suit was collusive, but later was converted by counsel to the opposite opinion. Belief and conviction on any point is an unconditioned prerogative of the individual. We cannot believe that the suit was not collusive, and it would require the unanimous and positive word of a cloud of witnesses, all of the stripe of Cato, the Younger, to change our belief. Why was the defendant so anxious to have the decree entered against him? If the complainant had a valid cause of action, why waive all the "damages", and shoulder the burden of the costs? What was there to fight over when the defendant had conceded everything? We are deeply persuaded that the lower court spoke the words of truth and insight when it said: "As an injunction is not required to coerce, the defendants in this case, they, in effect, having agreed to comply with complainant's demands, for what can the writ be used? Undoubtedly to intimidate or terrorize others engaged in the like business. It will be used to hold up others that this Court has recognized the validity of the contract. The decree of this Court will be used for advertising literature." (Black ours.)

We have no authority for even suggesting that the judge who wrote those words considers himself a prophet. But we think subsequent developments afford abundant proof that in the above passage he used the divining stick of Jeremiah. His prophesy is become history.

We have said that this suit must be considered as one for infringement. There is an allegation of a diversity of citizenship; but there is no allegation that we can find in either report that the requisite amount of \$2,000 was involved so as to confer jurisdiction.

It was only in virtue of the fact that the patent law was thought to be involved that the Court could have been persuaded to read through the bill of complaint. But the Court had no jurisdiction, for

there was no infringement. We have already discussed this phase of jurisdiction in connection with the other cases and will not repeat what was there said.

But for an entirely different and additional reason there was not the shade of a shadow of jurisdiction here. In both reports, it is emphatically stated that complainant was an "exclusive licensee for the sale" of the phonograph.

When we stated this fact earlier, we asked a stake be driven there. We come back to that stake now. All licensees are alike whether they look alike or not. Not one can bring a suit for infringement except where the patent owner is defendant. We do not know how many times the Supreme Court has ruled so, but three instances will be enough.

Paper Bag Cases (1881), 105 U. S. 766.

Birdsell vs. Shallice (1884) 112 U. S. 485.

Waterman vs. Mackenzie (1890), 138 U. S. 252.

And these rulings are all based upon the fact that a licensee has no part of the right to exclude; he has not title to the patent which is put in issue in every infringement suit. It would be absurd to allow a licensee to maintain a suit for infringement for it would be no bar to a subsequent suit by the owner of the patent. In the case under consideration, the patentee could not have sued for "infringement," for he was not a party to the "licensee agreement" and that "licensee agreement" was the umbilical cord of complainant's cause of action.

This fact alone shows indubitably that even if the Court was bent on considering a purchaser and owner of property a mere "licensee," yet complainant had no standing in court. This is why complainant's counsel did not call the suit one for "infringement". That word would have ended the game.

We shall not discuss the authorities cited by the Court and heretofore considered.

The Bement case is again quoted, but we looked at that in connection with the Victor Talking Machine case. In addition, Fowle vs. Park, 131 U. S. 88, is referred to, but it must be thrown out at two exits. It had to do with a "patent" medicine, a secret process, of which the Patent Office had never heard and again it was decided in 1888, two years prior to the enactment of the antitrust act of Congress. Garst vs. Harris (1900) 177 Mass. 72, is also relied on; it was also a case regarding a "proprietary medicine". We have already remarked that it is dangerous to go to the Supreme Court of Massachusetts for authority in this class of cases.

In Garst vs. Harris, the plaintiff sold the defendant a quantity of proprietary medicine under an agreement that the defendant should not retail it below a stipulated price. The defendant violated the covenant and the plaintiff sued him for damages and recovered. The Court said the contract was not void as in restraint of trade. Massachusetts has since made known its public policy in such matters. That is one phase of Garst vs. Harris. But in Garst vs. Lyon (1901) 179 Mass. 588 this same Julius Garst went back to the Supreme Court to obtain a different sort of relief. His "phenyo Coffein" was made from a secret formula. He sold it under a trade mark registered in the patent office of the United States, and in the office of the Secretary of the Commonwealth of Massachusetts. This certainly was a deliberate attempt on the part of Garst to so change his form and being that every man who came in contact with him would say: "Here is a czar." Having done thus Garst sold some of his stuff bearing the trade mark so registered, and the defendant bought some of it from some "licensee" and was selling it at a cut price.

The plaintiff charged that the defendant had "fraudulently" bought it, and he prayed for an injunction to restrain a sale of it. Of course it was only by making use of the epithet "fraudulently"

that the plaintiff could get up enough steam to start. There is no reason why he should not have gone into the Federal court after having substituted for the word "fraudulently" the phrase "in infringement of your orator's trade mark". In the year 1901, he would have found very strong analagous authorities. But the Court said it could not attach any importance to the ugly adverb. The defendant had bought and paid for the medicine, and it was his. Said the Court: "The plaintiff has contracts from his vendees in regard to which they will sell if they sell at all. If they sell in violation of their contracts with the plaintiff he has a remedy against them to recover damages (citing the earlier case of Julius). This right is founded on the personal contract alone, and it can be enforced only against the contracting party. To say that this contract is attached to the property and follows it through successive sales which severally pass title is a very different proposition. We know of no authority nor of any sound principle which will justify us in so holding."

Then the Court made this remark: "The plaintiff's trade mark does not give him the rights of a patentee in property manufactured under a patent." But that is not saying that the plaintiff would have prevailed had the article sold been patented. The plaintiff had cited to the Court the two Dickerson cases that we have already struggled with and the Court took this way of not entangling itself in these cases.

Besides it is unfair to seize upon a mere aside remark as the gist of a decision. It is like holding a stop watch on a thoroughbred after the animal has broken the world's record and is slowing down. It is not often that the Supreme Court of Massachusetts gets far away from the "essential nature of things."

We must now finish up with this opinion. We pass over what is said on page 735, in view of the authorities relied on. On page 736 we have this: "The condition against sales to retail dealers who do not sign a similar agreement governing sales by them was imposed by

complainant who was a mere licensee in the legitimate exercise of its property right, in the monopoly (right to exclude) and for the purpose of rendering it (right to exclude) valuable.”

Then this is the state of affairs: In order to render valuable the right of the patentee to exclude others from making, using and selling without his consent, we must enable him also to exclude others from using and selling what he has made and sold to them and for which they have paid him the full purchase price—the price named by him as the maximum compensation for his labor and skill, the full royalty he demands for his property in a notion. “Any sale by defendants outside of the terms of their under license or contract was an invasion of complainant’s lawful monopoly” (right to exclude). We quote this sentence only to mark the growth of language. Here we have an “underlicense”. Of course there must be then an “underlicensee”. May all the saints help and watch over him.

In this case, we have a repetition of what is now familiar. A purchaser of property, one who owns it and every part of it is a “licensee” or it may be only an “under licensee”. He is an infringer. The Court issued the terrible writ of injunction against the man for attempting to sell his own property. We have already said that an injunction is the next thing to a sentence to be hanged. In one aspect it might be worse. For if courts are going to persist in denying to a man the right to his own property, which he has bought with his hard earned money and paid for and if the victim repeats the awful offense of using and selling his own property, sending him to jail for contempt for so doing; if they are going to keep him in jail until he promises not again to use and sell his own property, then we say hanging is preferable to being enjoined.

We conclude with a few sentences of the lower court. “In the month of May last (the opinion is dated October 6th) I filed an opinion herein, but subsequently granted a rehearing. I have given the case on rehearing full consideration, having considered not only all

cases cited by counsel, but having given the question an independent consideration, and for the second time present my views." Then on 627 the Court says: "Now, what has the patentee? The answer is the exclusive right to make, the exclusive right to sell the article covered by the patent." Hardly. The patentee, as patentee has only the right to exclude. Notwithstanding this slip, the Court breaks away from mere words and deals with things. Next we read: "No one, as presented by the bill in this case, is seeking to interfere with complainant in the making or using, and all that is complained of is that complainant's exclusive right to sell is being interfered with. When, and by whom? There is not the pretense in the bill that by any act of the defendants are the number of sales lessened, or that the price which complainant fixes is in any way cut down (black ours). All the phonographs covered by the Edison patents that the public wants must come from and do come from complainant's warehouse. (Now listen) and come from there at complainant's prices (black ours). But because defendants, in selling them as leaders, or for some other reason, sell them at a less price than does complainant sell them for, is the only reason for an injunction." There's the rub.

The Court gets warmer still. It quotes an antiquated assertion of Mr. Justice Swayne's to this effect: "Patentees as a class are public benefactors, and their rights should be protected. But the public has rights also. The rights of both should be upheld and enforced by an equally firm hand, whenever they come under judicial decision." What can that mean?

Then we have for once a correct statement of the Cotton Tie case, and this ground swell in conclusion: "I find no authority, and none has been cited by counsel, that, in my judgment sustains complainant's contention; and, aside from the phases of the patent law that have been argued, in my judgment, the contract in suit cannot be the basis of an action at either law or in equity, and it likewise is my judgment that the contract cannot be upheld, even though the

articles of merchandise are covered by patents. The writ of injunction will be denied and the bill dismissed." We know not how the Court spent the time from "May last" to October 6, but we have ample proof that it gave this case "an independent consideration."

The counsel for the defendant seems not to have entered an appearance in the appellate court. We do not wonder; after giving all possible assistance to the plaintiff below, even then, the case was lost. He may well have concluded that there was no use for him to appear on the appeal.

The contract cannot be upheld, patented articles or unpatented articles. It violated the antitrust act of Iowa as clearly as any contract could possibly do.

Reader, our audiograph case is now the law of the land from the Rockies to the Mississippi and from North Dakota to Arkansas. What the Court has written, it has written.

Robert H. Ingersoll & Bro. vs. Snellenberg (1906 E. D. Pa.)
147 Fed. 522.

This is a most interesting case. It all turns about that dollar watch, known to every boy. This is getting close to the ordinary citizen. Only shoe men want a button fastening machine, the number who are interested in Neostyles or riveting contrivances is small, graphophones are "peculiarly adapted" to use only in Chicago flats, but not so with a dollar watch. A dollar watch is in the same category with pocket knives, fishing tackle and air guns. The Court is apt to find its own household entangled by "infringing uses" when we get to that.

