

bad, would have to be that it had been decided to that effect. It would not be enough to say that the defendant thought the patent bad and would like to have the court decide so now.

986. *TUTTLE v. CLAFLIN*, 76 Fed. 227, 22 C. C. A. 138.

The question is not whether the rules of pleading required the allegation of notice in a bill in equity which asked for damages and profits (that question is settled in *Dunlap v. Schofield*, *supra*); but it is whether the neglect to take notice of the omission, either by answer or in any other form, until after the final decree, was not a waiver of the want of notice. It was so held in *Rubber Co. v. Goodyear*, 9 Wall. 811, where the point of want of notice, did not appear until the hearing before the master, and the court held that the triable issue must be confined to the pleadings. This was affirmed in *Sessions v. Romadka*, 145 U. S. 29. In *Dunlap v. Schofield*, *supra*, (a bill in equity to recover damages), the bill and answer made the proper averments and denials, but no proof was given, and the court held that the burden of proof rested upon the complainant. In *Coupe v. Royer*, 155 U. S. 583 (an action at law), the pleadings were silent; but the question was actually litigated upon the trial by contradictory evidence, and the court thought that it should have been submitted to the jury. In this case the pleadings were silent. The question never became one actually in issue, and was never raised in the circuit court.

It is too late to raise for the first time in the appellate court technical questions of pleading or proof which are not jurisdictional in their character, and which were not raised either in the pleadings or before the trial courts, where defects might have been remedied, and which must therefore, be considered to have been waived. It is therefore not necessary to consider whether the provisions of section 4900 are applicable only to cases in law or in equity, in which damages, as distinguished from profits, are the subject of investigation.

987. *MARTIN, ETC., CASH-CARRIER CO. v. MARTIN*, 71 Fed. 519, 18 C. C. A. 234.

We think the distinction must be kept clearly in view between amendments allowable before an appeal and those for which a case is to be kept along thereafter. \* \* \* This case comes within the closing remarks of our opinion in *American Bell Tel. Co. v. U. S.*, 15 C. C. A. 569, 68 Fed. 542, 570, as follows: "We have already found that, as the record now stands, it contains no proof to sustain an allegation of this character. Therefore, an amendment of this nature would require the opening of the record below for further proofs. It is not at all a case where a

complainant has proved his case, but his allegations are found by the appellate court to be inapt. To grant this motion would, under the circumstances, violate all the rules requiring diligence from parties complainant."

988. SEYMOUR v. OSBORNE, 78 U. S. 516, 20 L. ed. 33.

Parties defendant, such as infringers, are not allowed in an action at law to set up the defense of a previous invention, knowledge, or use of the thing patented, unless they have given notice of such a defense thirty days before the trial, and have stated in the notice "the names and places of residence of those whom they intend to prove to have possessed a prior knowledge of the thing, and where the same had been used;" and the settled practice in equity is to require the respondent, as a condition precedent to such defense, to give the complainant substantially the same information in his answer.

989. ATHERTON MACH. CO. v. ATWOOD-MORRISON CO., 102 Fed. 949, 43 C. C. A. 72.

If it were so, such proof were unnecessary to be made, as none of the assignments of the patent referred to are required to be under seal. If proof is made of any document, of which it is not necessary, it will be treated as mere surplusage, and will not entitle the defendant to over. Walk. Pat., § 433, 1 Chit. Pl. 366. The complainant was entitled to stand upon its prima facie case as to title, and the failure to set out the assignments referred to could not, under the circumstances, be taken advantage of by demurrer.

990. NEWARK SPRING MATTRESS CO. v. RYAN, 102 Fed. 693, 42 C. C. A. 594.

The complainant has not pleaded the estoppel he claims, and defendant was without the notice in the pleadings to which he was entitled. Notwithstanding the forty-fifth equity rule, the complainant was at liberty, and should have availed himself thereof, to plead, by way of anticipation, the estoppel to the defense of non-validity of the patent.

991. CHESTER FORGING, ETC., CO. v. TINDEL-MORRIS CO., 165 Fed. 899, 91 C. C. A. 577.

It is now objected that a preliminary injunction ought not to be allowed while a demurrer is pending. Ordinarily, that is true, but there are exceptions to the rule. In a case where, on examining the bill and the demurrer, the court is not satisfied that the demurrer will, on the argument of it, be sustained, and

where, on the proofs submitted, allegations of fraud pleaded in the bill are clearly proven, the court has, within reasonable bounds, a discretionary power to preserve the existing status of affairs by a preliminary injunction to prevent the carrying out of the fraud until the demurrer is argued and disposed of. Any other rule would open a wide door to the grossest injustice. Prima facie, the complainant's patents, in the case in hand, are valid, and since the demurrer admits, for the purpose of the argument of it, the fraud pleaded in the bill, we should not disturb the order for an injunction pendente lite unless we are satisfied that there is reasonable doubt as to the sufficiency of the bill in other respects than in the "formal defects" found by the court below, or unless, on an independent examination of the facts, we are satisfied no fraud has been shown.

\* \* \*

The only specific objections to the bill are that it fails to allege \* \* \* (1) that the subject-matter of the patent was not abandoned, (2) that its subject-matter was not patented in any foreign country more than two years prior to the application for it, and (3) that its subject-matter was not patented in any foreign country more than seven months (in the case of one of the patents), or more than twelve months (in the case of each of the other two patents), before the application for it in this country was filed. These were the "formal defects" which were cured by amendments, and we think that, in view of the fraud which seems on the present ex parte proofs to be established, those defects were properly regarded as not sufficient to defeat the application for a preliminary injunction.

992. *BROWN v. PIPER*, 91 U. S. 37, 23 L. ed. 200.

Evidence of the state of the art is admissible in actions at law under the general issue without a special notice, and in equity cases without any averment in the answer touching the subject. It consists of proof of what was old and in general use at the time of the alleged invention. It is received for three purposes and none other—to show what was then old, to distinguish what was new, and to aid the court in the construction of the patent.

993. *KEYSTONE BRIDGE CO. v. PHOENIX IRON CO.*, 95 U. S. 274, 24 L. ed. 344.

The defendant may at all times, under proper pleadings, resort to prior use and the general history of the art to assail the validity of a patent or to restrain its construction. The door is then opened to the plaintiff to resort to the same kind of evidence in rebuttal; but he can never go beyond his claim.

994. NATIONAL CASH REGISTER CO. v. LELAND, 94 Fed. 502, 37 C. C. A. 372 (First Circuit).

The Massachusetts interrogatories are sought as a "mode of proof in trials at law." The answers to them are not oral testimony, and therefore, to be admitted, must be brought within the exceptions specified in the Revised Statutes. They are not a deposition taken under the circumstances in which it is permitted to take a deposition by sections 863 to 865 of the Revised Statutes and, like the New York examination, the Massachusetts interrogatories violate common usage by seeking to call the party in advance of the trial at law, and to "subject him to all the skill of opposing counsel to exact something which he may use then or not as it suits his purpose." As the Massachusetts interrogatories fall neither within the rule of section 861 nor within the exceptions allowed by the following section, and as that rule and those exceptions provide an exclusive mode of proof in trials at law in the federal courts, it would seem that the interrogatories are inadmissible here.

\* \* \*

It is further contended by the plaintiff that the interrogatories in question are admissible as a statutory substitute for a bill of discovery in aid of an action at law, and are thus brought within the provision of section 914 of the Revised Statutes. This view of the Massachusetts interrogatories was taken by the circuit court for this district in *Bryant v. Leyland*, 6 Fed. 125. We think the contention unsound. The Supreme Court has constantly maintained the distinction between the systems of law and equity, and has refused to adopt into the practice of the federal courts any part of the practice of the state courts which confounds the two systems. Moreover, the provisions of section 914 apply only to suits at law in the federal courts, and, in the absence of express language, can hardly be intended to introduce into the practice and procedure of such suits statutory procedure which is in its nature plainly equitable. We find, therefore, that it has been decided by the Supreme Court that, if the statutory interrogatories are to be treated as laying the foundation for a deposition, they are inadmissible in federal practice, because a deposition is not authorized to be taken in such a case by the statutes of the United States; that an examination authorized by state statutes has been excluded on this ground when such examination, though not altogether similar, was yet in most respects similar to the interrogatories in the case at bar, the grounds for the exclusion, as stated by the Supreme Court, being largely applicable to the interrogatories in this case. We find, furthermore, that, if these interrogatories are to be treated, not as questions put to a deponent, but as a statutory substitute for

a bill of discovery, they are excluded as an encroachment upon that control of equity procedure which belongs to the federal courts except when regulated in express terms by an act of congress.

\* \* \*

The plaintiff further contends that, even if the statutory interrogatories be treated as the taking of an ordinary deposition, and hence forbidden by section 861, yet they are permitted by chapter 14 of the Act of 1892 (27 Stat. 7), which permits the taking of depositions in the mode described by the laws of the state in which the courts are held. This position seems to us plainly untenable. The act of 1892, as stated by the learned judge in the circuit court, was intended only to "simplify the practice of taking depositions by providing that the mode of taking in instances authorized by the federal laws might conform to the mode prescribed by the laws of the state in which federal courts were held," and not "to authorize the taking of depositions in instances not heretofore authorized by the federal statutes, and to confer additional rights to obtain proofs by interrogatories addressed to the adverse party in actions at law." For these reasons the exception to the refusal of the judge of the circuit court to default the defendants must be overruled.

**994a. HANKS DENTAL ASSO. v. INTERNATIONAL TOOTH CROWN CO.,**  
194 U. S. 303, 48 L. ed. 939, 21 Sup. Ct. 700.

In short, the courts of the United States are not given discretion to take depositions not authorized by Federal law, but, in respect of depositions thereby authorized to be taken, they may follow the Federal practice in the manner of taking, or that provided by the state law.

**995. TYLER v. BOSTON,** 74 U. S. 327, 19 L. ed. 93.

It is said properly, that, whether one compound of given proportions is substantially the same as another compound varying in the proportions—whether they are substantially the same or substantially different—is a question of fact and for the jury.

**996. WOODBURY PLANING MACH. CO. v. KEITH,** 101 U. S. 479, 25 L. ed. 939.

An objection to the examination of a witness should state specifically the ground of the objection, in order that the opposite party may have the opportunity of removing it, if possible.

\* \* \*

Anson and Cole were both examined and testified, without any objection to their competency because of want of notice.

Hence it is too late to object to their testimony now. Had objection been taken at the time, the answer might have been amended.

**997. RODWELL SIGN CO. v. TUCHFARBER CO.,** 127 Fed. 138, 62 C. C. A. 252.

That no two of these witnesses testify as to the same identical plate, and that none of these old plates [is] produced, is urged as ground upon which we should hold the anticipation not proven. We are not unmindful of the liability to mistake in oral evidence of an anticipation, and of the rule which requires that the evidence relied upon to overthrow the presumption of novelty should be of the most cogent character. *Deering v. Winona Harvester Works*, 155 U. S. 286, 300, 39 L. ed. 153; *American Roll Paper Co. v. Weston*, 59 Fed. 147, 8 C. C. A. 56. Nevertheless we cannot escape the conviction that this method of making door name-plates is established as convincingly as any such fact can be established where the original article is not produced. So far as we can see, the witnesses are without bias or incentive to color their evidence. The probability of mistake is reduced to a minimum by the very simple character of the subject about which they testify. The case is therefore quite exceptional, and, if the evidence does in fact produce conviction beyond all reasonable doubt, we are unadvised of any rule which denies to it legal effect in any class of case, criminal or civil.

**998. CROWN CORK, ETC., CO. v. ALUMINUM STOPPER CO.,** 108 Fed. 845, 48 C. C. A. 72.

The burden is upon the defendant, in a case like this, to prove want of utility. He must show either that it is theoretically impossible for such a device to operate, or demonstrate by clear proof that a person skilled in the art to which the invention pertains has endeavored in good faith to make the patent work, and has been unable to do so; and it follows that such evidence is overthrown, or will be overthrown, if it is demonstrated by practical experiments of credible persons that they have succeeded in producing by the patent process the results claimed by the patent.