More interesting still, in this case the dollar watch was advertised for 79 cents. At that price it is within easy reaching distance of all. But then if one parts with the 79 cents only to become an "infringer," it is better to spend the money for something more than seventeen years old.

THE FACTS

The facts here are very simple as in all these cases. The Waterbury Clock Company owned the patent and made the watches; it gave Robert H. Ingersoll & Bro. an exclusive license to sell the watches, and itself did not sell them. Ingersoll Bros. undoubtedly took counsel from a thoughtful source. For they pasted on each box containing a watch sold by them to the retail trade this notice:

“Yankee Watch. Nickel. Notice.”

As manufacturers of the Yankee Watch under various United States patents (there were just two) and trade marks owned and controlled exclusively by us (listen), which according to recent court decisions establish our right and privilege to fix the retail price (black ours) we do hereby fix such price at one dollar (\$1.00) and we sell this watch only on condition that the retail dealer will not sell it for less than one dollar (\$1.00).

The retail dealer acknowledges that the receipt and acceptance of this watch shall be an assent to the above terms and an agreement directly with the manufacturers to sell subject to the above fixed price.”

“Robert H. Ingersoll & Bro., Manufacturers.”

It is obvious at the outset that the firm of Robert H. Ingersoll and Bro., Manufacturers, do not always mark with requisite precision, where the realm of fact leaves off and that of imagination begins. It is asserted at least three times in that “Notice” that they manufactured the watches; that was not the fact. It is asserted once that they owned the patents; that was not the fact. The Waterbury Clock

Company owned the two patents and manufactured the watches. It was the czar.

The defendants who owned a department store in Philadelphia, bought a quantity of the watches accompanied by the aforesaid "Notice" and against the peace and dignity of all czars advertised the same for sale at 79 cents. Why not?

No doubt they had advertised literally thousands of patented articles at "cut prices" before, and sold the same and bought more and sold those likewise. They owned the watches, just as The Fair owned the graphophones, and the exception to the rule, that one can not sell what one owns, had not become sufficiently known to the advertising manager in Philadelphia.

Ingersoll & Bro. and the Waterbury Clock Co., as complainants, sued the department store proprietors for "infringement". It was necessary for the Clock Company to be in court in order that the title to the patents might be in issue. In the Eighth Circuit that seems not to be the law. The Court held the defendants were not liable as infringers, because Ingersoll and Bro. had no right or power to impose the restriction. And this was put on the ground that they were only licensees, and a licensee cannot impose such restrictions, but only the patentee. Indeed, the Court intimates that the patentee might have authorized the restriction and then the licensee could have imposed the same validly.

This decision is directly counter to National Phonograph Co. vs. Schlegel on that point, but that is far from stating that the decision is defensible.

The result reached was correct, but the reasons assigned therefor are a part of what has gone before. One sentence is enough to show this. "The decisions that support the right of a patentee to impose restrictions upon the future sale or use of the patented article are based upon his ownership of a monopoly and his consequent right to declare

upon what terms he will admit the public to share in such ownership, or to profit by the use of the article.”

We have here a new statement of what these decisions mean. Let us look at it closer. May be we will find out after a while. We are going to substitute for the word “monopoly” the phrase “right to exclude others” and see how it works.

These decisions, then are based upon the patentee’s “ownership of a (right to exclude others) and his consequent right to declare upon what terms he will admit the public to share in such ownership (of the right to exclude others), or to profit by the use of the article.” That is how it works. The Court follows the above sentence with this: “This principle is now thoroughly established.” Then with the other decisions is collated the Bement case, but we are going to quit separating that case from the decisions of the lower courts until we come to consider the decision apart.

We hope this principle is not thoroughly established. It is true the lines have gone out through nearly all the land, but may be they will be drawn in some day. At any rate there is going to be a change in the affairs of men when the “principle is once thoroughly established.”

See what a narrow escape there was here. The Waterbury Clock Company did not paste the notice on the box, nor authorize it done. Had it done so; the watches would have cost the department store just the same; it would have sold them to the same customers. The people’s money would have paid tribute to the same patentee. The watches belonged to the defendants in the same right that the counters and shelving, the gingham and domestics and the thousands of other articles in the store belonged to them. They had paid for the watches, and may be were paying interest on the money invested in them. Certainly they were paying taxes, insurance premiums, and clerk hire in order to own and sell the watches. These patentees seem to have an inverted ambition; instead of desiring to get rid of their

product, they want to prevent its being sold. We had always supposed that the only reason on earth for manufacturing articles in large numbers was to sell them at a profit. Here the manufacturer's profit on the watches had already been realized, and whether the watches were sold at 79 cents or one dollar, could not affect his profits in the slightest. If the department store had undertaken to give one to every boy in Philadelphia, how would that have injured the complainant? The boys thereby would have acquired the "watch habit", broke or lost a large number and come back to purchase others. From what book has this czar learned his industrial science?

The boys in Philadelphia had a narrow escape indeed. Had the name on that box been that of the Clock Company, every boy that could read, purchasing one of those watches at 79 cents would have been an "infringer" and subject to suit therefor. For in the Victor Talking Machine case, we are told that "unless the quality of innocence intervenes the title of the purchaser is no better than that of the seller." What a time the Marshal would have had to bring in that flock of "infringers"! And they would not be joint, but separate "infringers", each demanding a separate trial. When the Court got through with that case, in its mind at least, "the principle would be thoroughly established".

Reader, this is not the essential nature of things; it is only the superficial aspect of words.

New Jersey Patent Co. vs. Schaefer (C. C. E. D. Pa. 1907) 144 Fed. 437; S. C. (Final Hearing), 159 Fed. 171.

Here we come back to the phonograph again. We much prefer the dollar watch, sold at 79 cents, but in the order that is marked out for us, it is now our duty to consider an "infringing" sale of a phonograph record at less than the "licensed" price of 35 cents. We are confident that the "Constitutional lawyer" put one over on the Court

in this instance. Watch the facts. There were two complainants. The New Jersey Patent Company owned the patents. The National Phonograph Company was an exclusive licensee to manufacture, use and sell throughout the United States. Both were New Jersey Corporations. It is usually so. Some of these days New Jersey is going to get a patent on a corporation and then the other states in that business will be only "licensees". Here the "Notice" and "Jobber's" and "Retailer's" agreement are in the usual form, just as we found them in the Victor Talking Machine case.

But here's the trouble. The National Phonograph Company, the licensee, sold the records; it executed the agreements and affixed the notices. We are fresh from the consideration of a case by this Court, where it was held that a licensee could not do that sort of thing. Now we swing back to the rule announced in the 8th Circuit. It is true the New Jersey Patent Company is stalked in here as owner of the Patent, but it had no more to do with selling the records and signing up the agreements pertaining thereto than the wooden Indian standing in front of a cigar store. The licensees made the contracts, sold the records and were back of the notices. The defendant was held to be an "infringer" because he had broken a contract executed by the licensee only, not by the owner of the patent. The owner of the patent could not maintain the suit, because it was not a party to the contract. The licensee could not maintain an infringement suit unless we are to ignore all rules as to jurisdiction. It is just as if we should say that one infant without the appointment of a next friend cannot maintain a suit, but two acting jointly can. That is the first novel point in this case. The Court had no jurisdiction whatever. The defendant had bought the records and paid for them and owned them and had an inalienable right to do with them as he pleased.

There are two opinions; the one reported in 144 Fed. 437, contains nothing we can get a grip on. A few sentences from the later opinion in 159 Fed. will suffice. Near the bottom of page 173, the Court

says: "The patentee has an exclusive monopoly of the right to manufacture, use and sell the patented article." We deny it. The expression "exclusive monopoly" is entirely unthinkable. It corresponds to nothing conceivable by the mind of man. "Monopoly" means nothing but a sole or exclusive right. How can a man have an exclusively exclusive right? This is like attempting to add to the roundness of a circle. The patentee as patentee has no right to manufacture, use or sell. The man who got the patent had those rights before he applied for his patent and will have those rights seventy years after the patent has expired.

The patent grants only the right to exclude others from making, using and selling. That is all it grants. If in the above sentence we substitute for the word "monopoly" the legitimate phrase "right to exclude others" that sentence becomes meaningless. "These substantive rights to manufacture, use and sell may be granted together or separately and subject to such restrictions in each case as the patentee may see fit to impose." That's true; but the patent law has no more to do with these substantive rights than the law of the Medes and Persians. They are "natural rights". They change not by granting or denying of a patent. But the insubstantive, incorporeal right granted by the patent, to exclude others, cannot be split into three parts and separately assigned. We pointed that out in connection with Gayler vs. Wilder sometime ago.

Finally the Court says: "He (the patentee) may limit the minimum price at which his licensee may sell at retail to the public, and a violation of the license by the latter is an infringement." In the first place the patentee here had not made any attempt whatever to limit anything; he had given the National Phonograph Company an exclusive license, to make, use and sell. In the second place, the defendant was not a "licensee" but a purchaser and owner of the records. In the third place, a patentee has no more right to limit the minimum

price at which a purchaser from him of an article shall sell the same, than a farmer who sells his grain to a commission merchant has a right to limit the minimum price at which the latter will resell the grain to a miller. The two rights are precisely co-extensive and absolutely identical. In the fourth place, a violator of the "license" which we call an ordinary contract in restraint of trade is not an "infringer" under the patent law, although he and the patentee are both "infringers" under the antitrust act. Pennsylvania has no antitrust statute, but the Supreme Court of that state knows what a contract in restraint of trade is. It also knows that patented articles are just like any other articles, although its exposition of why that is so is subject to emendation.

See the great case of *Commonwealth vs. Central D. and P. Telephone Co.* (1891), 145 Pa. St. 121.

In that case the Court dealt thus with the "Constitutional lawyer": "The trouble with this rule is that it overlooks the distinction between the incorporeal right secured by letters patent, and the tangible commodity or finished product which is its fruit. This finished product, or fruit of the right secured by letters patent, is merchandise, whether it takes the form of a patent reaper, a power printing press, a fountain pen, a pencil sharpener, or an instrument called a telephone. (Now we get it straight) If the manufacturer sells his product, the right to use it is an implied term of the contract of sale. If he leases it, the same is true, whether he sells or leases, he deals not in a patent right, but in manufactured goods. The buyer or lessee gets no right under the letters patent, except that which follows as a necessary incident from his purchase or hiring, viz; the right to use the article bought or hired without other liability than that which his contract provides for" (black type ours).