**999. BATES v. COE,** 98 U. S. 31, 25 L. ed. 68.

Neither the defendant in an action at law nor a respondent in an equity suit can be permitted to prove that the invention described in the prior patent, or the invention described in the printed publication, was made prior to the date of such patent or printed publication, for the reason that the patent or publication

can only have the effect as evidence that is given to the same by the Act of Congress. Unlike that, the presumption in respect to the invention described in the patent in suit, if it is accompanied by the application for the same, is that it was made at the time the application was filed; and the complainant or plaintiff may, if he can, introduce proof to show that it was made at a much earlier date.

\* \* \*

Evidence to sustain the second defense is sufficient, if the patent introduced for the purpose, whether foreign or domestic, was duly issued or the complete description of the invention was published in some printed publication prior to the patented invention in suit; and the patent offered in evidence or the printed publication will be held to be prior, if it is of prior date to the patent in suit, unless the patent in suit is accompanied by the application for the same, or unless the complainant introduces parol proof to show that his invention was actually made prior to the date of the patent or prior to the time the application was filed.

1000. JONES v. CYPHERS, 126 Fed. 753, 62 C. C. A. 21.

These two patents were not set up in the answer, and cannot, therefore, be availed of as an anticipation to invalidate the claim upon the ground of want of novelty. *Grier v. Wilt*, 120 U. S. 429, 30 L. ed. 712. But they are admissible in evidence as showing the state of the prior art; and when the court, advised as to the prior art, reaches the conclusion that the improvement on such prior art described in the patent sued on did not embody or require invention, and was not patentable, it is the duty of the court to dismiss the cause on that ground. "The question whether the invention which is the subject-matter in controversy is patentable, or not, is always open to the consideration of the court, whether the point is raised by answer or not."

1001. SCOTT v. LAZELL, 160 Fed. 472, 87 C. C. A. 456.

The complainant introduced "Complainant's Exhibit Scott Bustle," the counsel for the respective parties having previously agreed "that the same is a fair specimen of the device of the patent in suit." \* \* \* This is, in effect, an admission that the bustle purchased of defendant's is substantially identical with the one made under the patent, or, in other words, it is an admission of infringement. However, as counsel for the defendants insist that the stipulation of April 24th was made inadvertently and under a misapprehension of the facts, we think the defendants should not be foreclosed thereby.

**1002. CARNEGIE STEEL COMPANY v. CAMBRIA IRON COMPANY,**  
185 U. S. 403, 46 L. ed. 969.

But while the stipulation is undoubtedly admissible in evidence it ought not to be used as a pitfall, and where the facts subsequently developed show, with respect to a particular matter, that it was inadvertently signed, we think that, upon giving notice in sufficient time to prevent prejudice to the opposite party, counsel may repudiate any fact inadvertently incorporated therein. This practice has been frequently upheld in this and other courts. *The Hiram*, 1 Wheat. 440, 4 L. ed. 131; *Hurt v. Hollingsworth*, 100 U. S. 100, 103, 25 L. ed. 569, 570; *Malin v. Kinney*, 1 Cal. 117; *Barry v. New York Mut. L. Ins. Co.*, 53 N. Y. 536.

**1003. KEASBEY, ETC., CO. v. AMERICAN MAGNESIA, ETC., CO.,** 143 Fed. 490, 74 C. C. A. 510.

When the question was again asked, but limited to Mr. Keasbey, he answered "To the best of my knowledge and recollection, he never did!" This will not do as an answer to the unequivocal testimony of Keasbey.

**1004. WINANS v. NEW YORK, ETC., R. CO.,** 21 How. (U. S.) 88, 16 L. ed. 68.

Experts may be examined to explain terms of art, and the state of the art, at any given time. They may explain to the court and jury the machines, models or drawings exhibited. They may point out the difference or identity of the mechanical devices involved in their construction. The maxim of "*cuique in sua arte credendum*" permits them to be examined to questions of art or science peculiar to their trade or profession; but professors or mechanics cannot be received to prove to the court or jury what is the proper or legal construction of any instrument of writing. A judge may obtain information from them, if he desire it, on matters which he does not clearly comprehend, but cannot be compelled to receive their opinions as matter of evidence.

**1005. NORTON v. JENSEN,** 49 Fed. 859, 1 C. C. A. 452.

Expert testimony is admissible to explain the several drawings, models, and machines that are exhibited upon the trial, their operation, purpose, and effect, and the differences which exist in the various devices involved in their construction. The opinion of an expert is, in certain cases, admissible in evidence, but it is not conclusive upon the courts. It is to be considered as the judgment and opinion of a person who has had extensive practice, education and knowledge in relation to the particular



subject upon which his testimony is given. If the reasons given by the expert witness are deemed reasonable and satisfactory, the court may adopt them, but, if they are unsatisfactory, the court will discard the testimony, and act upon its own knowledge and judgment.

1006. IDEAL STOPPER CO. v. CROWN CORK, ETC., CO., 131 Fed. 244, 65 C. C. A. 436.

Unhappily we cannot accept without reservation the opinions of the experts who have been examined as witnesses, for they are necessarily partisans of the side calling them, and essentially advocates, and their opinions are contradictory, and tend to perplex, instead of elucidating, although they appear to be gentlemen of great ability and deserved eminence.

1006a. IN RE ROBERT GAIR CO., 196 Fed. 492 (C. C. A., First Circuit).

The doubts of Judge Lacombe in *Arnold v. Chesebrough* (C. C.) 35 Fed. 16, as to appointing an examiner to take testimony outside of the district of the court having jurisdiction of the case have become obsolete, and are fully met by the opinion of the Circuit Court of Appeals for the Second Circuit in *White v. Toledo Company*, 79 Fed. 133, 24 C. C. A. 467. That establishes the proposition that the appointment of an examiner out of the district is fully supported by section 868 of the Revised Statutes (U. S. Comp. St. 1901, p. 664) therein referred to. This seems to require that the witness should be named. Whether the witness was named in the case in the Second Circuit is not clear.