That is a pure diamond; it will not perish. The judgment of the judge who wrote those words indeed clothed him as a robe and a diadem, and long may he be so clothed. That sort of performance

cannot be had for gold and the price of it is far beyond rubies. It requires concentrated, persistent logical thinking, the value of which is wholly inestimable in the coin of the realm. If the defendant in this graphophone case by some paradoxical sort of procedure, only could have sued out a writ of error to the Supreme Court of Pennsylvania!

But to wind up this opinion. The Court generated some heat because of the fact that the defendant did not stick to the truth. We have already seen in what low estimation Ingersoll & Bro. held that rare quality. There, however, the Court passed over it. We are glad the Court here pointed out to the defendant the error of his way in departing from the truth, but in the particular instance we have it not in us to cast at the defendant a stone. The defendant was in a desperate plight. He was trying to keep and save what he had bought and owned. The Court was bent on cornering him and taking it from him and did even so. In this tough struggle what wonder is it that the defendant strayed from the truth? It was not the truth, but his property that was the subject of the defendant's anxiety. The important truth, namely, that the defendant had bought the records and paid for them, apparently was not disguised or glossed over with fancy. After that decision and opinion the defendant might well have said with Pilate: "What is truth?"

This is the last of the decisions of the character that we have noted. The lower court in the Schlegel case and the upper court in the case of Cortelyou vs. Johnson, balked at the monstrous result sought to be attained, but for the rest the Courts, both trial and appellate, went the whole way with much snap and vim. In an old English case, Birks vs. Trippett, 1 Wm. Saunders at 33, the Court said to counsel: "What makes you labor so? The Court is of your opinion and the matter is clear." We may say of all these cases, except the two mentioned, that there was no occasion for counsel for plaintiffs to labour. The Court was with them. In all

these cases, reader, an inalienable right of the defendant was sacrificed because of the supposed compulsion in the mistaken proposition that the patent grants to the patentee an exclusive right to make, use and sell his patented article.

Cortelyou vs. Johnson (1907), 207 U. S. 196.

We have already discussed this case as reported in the lower courts (see supra p. 161). Of all the cases we have considered in the preceding groups this one alone, so far as we have been able to search, found its way to the Supreme Court. It was taken there on a writ of certiorari by the plaintiff who lost out below. We are truly thankful it got there. Our deep regret is that the Heaton case was not taken there, but then it was not. We are out of the woods now, and back in the same clear country where we journeyed with Bloomer vs. McQuewan, Adams vs. Burke and Keeler vs. Folding Bed Co. The opinion in this case is ominous by reason of what is said, the manner in which it is said and by what is not said. It contains no more than is barely necessary to dispose of the issue. That's the customary method of the Supreme Court. In Adams vs. Burke, Mr. Justice Miller said: "The vast pecuniary results involved in such cases, as well as the public interest, admonish us to proceed with care and to decide in each case no more than what is directly in issue." We will find that rule lived up to rigidly in this opinion.

The plaintiff had sued the defendant as a contributory "infringer" for selling ink to a purchaser of a patented neostyle in violation of the terms of the "license" by which the purchaser was authorized to use his neostyle. The upper court divided on the question: Two members appear to have taken the view that the doctrine of the Heaton case was not applicable for the reason that the article furnished was not "peculiarly" adapted to the infringing use; the other member of the court took the opposite view, but all agreed that there

was not sufficient proof that the defendant knew of the license. This resulted in a decree for the defendant. Now if what we have already written thus far is anything like sound, we would naturally expect the Supreme Court to decide that the defendant was not liable, and that is exactly what it held. But in order to do that, it was not necessary to do anything more than deal with the point as to notice, provided the Court agreed with the majority of the judges below. The Supreme Court did agree on that point. So all we have decided in the case is that the proof did not sufficiently show that the defendant had knowledge of the "infringing" use to which the ink was put. But when we properly understood the opinion it is positively luminous.

It is always helpful in attempting to understand the Court, first to see what counsel argued before the Court. Fortunately the report contains a summary of counsel's brief for the plaintiff. In it we find this: "The question of notice to the defendant sifts down, in the last analysis to the inquiry as to whether or not, under the proofs before the Court, the defendant sold the ink with guilty intent, i. e., with the intent that it be unlawfully used upon the licensed machines in question. (Now listen.) Under such circumstances defendant need not be shown to have made such a sale. The intent to do so is what governs." Just think of that!

A man has ink in his store. If he intends to sell it to one who has purchased a neostyle from plaintiff under a "license," such intention per se and alone makes him an "infringer". That is the "Constitutional lawyer," but he is out of his proper sphere now. Among the authorities cited to sustain that remarkable proposition, the learned counsel cited three cases with which we are now on most intimate terms, namely:

Heaton Case,
Rupp vs. Elliot, and
The Rivet Case.

The extract does not indicate that the Bement case was cited, but then the Heaton case was, and counsel no doubt, thought by citing the latter he involved the rule in the former and that the Supreme Court would have a care to correctly apply its own decisions. It always takes such care and exemplified it here. It is exceedingly difficult to abridge the opinion in any particular. However, remembering the issues contested below and the brief of counsel which we have just noted, the following sentences from the statement of fact in the opinion are highly interesting.

“This is a suit to restrain an alleged infringement of a patent for the stencil duplicating machine known as the rotary neostyle. There is no claim of any infringement by using or selling the patented machine, but of an indirect infringement in the following manner,” (here follows a statement of facts in regard to the notice).

Then the Court states the ruling of the courts below, following those courts in using the language applicable to infringement cases. The statement of facts concludes with this: “The majority (i. e., of the judges of the court of appeals) were of the opinion that the doctrine of contributory infringement, which they conceded to exist, should not be extended beyond those articles which are either parts of a patented combination or device, or which are produced for the sole purpose of being so used (Heaton case) and should not be applied to the staple articles of commerce. In that view of the case, the article supplied, being ink, a thing of common use, its sale to a purchaser of the Neostyle machine would be no infringement.”

Let us pause now for just a moment before we go into the law of the case. The court of appeals had divided articles into three classes

1. Articles—parts of a patented combination or device.
2. Articles—which are produced for the sole purpose of being so used (i. e. in or with a patented device).
3. Articles—staple articles of commerce.

The court of appeals held that one who furnished the first or second class of articles was a contributory infringer, but not so one who furnished a "staple article of commerce".

It is obvious that the second classification based on the fact that the articles were produced for the sole purpose of being used in or in connection with a patented device, is no classification at all.

How can we know that such article has not a hundred other uses? In the Heaton case, the patent described the staple as an "ordinary staple". The peculiar size and shape of staple may have been in use in other machines, unpatented. Men may have been clinching them by hand or with a hammer and iron. The sole and only test is this: Does the article, whether patented or unpatented, when furnished and used, together with other elements, constitute the novel thing discovered by the inventor and claimed in his patent? If so, the man who used the combination so put together is an infringer, regardless of his knowledge or ignorance of the patent. One who furnished the element with the knowledge (not that the purchaser in purchasing it violated a contract, but) that it was intended to be used to constitute an element, a part in a patented combination, is a contributory infringer. This, for the reason that he has consciously co-operated and taken part in making or in making and using, the thing discovered by the inventor and patented. It is not difficult to fancy that a sardonic grin spread over the face of the justice writing that opinion as he set forth the views of the court below.

Counsel has brought a case of "contributory infringement," he has argued at length the effect of at least three of the cases we have considered. The Supreme Court has found it necessary to consider only the point as to notice, but before it gets to that it restates the case tried out below and throws out some strange hints on the essential nature of things.

"While in Bement vs. National Harrow Company, this court held,

in respect to patent rights (black ours) that with few exceptions,

‘Any conditions which are not in their very nature illegal with regard to this kind of property (viz. patent rights) imposed by the patentee and agreed to by the licensee for the right to manufacture or use or sell the article, will be upheld by the courts,’

it is unnecessary to consider (now comes *Johnson vs. Cortelyou*) how far a stipulation in a contract between the owner of a patent right (black ours) and the purchaser (not a licensee) from him of a machine manufactured under that right, that it should be used only in a certain way, will sustain an action in favor of the vendor against the purchaser in case of a breach of that stipulation.’ (Where is the contributory infringement there?)

Next, the so-called contract itself is given a terrible under-hand thrust. The opinion continues:

“So, although

‘if one maliciously interferes in a contract between two parties, and induces one of them to break that contract to the injury of the other, the party injured can maintain an action against the wrongdoer: *Angle vs. Chicago, St. Paul Railway*, 151 U. S. 1, 13,’

it is also unnecessary to determine whether this states the full measure of liability resting upon a party interfering and inducing the breaking of a contract (and it is unnecessary to so determine), for we concur in the view, that there is no sufficient evidence of notice.”

It is not within the scope of our duty to attempt to state whether or not the passage quoted states the “full measure of such liability,” but it may be stated with the utmost confidence that unless there is a valid and binding contract, there is nothing on which to predicate malicious interference by a third party; there is no bond, breach of which, the third party may induce. Interference means that a third

party comes between two others who are together. Breach implies something to break.

But in the Neostyle cases, in the Rivet case, in the Rupp case and in the Heaton case, there was no contract. The plaintiffs in all those cases did not undertake to supply the thing which the courts permitted them to monopolize. In the Heaton case, the patentee did not agree to supply a single staple at any price. In the Neostyle cases, the patentee did not undertake to supply a sheet of paper or an ounce of ink. In the Rupp and Rivet cases there was no agreement to supply staple wire and rivets. In all of these cases, if the plaintiff had declined to furnish the article in question, or had gone into bankruptcy, or quit the business entirely, the respective defendants could not have maintained any sort of action against the respective plaintiffs. The plaintiffs had not agreed to furnish the thing used and of course would not be liable for failure to do so. A contract is not binding on either party unless it binds both; it must be mutually obligatory, or it is a rope of sand. This is very ancient law. Some time ago, in *Dorsey vs. Packard* (1851), 12 How. 126 at 136, the Court said: "There is no allegation in the bill or proof that any clause was omitted from this instrument, either through mistake or inadvertence. It is signed by both parties in the presence of attesting witnesses; and it is expressed in clear and precise terms. But there is one characteristic necessary to give it validity as a binding contract in which it is entirely deficient. It wants mutuality. It imposes no obligation on Dorsey whatever. He is not bound either to render services or to pay money." therefore, the contract was held to be a **nude pact**.

In none of the cases we have considered was Dorsey bound.

The foregoing extract constituted the only proposition of law hinted at by the Supreme Court. It does not mention the Heaton case or any similar. It does mention the Bement case, but only to rescue it from bad company. The Court states the case at bar, as though it

involved an alleged breach of an ordinary contract, and then excludes the surmise that there could be anything to it in that aspect.

Then in conclusion the Court take this parting glance at "contributory infringement", purchasers "licensed to use" and other such matters discussed by counsel: "After reviewing all the minor (black ours) considerations we see no sufficient reason for disagreeing with the opinion of the Circuit Court of appeals in respect to the matter of notice (black ours) and its decree is affirmed."

The "Constitutional lawyer" missed the point that time. We will show that he missed it again in the next case to be considered.

Bobbs-Merrill Co. vs. Straus (1908), 210 U. S. 339.

S. C. (C. C. N. Y. 1905), 139 Fed. 155.

S. C. (C. C. A. 2nd Cir. 1906), 147 Fed. 155.

Reader, this is the point where the light breaks. We have struggled through darkness during the last several score of pages. It has been a tough wrestling. Every time that battlefield right, the right of every man to his own property was put down, except in the isolated instance of Johnson vs. Cortelyou, and there until the case gets in the Supreme Court, we feel as if the defendant was saved by a pure accident.

The Court of Appeals saved him, but only because of their finding that the defendant did not know that the Neostyle owned by the man to whom he sold his ink had attached to it a small plate indicating that the patentee desired also a monopoly of the supply of ink as well as the supply of patented Neostyles. Two of the judges went further, though hesitatingly, and expressed their unwillingness to deny to the defendant the right to sell his ink, because they said the doctrine of the Heaton case should not be applied where the article was a staple of commerce like ink. But it implies that if the machine or device owned by the purchaser has on it an inscribed plate or a notice

or printed label, one had better be careful how he supplies to that owner such extraordinary articles as staple wire, staples, rivets and such like. We repeat that Johnson had not much margin to go on until the last heat was run before the Supreme Court. There he could safely have assumed the heaviest handicap of "guilty knowledge" of that skull and bones notice and then won out hands down. The court below had no jurisdiction to try the defendant for his "guilty knowledge" and, had the Court of Appeals given judgment against the defendant, the Supreme Court of necessity would have reversed the decree because of the lack of jurisdiction. Jurisdiction is power to decide the controversy and where that power is lacking, there is no use to empty the dust box of vituperation on the head of the defendant.

In the law of the land, it was written that the Circuit Court had not the power to bind the defendant in judgment for the deed he had done.

But now we go back to the old path where all is straight and clear. We go back to Bloomer vs. McQuewan, to Adams vs. Burke; to Hobbie vs. Jennison and Keeler vs. The Folding Bed. Co. We go back not to attend to facts similar to the facts there involved, but to consider the principle underlying. This case of Bobbs-Merrill Co. vs. Straus had to do with the copyright franchise, but, for reasons soon to be asserted, it is entirely apposite here. It is not meet to go into the complicated facts there put in contest until we have indicated the necessity for so doing.

Already we have instanced the practice of the courts in stating that there are essential differences between the copyright franchise and the patent right. No straining is required to gain assent to that. But, back of all differences, there is a vital likeness, even an identity. No ingenuity is needed to note minor differences, such as that books and writings are the subjects of one grant and processes, machines and devices are the subjects of the other. Many divergences are palpable

in the respective statutes defining the rights and guarding against their invasion. But back of all these differences, there is an elemental similarity. Both are grants from the national government; both are franchises for limited periods only; both enhance temporarily the value of a right, in the respective beneficiaries, that antedates the grants and that exists in its original integrity after the grants have expired by limitation. Both grants are property, consisting of incorporeal rights.

When we disregard all superfluous differences and reduce the grants to their lowest terms, they are both found to comprise only the right to exclude others.

The patent franchise is summed up in the right to exclude others from making, using and vending the thing patented. The copyright franchise is summed up in the right to exclude others from multiplying and vending the subject of the copyright. The right of the inventor to make, use and sell the thing invented is not in any manner affected by his securing a patent. The right of an author to multiply and vend copies of his writings remains the same before, during the existence of the copyright, and after it has expired. This essential predominant and identical characteristic of the two grants as an exclusory franchise runs through all the decisions of the Supreme Court, where the nature of either right is discussed.

Thus in *Stevens vs. Gladding* (1854), 17 How. 447, the issue was whether or not one who purchases at a sale under execution a copper plate engraving containing the impress of a copyrighted map could use the same and print and vend copies of the map without the consent of the owner of the copyright.

The Court held that the copyright did not pass by a sale of the plate, and in discussing the nature of the copyright franchise as an incorporeal right, the Court put the two rights in the same category. Mr. Justice Curtis said: "There certainly would be great difficulty in assenting to the proposition that patent (black ours) and copyrights held under the laws of the United States, are subject to seizure

and sale on execution.” Again—“these incorporeal rights do not exist in any particular state or district; they are co-extensive with the United States.” Later in the opinion it is said: “And upon this question of the annexation of the copyright to the plate it is to be observed, first, that there is no necessary connection between them. They are distinct subjects of property, each capable of existing, and being owned and transferred, independent of the others.”

In *Ayer vs. Murray* (1881), 105 U. S. 126, Mr. Justice Gray considered the point as to whether or not a patent right was subject to seizure and sale on execution, and in declaring it was not, linked the patent and copyright together, throughout the discussion. In stating the difficulty of allowing that the patent right could be so dealt with, he quotes from *Stevens vs. Gladding* and uses the instance of the copyright for illustration.

In *Patterson vs. Kentucky* (1878), 97 U. S. 501, Mr. Justice Harlan, speaking for the Court, defined the nature of the patent right. He said in part: “The right of property in the physical substance is altogether distinct from the right in the discovery itself. Just as the property in the instruments or plate by which copies of a map are multiplied is distinct from the copyright of the map itself. (Citing *Stevens vs. Gladding*, supra.) The right to sell the (patented) Aurora oil was not derived from letters patent, but it existed and could have been exercised before they were issued, unless it was prohibited by valid local legislation. All which they primarily secure, is the exclusive right in the discovery. That is an incorporeal right, or, in the language of Lord Mansfield, in *Miller vs. Taylor* (4 Burr 2303) ‘a property in a notion having no corporeal, tangible substance.’ ” Now *Miller vs. Taylor* was notoriously a case pertaining to the copyright.

Finally, Mr. Justice Miller, in the case of *In re Brosnahan* (1881), 18 Fed. 62, in an opinion delivered on Circuit, made extensive use of the privilege exercisable under the copyright franchise to define the nature of the patent right. He summed up: “The sole ob-

ject and purpose of the laws which constitute the patent and the copyright system is to give to the author and the inventor a monopoly of what he has written or discovered, that no one else shall make or use or sell his writings or his invention without his permission; and is granted to him as the exclusive right; not the abstract right, but the right in him to the exclusion of everybody else. For illustration: An author who had written or printed a book always had a right to do so, and to make and sell as many copies as he pleased; and he can do this though he takes out no copyright for his work. But, if he wishes to have the benefit of the exclusive right to do this, he can get it by securing a copyright.

All that he obtains, then, by his copyright, all that he asks for or needs, and all it was designed to confer on him is to make the right which he had already in common with everybody else, an exclusive right in him—a monopoly in which no one else can share without his permission.”

Now he is dealing with the rights of a patentee here and concludes the argument by citing as authority *Patterson vs. Kentucky*, in the decision of which he participated and concurred.

This language which Mr. Justice Miller uses to define the nature of a copyright in a case involving the patent right only, is but an expanded counterpart of Chief Justice Taney’s analysis of the patent right in the earlier case of *Bloomer vs. McQuewan* (1852), 14 How. 439. There the Chief Justice said: “The franchise which the patent grants consists altogether in the right to exclude everyone from making, using or vending the thing patented, without the permission of the patentee. This is all that he obtains by the patent.”

In *United States vs. American Bell Telephone Co.* (1896), 167 U. S. 224, Mr. Justice Brewer, having in mind the effect of the patent grant on the inventor, uses language in substance identical with that which we have just quoted from *In re Brosnahan*, concerning the resultant to an author from the copyright. He said: “The only effect of it (the

patent) was to restrain others from manufacturing and using that which he (patentee) had invented. The patentee, so far as his personal use is concerned, received nothing which he did not have without the patent. The purpose of the patent is to protect him in his monopoly, not to give him a use, which, save for the patent, he did not have before, but only to separate to him an exclusive use."

Other similar passages are within easy reach, but enough has been said. It is not necessary to pile up mountains of judicial learning to implant conviction of the soundness of such an obvious truism. Our reason, however, for fortifying ourselves on this plain proposition by going to the undisputed source of authority appears in the sequel. The two rights, then, in the final analysis and considered as grants are identical in the character of the benefit conferred by the sovereign.

The right to exclude is an ineffaceable mark, common to these two franchises, and not found in any other franchise whatever. Each signifies the right to exclude; taken in the composite, both signify nothing else. Searching for a rod that divines both, we find only this right to exclude. In *United States vs. American Bell Telephone Co.*, 167 U. S., the Court compared the patent for an invention with the patent for land, and the wide difference is sensed by cursory inspection. In the case of a patent for land the government barter away a thing of value which it owned. The patentee of the land grant, gets title to the land and the right to exclude others, but his right to exclude is a necessary concomitant to unrestricted ownership and complete physical dominion of the subject matter. But in the case of the inventor or author the government has nothing to barter away. The invention or the writing has been created and brought forth by the applicant for the grant. In the forceful language of Mr. Justice Willes in the case of *Miller vs. Taylor* (1769), 4 Burrow 2303 at 2338, it is "the fruit of his own cares and sweat". The most that the sovereign can and does do is to certify to the origin of

the thing in said "cares and sweat" of the grantee, and then issue a seventeen year prohibition against all false claimants who would appropriate the results of the beneficiary's labor without his consent, and if the certification for any reason turns out to have been a mistake, the prohibition fails.