Also, *McClellan v. Carland*, 217 U. S. 268, 30 Sup. Ct. 501, 54 L. ed. 762, has so far broadened out the prior decisions as to the jurisdiction of Circuit Courts of Appeals over writs of mandamus that apparently, as the present topic might have ripened into matters which would clearly be appealable to the Circuit Court of Appeals, mandamus might lie.

The fundamental difficulty is that the petition in this case shows that the examination was being conducted by consent of the parties, and that there was no commission as required by the Revised Statutes. They require that a commission should have been issued by the court for the taking of the testimony of the witness involved, and provide that thereupon a subpoena might be issued by the clerk of the federal court of the district where the witness was to be examined. It does not appear here that any subpoena was issued, or that there was anything more than an agreement that an order might be entered appointing a special examiner nunc pro tunc. All this might be sufficient, ordinarily, to enable the court where a case is pending to control a witness after he has appeared voluntarily before it; but in the present case it is clearly a condi-

tion precedent that the statute should be strictly complied with. So far as we can see, the only remedy the petitioner has is to induce the court, if it can, to refuse to allow the deposition to be used on the ground of the refusal of the witness to submit to a full cross-examination, though as to that we express no opinion.

**1007. REEDY v. SCOTT**, 90 U. S. 352, 23 L. ed. 109.

Nothing is exhibited in the record to show that the arbitrator erred in the construction of the patent, and if he did not and his finding as to the character of the machine manufactured by the respondent is correct, it is settled law that his decision is correct.

**1008. BRADLEY v. ECCLES**, 139 Fed. 447, 71 C. C. A. 291.

There are some elementary details of everyday domestic mechanics of which a court will take judicial notice. No sworn testimony is needed to inform it that the use of leather washers to relieve friction, prevent rattling, secure even pressure, and avoid wear and tear between metal surfaces, has been the common property not only of mechanics, but of all persons possessing ordinary intelligence, for many generations.

**1009. OSGOOD DREDGE CO. v. METROPOLITAN DREDGING CO.**, 75 Fed. 670, 21 C. C. A. 491.

It is a thoroughly well settled principle of patent law that in clear cases the court may, of its own motion, adjudge a patent invalid, even if its validity is not set up by the alleged infringer.

**1010. SLAWSON v. GRAND STREET R. R. CO.**, 107 U. S. 649, 27 L. ed. 576, 2 Sup. Ct. 663.

We think the practice thus sanctioned is not unfair or unjust to complainants in suits brought on letters patent. If letters patent are void because the device or contrivance described therein is not patentable, it is the duty of the court to dismiss the cause on that ground, whether the defense be made or not. It would ill become a court of equity to render money decrees in favor of a complainant for the infringement of a patent which the court could see was void on its face for want of invention. Every suitor in a cause founded on letters patent should, therefore, understand that the question whether his invention is patentable or not is always open to the consideration of the court, whether the point is raised by the answer or not.

**1011. PARSONS v. SEELYE, 100 Fed. 452, 40 C. C. A. 484.**

The state of the art, under many circumstances, is a matter of which the court can take judicial notice, especially in equity suits, where the court exercises the privileges of a jury as well as of judges sitting to determine questions of law. \* \* \* It is also true there may be, with reference to a particular subject-matter, such a mass of patents, covering so long a period, that they may be taken to have become part of the common knowledge which the court shares. So, also, a mass of patents, continued for a long period, may so clearly indicate such a state of the art as to be sufficient to invalidate a patent precisely as the common state of the practical arts existing throughout the community may invalidate it. Of course under such circumstances, in neither the one case nor the other need the defense be specially pleaded under the statute.

This court has several times said that it cannot assume to take notice of special facts, within a limited and peculiar field, like that which the appellee seeks to bring to our attention. \* \* \* It is plain that the state of the art of which the court may take judicial notice, and as to which it can be assisted by the statements of the parties or their counsel, without proofs furnished in accordance with the rules of law, is matter of general knowledge, and such judicial notice cannot extend to a single patent, relating to a particular fact in a limited art.

**1012. RUMFORD CHEMICAL WORKS v. HYGIENIC CHEMICAL CO., 159 Fed. 436, 86 C. C. A. 416.**

If there were any doubt as to what those questions are, we could take judicial notice of the records of our own court for the purpose of informing ourselves.

**1013. BROWN v. PIPER, 91 U. S. 37, 23 L. ed. 200.**

Of private and special facts, in trials in equity and at law, the court or jury, as the case may be, is bound carefully to exclude the influence of all previous knowledge.

**1014. AMERICAN CARAMEL CO. v. MILLS BROS., 162 Fed. 147, 89 C. C. A. 171.**

As a result of a neglect to mark, or to notify the defendants in the absence of it, damages are denied by the statute; the infringement being otherwise presumptively innocent. An issue being made by the answer, a compliance with the statute is required to be affirmatively shown in order to lay ground for an account. \* \* \* It is immaterial that in the present instance the complainants neither license nor sell their machines, reserv-

ing the benefit of the patent for the advantage of their own business. The fact still remains that without notice, either direct or constructive, the defendants are entitled to be regarded as acting innocently, and so not liable to damages, by the express provision of the statute.

**1015. MAIMEN v. UNION SPECIAL MACH. CO.,** 165 Fed. 440, 91 C. C. A. 384.

There is no evidence in the record which shows or tends to show any actual or constructive notice to the defendant of the patent in suit prior to the filing of the bill of complaint. Under circumstances like these, however, an accounting of profits and damages subsequent to the date of filing of the bill was allowed by this court in *American Caramel Co. v. Thomas Mills & Bro.*, (C. C. A.) 162 Fed. 147. The mandate in that case, by implication at least, clearly permitted such an accounting, and we have not been referred to any controlling authority to the contrary. Turning to the statute upon this point (R. S. 4900), \* \* \* this goes no further than to prohibit the recovery of damages without proof of notice. It prescribes no particular form of notice or any particular time for the accounting. To permit an accounting, therefore, after notice given by the filing of the bill, if the complainant shall establish his right thereto, does not contravene the statute, since, notwithstanding such notice, the complainant can recover no damages unless it affirmatively shows infringement after notice.