The grantee has the right to exclude, but not in virtue of the same power that enables the land patentee to exclude. For the property precious in the eyes of the inventor or author is as Lord Mansfield puts it: "a notion, incorporeal and intangible". It is not subject to gross dominion; and on it hands may not be laid. It is a thought, an idea, an excursus of the imagination. And the patent grant, like the copyright, gives the grantee dominion over "the fruit of his own sweat and pains" by projecting a sweeping mandate into the realm of metaphysics.

Infringement is grand larceny of a concept. An infringement suit, whether of a patent or copy right imposes on a court the necessity of weighing thoughts alleged to be equivalent, and in disposing of the issue the court, like the candle of the Almighty, searches the innermost parts of man. A suitor who comes with a charge of infringement, bears with him altogether the most mysterious and elusive complaint that ever was lodged in the bosom of a court. He asks the Court to put in captivity the mind of the defendant in so far as that mind co-operates with the defendant's hands to create or handle the tangible symbol of the suitor's thought. Infringement—a breaking the close of the plaintiff's intellectual premises. It is indeed burglary of the palace of creative thought. That is the unrivable core of infringement. When unquestionably established, infringement ought to be punished by the death penalty. For in what other manner can society avenge itself for the theft of the noblest attribute of genius? Oh, reader, ponder infringement, but do not infringe.

An attempt has been made very recently to put a badge on the copyright, serving to distinguish it from the patent grant in the very

quality here asserted to be common to both. It was conceived that at the common law, independent of the statute, an author had a right to exclude others from multiplying and vending copies without his consent. Much learning was brought to bear on the point and the argument was fretted with resourceful ingenuity. But the Supreme Court declared that not to be the law of the land: that for the right to exclude, the author must have a single eye to the statute. The proposition seems to be necessarily acceptable, see *Globe Newspaper Co. vs. Walker* (1907), 210 U. S. 356.

This extended digression appeared necessary to enable us properly to understand and fittingly to use, the decision under specific contemplation. The height we are trying to scale is this: what right and power, if any, has a patentee, as patentee, under the patent laws, to control the use or alienation of a patented article that he has made and sold? In a general way we have asserted many times that there is no such right or power, but we cannot point to a decision of the Supreme Court where the matter has been dealt with in the concrete form that we encounter in the decisions of the lower courts.

The lawyers always want a decision on "all fours" with the case at bar. Sometimes the "all fours" are there, but the loci of the support are unusual and unexpected; we look casually and see them not. This gives rise to the impression that the case is held up by props not adapted to the desired use. Knowing when the "all fours" are there, and where they are, and pointing them out to the Court, is at once the superlative duty and the grand prerogative of counsel. When his vision fails him at that task the client is on a precipice.

Now we consider that as to the issue here in dispute we have a case on "all fours". It is one involving the copyright, but that cannot minimize its compelling force; we have already had that out. The copyright and the patent right consists in the right to exclude; a decision that expounds the right of the owner of a copyright to control the use and future disposition of specimen copies that he has sold

must apply to the instance of a patentee selling a patented article. To hesitate as to that, we must discard the faculty of reasoning by analogy as useless and pernicious, and charge the Supreme Court with adorning an idle counsel with pompous and hollow nomenclature. We have no thought of doing either. The case is in point to our way of thinking: it is on "all fours" with the patentee and his patented article; we propose to use the irrefragable props to plant firmly under the thesis here erected. We invite attention now to the truly great case of *Bobbs-Merrill Co. vs. Straus*.

This case originated in a suit instituted in the Circuit Court for the Southern District of New York. It was there tried out and lost to the plaintiff. An appeal was taken to the court of appeals for the second circuit, and again the plaintiff lost. But the plaintiff was obstinate and stiff in error; it was determined to be convicted of a false notion of the law by the highest tribunal in the land.

Verily it has its reward and we hope it is therewith content, for the Supreme Court of the United States, unanimously, and as far as we can discern without any effort beyond that incident to writing out a few trite propositions of law, decided against it. Thrice successively defeated the plaintiff's fitful fever ought to be over.

We will consider the report of these three decisions seriatim. This order makes 139 Fed. 155 the first for attention. A brief statement of the facts in the first instance will suffice for all three reviews. The facts amounted to this:

Bobbs-Merrill Co., published a novel entitled "The Castaway" which embodied the "cares and sweat" of one Hallie Erminie Rivers. We do not know either, the book or Hallie. The Court says nothing of the latter and omits to quote from the former.

At any rate Bobbs-Merrill Co. took the requisite steps to secure a right of copy in Hallie's said book and secured it, because the Court found the book was copyrighted. Before starting out to vend copies

of the book Bobbs-Merrill Co. took counsel with its corporate self or some one else and conceived and drew out this notice:

“The price of this book at retail is one dollar net. No dealer is licensed to sell it at a less price, and a sale at a less price will be treated as an infringement of the copyright. The Bobbs-Merrill Co.”

Each and every copy of “The Castaway,” printed, published or issued by complainant contained, at the time of such publication and issue, printed upon the page of the book, immediately following the title page, and just below the statutory claim of copyright, the above notice. It was there in plain view of every person into whose hands should come this visible symbol of the thought of Hallie Erminie Rives.

Bobbs-Merrill Co. sold a large number of copies of said book, each containing as a part of its interesting contents, the aforesaid notice printed how and where, indicated. The facts reported clearly warrant the assumption that Bobbs-Merrill Co. when it sold the copies sold them at the price acceptable to it and received the full sum it chose to exact as compensation for the same, and made its own proper use of the purchase money. There was no contract running between Bobbs-Merrill Co. and the vendees of said copies, other than one to be implied from the sale and delivery of the copies bearing the notice and the receipt of the purchase money. The defendant conducted a department store (much like The Fair at Chicago) and purchased many copies of the book at about 60c each. But it was not able to get an adequate supply at this choice figure, so it purchased a small quantity at the full retail price, thus averaging the load. Now the defendant, invested with sufficient intelligence to possess and conduct a great trading mart, knew of the existence of this notice in each and every purchase, and be it understood that the defendant's knowledge was not conjectural nor forcedly assumed by the Court, delivering itself over to the fiction of constructive notice. The Court did not charge the defendant with notice; it charged itself, and was as positive in

the concession of this knowledge, and with far more justification, as Macbeth when he said, "If I stand here I saw it".

The defendant knew the whole course of the plaintiff's dealings with this "Castaway", comprehended the purpose of the notice and dared the consequences of its violation. We dwell on this positive element in the case because we do not purpose to leave room for ingenuity to attenuate the force of the final decision by declaring there was no sufficient proof of notice as in the case of Johnson vs. Cortelyou.

Having so possessed itself of the copies the defendant then and there advertised the same for sale to all who cared to purchase at 89 cents the copy.

Certainly Judge Baker, who wrote the opinion in the case of Victor Talking Machine Co. vs. The Fair, would say that here the "quality of innocence did not intervene".

The Bobbs-Merrill Co. thereupon sued the defendant for infringement of its right of copy in said "Castaway" book. This was the issue. In addition to this, the report of Circuit Court decision has much to do with other facts not now pertinent. The defendant alleged the plaintiff was a member of the book trust, that the combination was illegal and many other similar averments were lodged, all of which may have been true. These matters are of great importance considered apart, and in the proper place they will be, but for the present we desire entirely to ignore them. Neither the court of appeals nor the Supreme Court dealt with them, but disposed of the case solely on the issue of infringement or no infringement.

It is to be noted that the case cannot be distinguished on the facts from Johnson vs. Cortelyou, except in two particulars. This case is one of copyright; that one of patent right. In that case there was no sufficient proof of notice; in this there was indisputable proof of notice. That case was lost apparently because there was not sufficient proof of notice, but not in fact so lost. This case was lost in spite of the fullest proof of notice.

The same judge tried both cases at Circuit, wrote an elaborate opinion in each case and came to conclusions in the one case destructive of the result arrived at in the other.

In the second case he acted the part of Hamlet: he struck through the arras and killed the wax Polonius, he had known so well without knowing what he had done, and when the curtain is pulled aside, as it will be, so that he may see the result of his unpremeditated slaughter, we have no doubt he will exclaim and rejoice as did Hamlet.

Of all the deadly contradictions that we have ever read in a law book, that contained in 139 Federal Reporter from the bottom of page 178 to the middle of page 182, is the most astounding, and it was drawn apparently without any consciousness that there was any contradiction whatever.

At the bottom of page 178, we read this:

“Is such notice (as was contained in the copies of the “Cast-away”) in such books sufficiently explicit in its terms to constitute a license agreement or contract, or any restriction or a modification of the absolute title thereto in the defendant? It does not purport to reserve to the complainant any interest in the book, or any right to control it, or the action of the owner in his use and disposition of it **except by possible inference.**” (Black ours.) Now near the bottom of page 181, after quoting the statute as to infringements of copyrights, the Court continues:

“From this it would appear that an infringement by the sale of a copyrighted book consists in selling or exposing for sale (of) a copy of such book that has been unlawfully printed or imported.

“If this be the law, it is not an infringement of a copyright to sell or expose for sale a copy or copies of said book, when the same was lawfully printed or lawfully imported. The result would be that it is not an infringement of the copyright of a book to sell a copy or copies thereof lawfully printed, as in this case, in violation of a mere

condition imposed upon a dealer by the publisher, by which said dealer agrees not to sell below a certain price; the title to the book having been vested in such dealer by the publisher thereof or even in cases where the title had not passed to the dealer. If the publisher of the book, being the proprietor of the copyright, parts with the title of such book, either a copy or a single number, and received his pay therefor, he has voluntarily parted with all control over that or those particular books. The owner of these books is neither a licensee nor an agent. He has the absolute property therein and the absolute ownership of an article of personal property carries with it the right to give away or sell for such consideration as the owner sees fit to impose, prescribe or demand so long as he violates no law." (Black ours.)