As the proofs now stand, the complainant can recover no damages; but if he shall be able to show infringement after the bill was filed, we see no reason why it should not be permitted to do so, and to recover the amount so shown, and in this suit. \* \* \* If the complainant's proofs, when taken, shall not affirmatively disclose infringement subsequent to the filing of the bill, it will be mulcted with costs, and the defendant will not have been injured.

A petition was filed asking leave to file the amended and supplemental bill. Notice was given. A day was fixed for the hearing, and full discussion was had. \* \* \* We see no abuse of discretion in the court.

**1016. BOSTON, ETC., ST. RY. CO. v. BEMIS CAR-BOX CO.,** 98 Fed. 121, 38 C. C. A. 661.

The question has been made whether, ordinarily, equity requires that a bill of review should be permitted to be filed on a new issue which might have been presented in the principal cause, but was not. On general principles, it would seem that there would be no equity in this behalf; unless in very exception-

al cases. \* \* \* Nevertheless the later authorities do not permit a formulated rule of this character; and, as no fixed formula can ever be laid down, limiting equity as to relief against error, fraud, or misfortune, all that can be said in this behalf is that, under some circumstances, the fact that a petitioner for review was originally contented to rest his case on certain issues ought to bar him from calling on equity to aid him to present new issues after he has been defeated as the result of protracted litigation in the principal cause.

\* \* \*

With reference to the nature and degree of diligence which must be shown in a petition of this character, Lord Bacon's rule \* \* \* requires that the new proof "could not possibly have been used at the time when the decree was passed." Story, Eq. Pl. (10th ed.) § 414, says that it must be such as the party, by the use of reasonable diligence, could not have known. The necessity of enforcing this rule strictly, with reference to anticipatory matter, was stated in *re Gamewell Fire-Alarm Tel. Co.* already cited; and the new defense now sought to be raised is of the same family.

\* \* \*

The record shows that not until after the patent had been long contested did the real defendant, the Brill Company, make any effort to discover prior use where it would be most likely to be found. When defendant did go to the residence of the inventor at the time he obtained his patent, it only required a single day to at once discover substantially all of the material evidence presented on the petition. It was held that in view of this fact, and in view of the fact that defendant was dealing with the railroad companies, constantly, by whom such prior use would have been had, presented a case where due diligence was palpably wanting.

1017. *MORTON TRUST CO v. AMERICAN CAR, ETC., CO.*, 129 Fed. 916, 64 C. C. A. 367. (Third Circuit).

In some rare instances where the cases seem to have been exceptional, the plaintiff in an infringement suit has been required to specify in limine the claims relied on, but there is no such precedent in this circuit for such an order. Applications therefor were denied by the Circuit Court for the Eastern District of Pennsylvania in *Johnson v. Columbia Phonograph Co.* and *Johnson v. National Graphophone Co.*, 106 Fed. 319.

1018. *WOODMANSEE, ETC., MFG. CO. v. WILLIAMS*, 68 Fed. 489, 15 C. C. A. 520.

Laches is a defense which may be made by demurrer, or by plea, or by answer, or presented by argument, either upon a preliminary or final hearing.

**1019.** ADAM v. FOLGER, 120 Fed. 260, 56 C. C. A. 540.

We do not regard a bill multifarious which seeks to enjoin an unauthorized person from using a patented article, and also from using the generic name of the latter.

**1020.** BISSELL CARPET SWEEPER CO. v. GOSHEN SWEEPER CO., 72 Fed. 545, 19 C. C. A. 25.

It follows, therefore, that if the court finds it essential to pass upon the merits of the case in order to determine the propriety of the injunction, and in no way reserves to the lower court a right to review or re-examine the grounds upon which it had originally proceeded, the decision of this court becomes the law of the case.

**1021.** EX PARTE NATIONAL ENAMELING, ETC., CO., 201 U. S. 156, 50 L. ed. 707, 26 Sup. Ct. 404.

If an injunction is granted by an interlocutory order and the order is taken on appeal to the circuit court of appeals, and that court is of opinion that the patent is, on its face, absolutely void, it would be a waste of time and an unnecessary continuance of litigation to simply enter an order setting aside the injunction and remanding the case for further proceedings. The direct and obvious way is to order a dismissal of the case, and thus end the litigation.

**1022.** BRILL v. PECKHAM MOTOR TRUCK, ETC., CO., 108 Fed. 267, 47 C. C. A. 315.

The case is one in which it is apparent that the complainant cannot ultimately prevail, and following the practice sanctioned by *Mast, Foos & Co. v. Stover Mfg. Co.*, 177 U. S. 485, 44 L. ed. 856, one in which the bill should be dismissed.

**1023.** BERLINER GRAMOPHONE CO. v. SEAMAN, 113 Fed. 750, 51 C. C. A. 440.

Under Act Cong. June 6, 1900 (31 Stat. 660) this court no longer can entertain an appeal from an interlocutory decree refusing to dissolve an injunction.

**1024.** EX PARTE NATIONAL ENAMELING, ETC., CO., 201 U. S. 156, 50 L. ed. 707, 26 Sup. Ct. 404.

It will be noticed that the appeal is allowed from an interlocutory order or decree granting or continuing an injunction, that it must be taken within thirty days, that it is given precedence in the appellate court, that the other proceedings in the

lower court are not to be stayed, and that the lower court may require an additional bond. Obviously that which is contemplated is a review of the interlocutory order, and of that only. It was not intended that the cause as a whole should be transferred to the appellate court prior to the final decree. The case, except for the hearing on the appeal from the interlocutory order, is to proceed in the lower court as though no such appeal had been taken, unless otherwise specially ordered.

**1025. THOMSON-HOUSTON ELECTRIC CO. v. OHIO BRASS CO.,** 80 Fed. 712, 26 C. C. A. 107.

It is well settled that on appeals like this, this court will ordinarily look into the case merely to see whether the discretion of the court below in issuing or withholding the order of preliminary injunction has been abused; and that only in exceptional cases, in which a controlling question of law may be as fully and fairly considered as upon a final hearing, and the court has no doubt upon it, will it finally dispose of the injunction and the case on a hearing like this.

**1026. KISSINGER-ISON v. BRADFORD BELTING CO.,** 123 Fed. 91, 59, C. C. A. 221.

That a searcher was sent to examine the Patent Office for the purpose of obtaining all matter which was material to the defense of want of patentable novelty, and that this searcher did not come across these particular patents, is not such extraordinary circumstance as would justify the review of a decree sustaining the validity of a patent. Such evidence is of a cumulative character. These patents were public records, and accessible if the search had been sufficiently diligent. The discovery of other patents bearing upon the question of anticipation should not be made the basis for a bill of review, in the absence of some very particular circumstance.

**1027. JOHNSON v. FOOS MFG. CO.,** 141 Fed. 73, 72 C. C. A. 105.

It is immaterial that pending the litigation there has been no further infringement. Whether there has been or not is only a matter for consideration if an accounting for damages shall be ordered. They have never put upon the record their purpose not to duplicate the device which they did make, nor contradicted the evidence that they intended to make and sell such devices. The assertion of a right to make the devices complained of as an infringement, in the absence of a very express denial of a purpose to exercise the right claimed, justifies the presumption that further infringement is to be apprehended if that device shall prove to be an infringement. *Cayuta Wheel Co. v. Kennedy Valve Co.*, (C. C.) 127 Fed. 355; *Westinghouse Machine*

Co. v. Press Pub. Co., (C. C.) 127 Fed. 822, 827; Potter v. Crowel, Fed. Cas. 11,323. The case is distinguished from that of Globe-Wernicke Co. v. Brown & Besley, 121 Fed. 97, 57 C. C. A. 434, in the fact that an intention to continue to make and sell the devices complained of was avowed before suit was brought, and is not disavowed upon the record.

**1028. DEERE, ETC., CO. v. DOWAGIAC MFG. CO.,** 153 Fed. 177, 82 C. C. A. 351.

Does the allegation in the answer that defendant does not intend to infringe any more prevent the granting of injunctive relief? \* \* \* When after some infringement and after conduct disclosing danger of a continued or renewed infringement a patentee finds it necessary to incur the expense of bringing a bill to protect his rights, he is entitled to all the remedies which the law affords him, and among them is a final adjudication of his rights and a permanent and effective injunction against further infringement, and he should not be driven from the court to which he has rightfully resorted with a mere promise by the offender of better conduct in the future.



## PART XVI.

### ACTIONS AT LAW—DAMAGES.

[For fuller review of the relation of profits and damages, and equity procedure, see Part XVII.]

#### STATUTES.

##### Suits for Infringement—Damages.

Sec. 1029. Damages for the infringement of any patent may be recovered by action on the case, in the name of the party interested either as patentee, assignee, or grantee. And whenever in any such action a verdict is rendered for the plaintiff, the court may enter judgment thereon for any sum above the amount found by the verdict as the actual damages sustained, according to the circumstances of the case, not exceeding three times the amount of such verdict, together with the costs.

Sec. 721. [Laws of the states, rules of decision.] The law of the several states, except where the constitution, treaties, or statutes of the United States require or provide, shall be regarded as rules of decisions in trials at common law, in the courts of the United States in cases where they apply.

#### ["Conformity Act."]

Sec. 914. [Practice and proceedings in other than equity and admiralty causes.] The practice, pleadings, and forms and modes of proceeding in civil causes, other than equity or admiralty causes, in the circuit and district courts, shall conform, as near as may be, to the practice, pleadings and forms and modes of proceeding existing at the time in like causes in the courts of record of the state within which said circuit or district courts are held, any rule of court to the contrary notwithstanding.

1030. *BIRDSALL v. COOLIDGE*, 93 U. S. 64, 23 L. ed. 803 (1876).

Mr. Justice Clifford, J.:

Juries, in an action at law for the infringement of a patent, are required to find the actual damages sustained by the plaintiff in consequence of the unlawful acts of the defendant. Power is given to the court, in such a case, to enter judgment for any sum above the amount of the verdict, not exceeding three times

the amount of the same, together with costs; but the jury are strictly limited in their finding to the actual damages which the plaintiff has sustained by the infringement. 16 Stat. 207, 5 id. 123; R. S. sec. 4914, p. 960.

Damages are given as a compensation, recompense, or satisfaction to the plaintiff, for an injury actually received by him from the defendant. Compensatory damages and actual damages mean the same thing; that is, that the damages shall be the result of the injury alleged and proved, and that the amount awarded shall be precisely commensurate with the injury suffered, neither more nor less, whether the injury be to the person or estate of the complaining party. 2 Greenl. Ev. (10th ed.) sec. 253. \* \* \*

Reference to the specification will show that the patented improvement is called a new and improved gold and silver amalgamator and pulverizer, and that the object of the invention, as stated by the patentee, is to obtain a device of simple construction, which will cause a thorough incorporation of the quicksilver with the pulp containing the metal, so as to insure a perfect amalgamation of the latter. Mechanically considered, the invention consists in the arrangement of spiral ribs on the periphery of the rotary muller, and spiral ribs reversed on the inner side of the pan, to operate in connection with curved grooves on the face or under side of the muller, and curved grooves reversed in the bottom of the pan, for the purpose explained.

These explanations are the same as those given in the specification; and the patentee also states, that the invention consists in the manner of connecting the muller to its shaft by a universal joint, so as to insure its parallelism with the bottom of the pan, and in the employment or use of curved plates, which are placed in the pan just above the muller, and arranged in such a manner as to be capable of being adjusted higher or lower, as set forth in the specification.

Two of the claims of the patent—to wit, the first and second—are omitted, as the plaintiff admits that those claims have not been infringed by the defendants. What he charges is, that they have infringed the third claim, which is as follows: "In combination with the muller and pan, the curved plates supported at their outer ends on slides, and at their inner ends in a frame, which is supported on the upper end of the shaft in such a manner that the plates will follow any adjustment of the muller, and thus bear the same relation to it, whether in its highest or lowest working position."

Viewed in the light of these suggestions, it is clear that the charge of infringement has respect chiefly to the curved plates supported, as explained, when used in combination with the muller and pan.

Subsequently the parties went to trial; and the verdict and judgment were for the plaintiff, in the sum of \$2,266.66, with costs of suit. Exceptions were duly filed by the defendants, and they sued out the present writ of error.