After quoting a text writer, the Court goes on p. 182:

"We find no suggestion that it is an infringement of the copyright of a book for the owner of the book to sell copies at a price which violates a valid contract between the publisher of the book and the dealer, and which was made at the time such dealer became the owner."

At the end of the first full paragraph, on page 184, the Court states: "A person cannot be both licensee and absolute owner."

Every proposition in the foregoing extracts, without any exception, applies with equal force to the sale of a patented article by a patentee. If we substitute for "owner of the copyright," the phrase "owner of the patent right" and for "book", "patented article", the assertions are equally sound. Not a one can be disputed. The Court cites its own decision in the Neostyle case as an authority and then turns right about and wipes that decision out. It cites the Heaton case, the phonograph and graphophone decisions, only to contradict and retute every proposition of law asserted in those decisions. And yet all these decisions are relied on as authorities!

In the Neostyle case, a purchaser who paid the full purchase price

of \$50 for a patented device is a mere licensee. In this case: "A person cannot be both licensee and absolute owner." And the Neo-style case is an authority for the book case!

This object is jet black: that one is perfectly white, therefore, they are of one and the same color.

The Court, not content with this absolutely fatal contradiction, pushes inconsistency to an exalted state by discussing and quoting from *Keeler vs. Folding Bed Co.* and *Mitchell vs. Haw. ey.* Finally, on page 188, the Court completes the circle, not only in argument, but in express language: "The purchaser of an article made under a patent right, may not duplicate it, but he may use the article purchased and sell the same as his own in any way or for any price he sees fit" (black ours). Once more, and finally, "The owner of an article made under a patent right or of a book printed under a copyright is in no sense a licensee of the patentee or of the owner of the copyright. With reference to personal property license implies and carries the power to do some act upon or in reference to, or to do something with, the property of another." (Black ours.)

Language fails us here. How these passages could occur in the same opinion as the quotations from and citations of the *Heaton* case, the phonograph cases and all similar ones, we shall never be able to understand. We attempt no explanation whatever.

147 Fed. 15.

The court of appeals deals with the case in an entirely different manner, but does not itself escape falling into glaring inconsistencies. The opinion is compact and loaded with authorities. Little time, and space is required to get over it.

It is to be remembered that this court of appeals in the case of *Cortelyou vs. Lowe*, 111 Fed. 1005, swallowed the doctrine of the *Heaton* case at one fell gulp. It said. "We entirely agree with the opin-

ion in that case, and think the decision should control the case at bar." In the Heaton case the proposition is this: "The buyer of the (patented machine) undoubtedly obtains title to the materials embodying the invention subject to a reverter in case of a violation of the conditions of the sale. But, as to the right to use the invention, it is obviously a mere licensee."

This is the resplendent and glossy tinsel this Court branded as real, although it squirmed and twisted away from it in Johnson vs. Cortelyou. Now let us see where it is going to stand here. At p. 22: we come to this: "If the statutory owner desires after publication to control the lawfully published copies, such control can only be secured by means of positive contract or conditions, so accepted by the party to be charged or so brought to his knowledge that it would be inequitable to permit him to violate them. But while his right might be protected at law or enforced by a court of equity, it is not a statutory right, but a common law right **attached generally to the ownership of all species of property**" (black ours). Citing Keeler vs. Folding Bed Co. (patented article)!

Now the rules announced respectively in the Heaton case and Keeler vs. Folding Bed Co. are mutually repellant and completely contradictory. The Heaton case is not mentioned once, nor that of Cortelyou vs. Lowe, although the Heaton case was sufficient authority to justify the judicial confiscation of Lowe's property. It is evident that all the cases heretofore discussed were placed before the Court in argument. This is necessarily inferable because the circuit court had discussed these cases and counsel confidently inserts them in his brief filed in the Supreme Court.

We think the explanation is to be found in the fact that the Court's innate and rugged sense of justice had induced it entirely to repudiate the preposterous and brutal doctrine of those cases, but the

Court had not clearly worked out and precisely apprehended the fallacy underlying.

This seems inferable from such language as this: "It is unnecessary to express any opinion as to the scope of such attempted restrictions in the case of patented articles. (Now listen.) It may be said generally, however, that there is such a distinction between rights of copyright and patent rights that the decision of cases under one class would not necessarily be controlling in the other class." Well, now we will listen for an exposition of the distinction with all our ears. "The protection afforded by the patent law is broader in the case of patents than in that of copyrights." In what respect? "By a grant of copyright the owner of the work acquires the exclusive right of multiplication of copies; by the grant of a patent the patentee acquires the exclusive right to make and use the thing patented."

Both statements are wrong and the Court had quoted Mr. Justice Miller's language from the case of *In re Brosnahan*, which does away with both assertions.

"The patent law protects the production and use of the creative conception (black ours) reduced to practical shape in various forms: the copyright law protects the publication of copies in the form or substance of the particular creative conception (black ours) in which it has been expressed by the author."

What is meant by "protects", "creative conception" and "the substance of the particular creative conception"?

How can a "conception" be "reduced"? From what and to what? The whole riddle is pushed aside thus: "But in view of the conflicting opinions of various judges as to the scope of the restrictions imposed by patentees upon the use of patented articles, we express no opinion upon this question." All the same the Court handled two terrible opinions on "this question" when it touched upon *Keeler vs. Folding Bed Co.* and *In re Brosnahan*.

Why not avoid all this confusion, avoid this excruciating incon-

sistency and obvious contradiction by following the Supreme Court? That Court has made it plain to all who will attentively read its decisions that the patent right and copyright consists altogether in a bare naked right to exclude. It seems absurd to imagine that Congress has power to grant the right to make and publish a book or make and sell an article. Those are rights of the individual which the government guarantees and protects but does not create. Those rights are parts and parcels of the right of every man to enjoy "the fruit of his own cares and sweat".

In the two decisions here noticed the rights of the defendant in his own property was not denied, but conserved and saved to him. We are unable to understand how any other result can be justified by any process of reasoning but the opposite result was declared and enforced in nearly all the other cases. Now we come to the last phase of this case and to the authoritative exposition of the law, and the result announced here could not have been otherwise had the transaction involved the sale of patented articles instead of copyrighted books. The owner of a copyright has the right to exclude others from vending copies without his consent. The owner of a patent has the right to exclude others from vending the patented article without his consent. The extent of the right is the same in both cases. At the point where the copyright statute fails the owner of the copyright to control a copy of the book, at the same point the patent law fails the patentee to control the patented article.

210 U. S. 339.

Manifestly the counsel for plaintiff had not lost faith in the authorities that he had relied on with such confidence and sad disappointment below: he brings all to the Supreme Court. The briefs of both parties are summarized in the report and are interesting, particularly that for the plaintiff. The plaintiff relied on the patent cases

throughout and, strange to say, the defendant impliedly conceded the validity of those cases and sought to distinguish them from the case involving the right of copy.

We will copy extracts from the plaintiff's brief, for it contains some deadly implications.

“Appellant claims the right to control the price under the provision of the statute which gives the owner of the copyright the “sole” right of vending is in strict analogy to the right of the owner of a patent to control the price of the patented article under the statutory use of the same word. (Black ours.) The analogy is complete between the case at bar and those numerous patent cases wherein the courts have upheld the right of patentees to impose restrictions upon the sale of the patented article or its products(!!) and to exercise a certain control over the thing sold after the completion of the sale.”

There can be no doubt about the existence of the analogy asserted.

It is interesting to note the list of authorities cited for that proposition and also to note how much those authorities have to do with the disposition of the case. The authorities cited are:

“Phonograph Co. vs. Kaufmann
Edison Phonograph Co. vs. Pike
National Phonograph Co. vs. Schlegel
Heaton case
Cortelyou vs. Lowe
Victor Talking Machine Co. vs. The Fair.”

Then this follows: “Numerous other cases might be cited. See also Dickerson vs. Tinling, 84 Fed. 192

Dickerson vs. Matheson, 57 Fed. 524.”

The learned counsel evidently appreciated that he had not cited to the foregoing proposition any decision of the Supreme Court, so he framed up another proposition in support of which he felt confident of his right to invoke prior rulings of the Court. This meaningless gen-

erality is asserted. "The power of the owner of the patent to limit price (of what?) has been expressly decided by this Court." Now observe the strange conglomerate of citation.

"Bement vs. National Harrow Co.

National Phonograph Co. vs. Pike

See also:

Cortelyou vs. Johnson

Dick Co. vs. Roper, 126 Fed. 966

Brodrick Copygraph Co. vs. Roper

Cotton Tie Co. vs Simmons

Morgan Envelope Co. vs. Paper Co."

We will see that the Supreme Court always takes notice when its own decisions are cited and relied on, and has a care that they shall not be misapplied. It does not, however, assume the burden and invidious task of pointing out errors in the decisions of lower courts; that would be endless. But it does stand guard above its own. We shall see that the Court clearly indicates the only use to which the three decisions of its own cited can be put.

The defendant cites only cases dealing with the copyright, and as to the patent cases pleads this confession and avoidance:

"Owing to differences, both in the theory (black ours) and the letter (black ours) of the patent and copyright statutes, the patent cases relied upon by complainant are inapplicable to the question of copyright here presented." What is meant by differences in "The theory and letter" of the statutes. Are not these vague subterfuges for indolent thinking?

We know what the "letter" of both statutes is. That of both statutes can be read in five minutes. Now what is the "theory" of the statutes and in what respect does the "theory" of one statute differ from the "theory" of the other? The power of Congress to enact both statutes is conferred in the same article, section and clause of the constitution. "To promote the progress of science and the useful arts,

by securing for limited terms to authors and inventors the exclusive right to their respective writings and discoveries." Here congress is given the power to pass both statutes for the accomplishment of the same identical object, "to promote progress in science and the useful arts." Both statutes are to confer an exclusive right for limited terms. One statute concerns authors and protects writings; the other concerns inventors and protects inventions. Authors and inventors are alike men: Science and the useful arts embrace both writings and inventions. Where, then, is the difference in "theory"? Surely we are not to posit a difference in "theory" on the fact that the term of the copyright is larger than that of the patent; nor can any difference be grounded on the fact that the copyright employs the language, "multiply and vend", while the patent act instead contains these words, "make, use and sell". Multiplying copies is certainly not distinguishable from "making" copies. The term "use" has no place in the copyright statute. How could one use a book or writing without availing himself of a copy? On the other hand the term fits a patent for a process, and no other does, for obviously a process cannot be made or sold.