By the bill of exceptions, it appears that the plaintiff introduced his patent in evidence, together with a model of the patented machine for amalgamating gold and silver, and gave testimony tending to show that the defendants purchased twenty amalgamating pans, which contained wings or curved plates of iron twelve inches wide and fourteen inches long, fastened at one end to the inner side of the rim of the pans in a vertical position, in such a manner that they could be raised or depressed by sliding up or down in a groove or fastening, and could be adjusted at different heights, and extending lengthways towards the center of the pans, which were a little more than four feet in diameter.

Wings of the kind, however, were used in only sixteen of the pans for a few weeks after the defendants commenced to use the pans for amalgamating purposes; and the defendants testified that the wings were useless, and even detrimental, for working over old tailings, which was the work on which they were engaged, for the reason that such material does not require further grinding or pulverization; that, finding the wings useless or detrimental, they took them out of the sixteen pans, and sold them for old iron.

They also gave evidence tending to show, that, when they used the mill as a quartz-mill, they used the wings in sixteen only of the pans, but that when they commenced to work what are called "tailings," they took out the wings, because they found them to be detrimental or useless; and the bill of exceptions also states that the defendants took the wings out of four of the pans before they used them at all, and only used the wings in some of the other pans for a short time, and that they did not use any of them more than six weeks; which is all the evidence introduced to show the extent of the infringement.

Wide differences of opinion existed between the parties as to the rule of damages in such a case; and, to aid in the solution of that question, the plaintiff introduced testimony tending to show that the decedent in his lifetime allowed manufacturers to make and sell the invention for a royalty of \$100 for a machine containing only the same combination as that used by the defendants, and proved that he, the plaintiff, had sold royalties to a large amount at the same rate.

Questions of various kinds, other than those relating to the measure of damages, are also presented in the bill of exceptions; but the court here, in the view taken of the case, do not find it necessary to decide any other in this investigation.

Instructions as to the measure of damages were given by the court to the jury, in substance and effect as follows: That when a person, without license, appropriates the patented invention of another, the measure of damages, if a royalty has been established, is the regular royalty paid by purchasers and licensees; that, if the jury find for the plaintiff, the damages will be the royalty which the plaintiff established for that part of the invention used by the defendants; that, if the royalty paid for that part of the invention is \$100, then the jury will allow \$100 on each pan used by the defendants, and interest on that sum, at ten per cent. per annum, for the time of the appropriation, which is the rate of interest allowed in that State.

Under those instructions the jury returned a verdict for the plaintiff in the sum of \$2,266.66, as appears by the record. Seasonable exception was taken to the instructions by the defendants, and that instruction presents the only question which the court deems it necessary to decide in disposing of the case.

Controversies and cases arising under the patent laws are originally cognizable, as well in equity as at law, by the circuit courts, or by any district court having circuit powers. Prior to the passage of the act of the 8th of July, 1870, two remedies were open to the owner of a patent whose rights had been infringed, and he had his election between the two; he might proceed in equity and recover the gains and profits which the infringer had made by the unlawful use of his invention, the infringer in such a suit being regarded as the trustee of the owner of the patent as respects such gains and profits; or the owner of the patent might sue at law, in which case he would be entitled to recover, as damages, compensation for the pecuniary injury he suffered by the infringement, without regard to the question whether the defendant had gained or lost by his unlawful acts—the measure of damages in such case being not what the defendants had gained, but what the plaintiff had lost. Curtis on Pat. (4th ed.) 461; 5 Stat. 123.

Where the suit is at law, the measure of damages remains unchanged to the present time, the rule still being, that the verdict of the jury must be for the actual damages sustained by the plaintiff, subject to the right of the court to enter judgment thereon for any sum above the verdict, not exceeding three times that amount, together with costs. 16 Stat. 207.

Damages of a compensatory character may also be allowed to the complainant suing in equity, in certain cases, where the gains and profits made by the respondent are clearly not sufficient to compensate the complainant for the injury sustained by the unlawful violation of the exclusive right secured to him by the patent. Gains and profits are still the proper measure

of damages in equity suits, except in cases where the injury sustained by the infringement is plainly greater than the aggregate of what was made by the respondent; in which event the provision is, that the complainant "shall be entitled to recover, in addition to the profits to be accounted for by the respondent, the damages he has sustained thereby."

Cases occurred under the prior patent act where manifest injustice was done to the complainant in equity suits, by withholding from him a just compensation for the injury he sustained by the unlawful invasion of his exclusive rights, even when the final decree gave him all that the law allowed. Examples of the kind may be mentioned where the business of the infringer was so improvidently conducted that it did not yield any substantial profits, and cases where the products of the patented improvements were sold greatly below their just and market value, in order to compel the owner of the patent, his assignees and licensees, to abandon the manufacture of the patented product.

Courts could not, under that act, augment the allowance made by the final decree, as in the case of the verdict of a jury; but the present patent act provides that the court shall have the same powers to increase the decree, in its discretion, that are given by the act to increase the damages found by verdicts in actions at law. Such difficulties could never arise in an action at law, nor can it now, as both the prior and the present patent act authorize the court to enter judgment on the verdict of the jury for any sum above the verdict, not exceeding three times that amount. No discretion is vested in the jury; but they are required to find the actual damages, under proper instructions from the court.

Still, it is obvious that there cannot be any one rule of damages prescribed which will apply in all cases, even where it is conceded that the finding must be limited to actual damages. Frequent cases arise where proof of an established royalty furnishes a pretty safe guide both for the instructions of the court and the finding of the jury. Reported cases of undoubted authority may be referred to which support that proposition; and yet it is believed to be good law, that the rule cannot be applied without qualification, where the patented improvement has been used only to a limited extent and for a short time, but that in such a case the jury should find less than the amount of the license fee; and it is admitted in several cases that the circumstances may be such that the finding should be larger than the royalty. *Seymour v. McCormick*, 16 How. 490; *Livingston v. Woodworth*, 15 id. 560; *Dean v. Mason*, 20 id. 203; *Curtis on Pat.* (4th ed.) 459.