We conclude that there is no ground whatever for predicating a difference "in theory" between the patent and copyright statutes.

The opinion in this case was written by Mr. Justice Day, and he goes over the case with the greatest ease and no apparent effort; after stating the facts, he says, p. 342:

"Much of the argument on behalf of the appellant is based upon the alleged analogy between the statutes of the United States securing patent rights to inventors and the copyright act securing rights and privileges to authors and others, and this analogy, it is contended, is so complete that decisions under the patent statutes in respect to the rights claimed in this suit under the copyright act are necessarily controlling." "In the main brief submitted by the learned counsel for the appellant it is said:

'All of the argument has been upon the assumption that the very numerous decisions of the Circuit Courts and Circuit Courts of Appeals, such as the Heaton case, the Victor Talking Machine case, and others along the same line, as well as the Cotton Tie case in this court, upholding this restriction, with reference to sales of patented Articles, express the law; and we have been especially confident that such must be the case, for the reason that this court (in the Bement case) has given its sanction to the broad doctrines laid down in' (the Heaton case).

That is what the Court says learned counsel had asserted, and that passage the Court in its own way attends to during what follows. The opinion continues:

"The present case involves rights under the copyright act. The facts disclose a sale of books at wholesale by the owners of the copyright, at a satisfactory price, and this without agreement between the parties to such sale obligating the purchaser to control future sales, and where the alleged right springs from the protection of the copyright alone. It is contended that this power to control further sales is given by statute to the owner of the copyright in conferring the sole right to 'vend' a copyrighted book." In those last two sentences the Court accurately defines the precise question involved in the case.

The Court then sets in first of all to defend its own decisions and prevent a misconstruction of them. "A case such as the present one concerning inventions, protected by letters patent of the United States, has not been decided in this Court, so far as we are able to discover."

So much as a general repudiation of counsel's construction of the Court's decisions. But then follows a specific restatement of the plain meaning of all three decisions cited. Again it is explained that the license inscription: "Licensed to use once only" had nothing to do with the result in the Cotton Tie case. Again it is pointed out that

the comment in the Morgan Envelope case "enforces the view that" the Cotton Tie case "was one of infringement because of reconstruction of the patented device." This ought to be understood, in time, with such emphatic explanations repeated.

Next the Bement case is put out and counsel is reminded that that case was a suit in State court on a common law contract. How can it be on "all fours" with a suit for infringement in the Federal Court? Finally, the Court touches upon its own very recent decision in the case of Cortelyou vs. Johnson: "while the question as to the validity of such license restriction was fully and ably argued by counsel, the case went off upon the finding that notice of the license restriction was not brought home to the defendant company." But it is not irrelevant to recall that in concluding the opinion in the case of Cortelyou vs. Johnson, the Court referred to the validity of such "license restriction" and which was "fully and ably argued" as, "minor considerations."

The opinion proceeds: "If we were to follow the course taken in the argument, and discuss the rights of a patentee, under letters patent, and then by analogy, apply the conclusions to copyrights we might greatly embarrass the consideration of a case under letters patent, when one of that character shall be presented to this Court." Exactly so, let each case stand on its particular statute. The czars are not in court and there is no occasion to pass upon their rights in their absence. It is said that art consists in concealing the art. We are inclined to think that the aphorism is exemplified in the next sentence of the Court.

"We may say in passing, disclaiming any intention to indicate our views as to what would be the rights of parties in circumstances similar to the present case under the patent laws, that there are differences between the patent and copyright statutes in the extent of the protection granted by them" (black ours). Counsel for the plaintiff had asserted that there was a valid analogy between the statutes

in respect to the control vested in the grantee over the tangible article. The Court does not even inferentially deny that. Counsel for defendant had asserted a difference in the "extent of the protection granted". That is another sort of difference altogether.

The Court gets rid of several preliminary matters before coming finally to the merits. It reviews the copyright legislation and analyzes the nature of the right of copy. In the course of this discussion, we find this, p. 347: "While the nature of the property and the protection intended to be given to the inventor (black ours) or author as the reward of his genius or intellect in the production of his book or work of art (black ours) is to be considered in construing the act of Congress, it is evident that to secure the author the right to multiply copies of his work may be said to have been the main purpose of the copyright statutes."

Here the Court links the copy and patent right in the same sentence and as authority for the proposition asserted quotes from *Stephens vs. Cady* and *Millar vs. Taylor*. This was the precise reasoning and the very authorities employed by the Court in the great case of *Patterson vs. Kentucky* in expounding the nature of the patent grant.

At the bottom of page 349 the Court finally takes up the merits of the case and disposes of it without an effort. When one strives he errs. There was no striving here.

"What does the statute mean in granting the sole right of vending the same (i. e. copy)? Was it intended to create a right which would permit the holder of the copyright to fasten by notice in a book or upon one of the articles mentioned within the statutes, a restriction upon the subsequent alienation of the subject matter of copyright after the owner had parted with the title to one who had acquired full dominion over it and had given a satisfactory price for it?" If one will mentally substitute for "copyright" and "book" the terms "patent right" and "patented article" in that sentence and those that

follow no further doubt can be entertained upon the question we have so long debated.

“It is not denied that one who has sold a copyrighted article, without restriction, has parted with all right to control the sale of it. The purchaser of a book, once sold by authority of the owner of the copy right may sell it again, although he could not publish a new edition of it.”

Continuing, “The precise question, therefore, in this case is, does the sole right to vend secure to the owner of the copyright, the right, after a sale of the book to a purchaser, to restrict further sales of the book at retail, to the right to sell it at a certain price per copy, because of a notice in the book that a sale at a different price will be treated as an infringement, which notice has been brought home to one undertaking to sell for less than the named sum?”

It is to be observed that this is entirely analogous to the question presented in the Heaton case, in the Neostyle case, in the Victor Talking Machine case and in most of the phonograph cases.

“We do not think that the statute can be given such a construction, and it is to be remembered that this is purely a question of statutory construction. There is no claim in this case of contract limitation nor license agreement controlling subsequent sales of the book.

“In our view the copyright statutes, while protecting the owner of the copyright in his right to multiply and sell his production, do not create the right to impose, by notice, such as disclosed in this case, a limitation as to the price at which the book shall be sold at retail by future purchasers, with whom there is no privity of contract. This conclusion is reached in view of the language of the statute, read in the light of its main purpose to secure the right of multiplying copies of the work, a right which is the special creation of the statute. True, the statute also secures, to make this right of publication effectual, the sole right to vend copies of the book, the production of the author's thought and conception (now listen). The owner of the copyright in

this case did sell copies of the book in quantities and at a price satisfactory to it. It has exercised the right to vend (black ours). What the complainant contends for embraces not only the right to sell the copies, but to qualify the title (black ours) of a future purchaser by the reservation of the right to have the remedies of the statute against an infringer because of the printed notice of its purpose so to do, unless the purchaser sells at a price fixed in the notice. To add to the right of exclusive sale the authority to control all future retail sales, by a notice that such sales must be made at a fixed sum would give a right not included in the terms of the statute, and, in our view (notice the repetition of "our view") extend its operation by construction, beyond its meaning, when interpreted with a view to ascertaining the legislative intent in its enactment."

It was fortunate indeed for the plaintiff that the defendant had not signed an agreement to maintain prices. The concluding lines of the Court's opinion indicate clearly that in its view there was no occasion to "examine into the validity of the publisher's agreements, alleged to be in violation of the acts to restrain combinations creating a monopoly or directly tending to the restraint of trade." The validity of the contract was not in contest. Plaintiff was not seeking for any relief under it, and defendant did not claim that it had been injured by the combination.

Here at last we have the solution of the whole foolish question without any straining whatever on the part of the Supreme Court. Not one of the cases so confidently relied on by Counsel is even so much as cited by the Court, except its own decisions and these are referred to only to repudiate the erroneous interpretation placed upon them by counsel. The difference in "theory" asserted by counsel for the defendant to exist between the copyright and patent statutes does not seem to impress the Court, as it is passed over in silence.

This case was the second time that all of these decisions have been held up before the Supreme Court in elaborate arguments. They were

confidently relied on in the case of Cortelyou vs. Johnson, where the Court labelled them "minor considerations" and hurled them out over the transom. They were brought back in this case and the Court passes them by in dumb silence.

In the case just succeeding, Scribner vs. Straus, the Court preserves the same grim reticence, adding quietly that the court below had no jurisdiction to try out the issue as to the agreement and breach thereof. But this is not the end. In this same volume, 210 U. S. 405, Paper Bag Patent case, learned counsel again carries all these decisions back and in one huge conglomerate mass hurls them in the face of the Court. All these decisions are by the Court crowded in fine print and placed at the bottom of the page, 425. The Court says nothing of them. But how the Court does clear the air with respect to the nature of the patent right! On page 423 we read this:

"It may be well, however, before considering what remedies a patentee is entitled to, to consider what rights are conferred upon him. The source of the rights is, of course, the law, and we are admonished at the outset that we must look for the policy of statute, not in matters outside of it—not to circumstances of expediency and to supposed purposes not expressed by words. (In the patent law nothing is said about contracts, licenses or conditional sales.) The (patent) law is the execution of a policy having its first expression in the constitution, and it may be supposed that all was deemed necessary to accomplished and safeguard, it must have been studied and provided for. (Now watch.)

It is worthy of note that all that has been deemed necessary for that purpose, through the experience of years, has been to provide for an exclusive right to inventors to make, use and vend their inventions." That is indeed worthy of note.

On page 424 the Court advances: "It (patent right) has, however, received explanation in a number of cases which bring out clearly the services rendered by an inventor to the arts and sciences and to the public. Those cases declare that he (patentee) receives nothing from the law that he did not have before, and that the only effect of the patent is to restrain others from manufacturing and using that which he has invented" (black ours). Then the Court quotes from some of its earlier decisions and cites many others and in so doing, hands out this: "We cite them because there is something more than the repetition of the same thought by so doing." We should certainly think so, if the argument of counsel in all these cases was not before us.

At the bottom of page 425, the Court quotes the famous paragraph from the Heaton case as to the right of non use, but at page 429 the Court accurately defines what is meant. It says: "As to the suggestion that competitors were excluded from the use of the new patent, we answer that such exclusion may be said to have been the very essence of the right conferred by the patent, as it is the privilege of any owner of property to use or not to use it, without question of motive" (black ours).

The Court makes no distinction between patented and unpatented property, and it says nothing about the right of the owner of property to contract or agree not to use it, or to suppress the use of it pursuant to a scheme or combination to restrain trade. That's a different question.

The plaintiff here escaped by a hair's breadth. The Court said there was no question of "a diminished supply or of increase of price". It was shown that "the expense would have been considerable" to use the new machine. Those were the considerations that saved the plaintiff.

This caution is dropped in the last lines: "Whether, however, a case cannot arise where, regarding the situation of the parties in view

of the public interest a court of equity might be justified in withholding relief by injunction, we do not decide.”

Even then, Mr. Justice Harlan, who wrote the opinion in *Patterson vs Kentucky*, dissented.

The case of *Bobbs-Merrill Co. vs. Straus* is the supreme law of the land. It puts an end to all the decisions we have been struggling with. It does away with the vicious rule that a vendor can sell personal property, use the purchase money and at the same time stop the purchaser from using or selling what he has bought.

The Supreme Court has never thought of promulgating such a revolutionary and confiscatory doctrine. It disposed of the *Bobbs-Merrill* case in the way it did because no other disposition was possible or even conceivable. Let us try to imagine that the Court took the other view and upheld the plaintiff's contention; then the defendant was an infringer because it bought a book for about 60 cents, paid for it and sold it at 89 cents. The principle is then established that if a purchaser of a copyright book or patented article does anything with the thing purchased contrary to the wishes of the vendor, as expressed in a printed notice, accompanying the thing sold, he is an infringer. Under such law the vendor can build up any sort of monopoly on earth. He can compel the purchaser to have a special display of the book every day; to sell not less than ten nor more than one hundred copies a day; to sell only to customers who will read the book entirely through, however stupid, and only read it once, however absorbing, and if the purchaser violates any of these "restrictions" he becomes thereby an infringer of the copyright!

What sort of presumption ever made it possible for counsel to argue such a point before the Supreme Court? Did he think those great men had forgotten all previous decisions of the Court or was he himself oblivious of them? Did he suppose that Mr. Justice Harlan and the other members of the Court had forgotten what the former had written in *Patterson vs. Kentucky*. or that any member of the

court was oblivious to what had been decided in the scores of other cases, such as *Bloomer vs. McQuewan*, that we have discussed? It would seem that one obvious preparation for an argument in the Supreme Court would be to read the decisions of that court on the matters relevant to the issue.

Reader, the "Constitutional lawyer" is out of his sphere in the Supreme Court. He has not time to read its decisions. He is living for the mighty things he has accomplished in the past.

Here were a large number of cases on "all fours" with the case at bar, but the "all fours" did not reach to the ground, and, of course would support nothing, much less a decision of the Supreme Court which instantly becomes the law of the land, affecting the rights of every man, woman and child in the nation.

The blood right, that battlefield trophy is safe. The Supreme Court always guards that.

In the early case of *Chisholm vs. Georgia*, (1793), 2 Dall., at 454. Mr. Justice Wilson said: "In an instrument well drawn, as in a poem well composed, silence is sometimes most expressive."

The reader should bear this in mind in taking up *Cortelyou vs. Johnson*, and *Bobbs-Merrill Co. vs. Straus*. To thoroughly appreciate these decisions one must have an ear for grace notes, a tact for omissions, an understanding that can complete the circle from the arc given.

SUMMARY OF THE TWO GROUPS OF CASES PRECEDING.

If we stop for a short time to consider what we have accomplished in this long drawn out analysis of these cases, we see at once it is nothing. We have not learned any law but merely unlearned something that was not law. But as we have said that is the peculiar nature of all error. By discovering the mistake and avoiding it, we do not progress, we simply revert to the beginning point and start over.

Our consideration of these decisions we have intimated might be compared to the mounds and trenches constructed by an enemy in taking a city; when the capture has been effected, the improvised aids become useless and worthless. We can almost apply the simile literally, for the decisions for some time, like the mounds and trenches, will constitute obstructions and pitfalls, to the injury of persons not interested or involved in the contest, on account of which the same were brought into existence.

We think it distinctly worth while to summarize a view of these decisions. These cases clearly stand for this proposition: A patentee may sell a patented article and accompany the sale by a license which restricts the use of the article or restricts the right of the purchaser to sell the same, and any violation of the restriction constitutes the purchaser, his vendee, or one assisting the purchaser to use the article in excess of the license, an infringer.

There are at least three fatal errors in this proposition, all of which grow out of an erroneous conception of the nature of the patent right.

The specific fallacies are these:

1. A misconception of infringement.
2. An erroneous conception of the nature of a sale of personal property.
3. Failure to distinguish between a license and a sale.

We shall discuss each briefly.

1. Infringement—Infringement means just what it says, a breaking in upon some right or privilege of another.

It is a trespass, but in case of a patent it is a very peculiar form of trespass or breaking in. The right trespassed upon is an incorporeal right. The trespass may be committed 3000 miles away from the owner of the right (see the fine paragraph of Mr. Justice Holmes, 209 U. S. at 19) and the trespasser may know nothing of the existence of the right.

Suppose A has a patent on a Neostyle. How can B infringe that patent? The most obvious way is to make one like it. That is a breaking in upon, a cutting down of A's right to exclude every one from making the device. B sells the infringing appliance to C, a dealer, and he in turn sells it to D, a consumer. B has gone further now and infringed A's right to exclude every one from selling the device. C has also infringed A's right to exclude every one from selling: D by using the instrument has infringed A's right to exclude from the use; A has the right to exclude from the making, using or selling of the machine, and this right has been trespassed upon by B, C and D.

But suppose A himself makes a Neostyle; that machine is totally disconnected from and has nothing to do with, his right to exclude. With respect to the making of the machine, he has two rights: to make it plus the right to exclude others from making it. The latter part of the sum is all he gets from the patent law. He has made it and his patent right has not been infringed. He may use the machine himself, his right to do so is not a part of his patent franchise. Suppose he decides to sell it. When he sells it he exercises not his patent right, but his "natural right".

The purchaser, by purchasing it does not infringe upon A's right to sell. He does not decrease, cut down or diminish A's right of selling, but the very opposite. He recognizes the patentee's exclusive right and buys from him, thus contributing to the "monopoly". When the purchaser buys what does he get? This brings us to the nature of a sale.

2. Sale of Personal Property.—In his invaluable book on the Common Law (Lecture XI) published 30 years ago, Mr. Justice Holmes has pointed out that a sale was originally a form of succession *inter vivos*.

The buyer succeeded to the estate or personal status of the seller with reference to the thing transferred; the buyer stands in the shoes of the seller, he gets no more than the seller had to transfer, but he

gets all he had: he succeeds him. That is everywhere the law to-day. A warranty transfers nothing, it is simply a contract by which the seller agrees to respond in damages in case it turns out that he had less, or something different than he represented, to transfer. In the case above supposed, when A sells the patented Neostyle, the purchaser gets A's entire interest in that machine. A parts with no part of his right to exclude; that is an incorporeal right. But as to that particular device the purchaser succeeds A; stands in his shoes and has every right that the patentee had in that specific article. All that the purchaser wants is that particular chattel, and that is all that the patentee sells him. Now the device is worthless except for one purpose, and that is to use it. The purchaser may want to sell, and thereby gain a profit in transferring the use of it to some one else. But the ultimate destiny of the machine is use by some one. Property is worthless aside from the right to use and enjoy it. In the great case of *Miller vs. Taylor* (1769) 4 Burrows 2303, one of the judges said: "Property without the use is an empty sound." Had the patentee kept the Neostyle and not used it, it would have been to him "an empty sound". When the patentee sells the machine, the purchaser owns it in the same right that the vendor owned it. The right to use it, or sell it to another for use, is the very essence of the property right in the device. Apart from the right to use, or sell to some one else for use, the Neostyle is worthless. In using it the purchaser does not infringe upon the right of the patentee to exclude from the use, since the only worth of the machine consists in its use, by selling it the patentee consents to its being used. The sale can mean nothing else. The patentee knows that the only right in the device that he or any one else cares for is to use it; that is the purpose for which he invented and perfected it. He could have had no other object in view than the use, when he made the particular specimen supposed. The invention and that individual embodiment of it is "the fruit of his cares and sweat"; on the other hand the purchase money is the fruit

of the purchaser's "cares and sweat". When the device is exchanged for the purchase money, each party succeeds to all the rights which the other had in the thing transferred.

The purchaser had the same arbitrary right not to part with his money that the patentee had in the Neostyle. But when he transfers the money to the patentee, he intends and consents that the latter shall use the money as he sees fit, and the purchaser has all the rights in the machine that the vendor has in the money. This enables us to understand what is meant by a formula that runs all through the opinions of the Supreme Court. It occurs first in *Bloomer vs. McQuewan*, and is repeated with great frequency thereafter. It is this: "When the machine passes to the hands of the purchaser, it is no longer within the limits of the monopoly. It passes outside of it, and is no longer under the protection of the Act of Congress." Here are two phrases that obviously are exact equivalents, namely, "within the limits of the monopoly" and "under the protection of the Act of Congress". Both mean the right to exclude. But it is well to remember that when we employ such phrases, "passes outside of" and "is under the protection of," we are using figurative language applied to a pure abstraction. The "limits" and the "protection" are invisible, intangible, incorporeal. The article cannot be caused to pass without the "limits" and from under the "protection" by any physical transposition. It may be a thousand miles from the patentee and still within the "limits" and under the "protection". It is the approbation, the will, the consent of the patentee that operates to pass the article outside the "limits" and from under the "protection". The patent grant places the thing for seventeen years within "limits", circumscribed by his consent, and under a "protection" measured by his will. If he does not pass it "without the limits" or from under the protection, nothing and no one else can, for he has the right to exclude. Now why does a sale, in and of itself, pass the article without the "limits" and from under the "protection"?