Evidence of an established royalty will undoubtedly furnish the true measure of damages in an action at law, where the unlawful acts consist in making and selling the patented improvement, or in the extensive and protracted use of the same, without palliation or excuse; but where the use is a limited one and for a brief period, as in the case before the court, it is error to apply that rule arbitrarily and without any qualification. *Packet Co. v. Sickles*, 19 Wall. 617; *Burdell et al. v. Denig et al.*, 92 U. S. 716; *Suffolk Co. v. Hayden*, 3 Wall. 320.

Four of the pans in this case were used throughout without wings, and wings in most of the others were used only for a short time, and in none of the pans for more than six weeks.

Under these circumstances, it was error to charge the jury, that, if they found any damages, they must find the amount of the royalty for each pan so used, as that was instructing the jury in effect that they must find \$100 for each pan, which is plainly more than the actual damages proved by the evidence. Actual damage is the statute rule; and, whenever the royalty plainly exceeds the rule prescribed by the Patent Act, the finding should be reduced to the statute rule. Judgment reversed, and cause remanded with directions to issue a venire de novo.

1031. *BURDELL v. DENIG*, 92 U. S. 716, 23 L. ed. 764 (1875).\* \* \*

Mr. Justice Miller delivered the opinion of the court.

The plaintiffs in error were plaintiffs in the Circuit Court in an action for an infringement of the patent of A. B. Wilson, for a feeding device in sewing-machines. They recovered a judgment for one hundred and twenty-five dollars, but insist that they were entitled to a much larger judgment, of which they were deprived by the rulings of the court in the progress of the trial.

The objections to these rulings will be considered by us under three heads, to which all the assignments of error relate.

1. As to the measure of damages.

Evidence was given tending to prove that plaintiffs had advertised to sell their machines, and had actually sold a shop-right to use one of them for twelve dollars and fifty cents, and had given a verbal license to another person to use an old machine in his house for five dollars, but afterwards refused to sell or license for Franklin County, and told defendants they desired to retain the use of the machine as a close monopoly. Evidence had also been given as to profits made by defendants. On this testimony they asked the court to instruct the jury that "this testimony was not sufficient to change the rule of damages from the profits which plaintiffs would have made if they had not been embarrassed by the interference of the defendants, to

a mere license-price, because they do not establish a customary charge for the right to use the invention in Franklin County," which the court refused.

There are two sufficient objections to this prayer—

First, In cases where profits are the proper measure, it is the profits which the infringer makes, or ought to make, which govern, and not the profits which plaintiff can show that he might have made.

Second, Profits are not the primary or true criterion of damages for infringement in an action at law. That rule applies eminently and mainly to cases in equity, and is based upon the idea that the infringer shall be converted into a trustee, as to those profits, for the owner of the patent which he infringes—a principle which it is very difficult to apply in a trial before a jury, but quite appropriate on a reference to a master, who can examine defendant's books and papers, and examine him on oath, as well as all his clerks and employes.

On the other hand, we have repeatedly held that sales of licenses of machines, or of a royalty established, constitute the primary and true criterion of damages in the action at law.

No doubt, in the absence of satisfactory evidence of either class in the forum to which it is most appropriate, the other may be resorted to as one of the elements on which the damages or the compensation may be ascertained; but it cannot be admitted, as the prayer which was refused implies, that in an action at law the profits which the other party might have made is the primary or controlling measure of damages. *Packet Company v. Sickles*, 19 Wall. (U. S.) 617. \* \* \*

1031a. SEYMOUR v. McCORMICK, 16 Howard (U. S.) 480, 14 L. ed. 1024 (1853).

Experience has shown the very great injustice of a horizontal rule equally affecting all cases, without regard to their peculiar merits. The defendant who acted in ignorance or good faith, claiming under a junior patent, was made liable to the same penalty with the wanton and malicious pirate. This rule was manifestly unjust. For there is no good reason why taking a man's property in an invention should be trebly punished, while the measure of damages as to other property is single and actual damages. It is true, where the injury is wanton or malicious, a jury may inflict vindictive or exemplary damages, not to recompense the plaintiff, but to punish the defendant.

In order to obviate this injustice, the patent act of 1836 confines the jury to the assessment of "actual damages." The power to inflict vindictive or punitive damages is committed to the discretion and judgment of the court within the limit of trebling the actual damages found by the jury.

It must be apparent to the most superficial observer of the immense variety of patents issued every day, that there cannot, in the nature of things, be any one rule of damages which will equally apply to all cases. The mode of ascertaining actual damages must necessarily depend on the peculiar nature of the monopoly granted. A man who invents or discovers a new composition of matter, such as vulcanized India rubber, or a valuable medicine, may find his profit to consist in a close monopoly, forbidding any one to compete with him in the market, the patentee being himself able to supply the whole demand at his own price. If he should grant licenses to all who might desire to manufacture his composition, mutual competition might destroy the value of each license. This may be the case, also, where the patentee is the inventor of an entire new machine. If any person could use the invention or discovery by paying what a jury might suppose to be the fair value of a license, it is plain that competition would destroy the whole value of the monopoly. In such cases the profit of the infringer may be the only criterion of the actual damage of the patentee. But one who invents some improvement in the machinery of a mill, could not claim that the profits of the whole mill should be the measure of damages for the use of his improvement. And where the profit of the patentee consists neither in the exclusive use of the thing invented or discovered, nor in the monopoly of making it for others to use, it is evident that this rule could not apply. The case of Stimpson's patent for a turn-out in a railroad may be cited as an example. It was the interest of the patentee that all railroads should use his invention, provided they paid him the price of his license. He could not make his profit by selling it as a complete and separate machine. An infringer of such a patent could not be liable to damages to the amount of the profits of his railroad, nor could the actual damages to the patentee be measured by any known ratio of the profits on the road. The only actual damage which the patentee has suffered in such a case is the non-payment of the price which he has put on his license, with interest, and no more. There may be cases, as where the thing has been used but for a short time, in which the jury should find less than that sum; and there may be cases where, from some peculiar circumstance, the patentee may show actual damage to a larger amount. Of this a jury must judge from the evidence, under instructions from the court that they can find only such damages as have actually been proved to have been sustained. Where an inventor finds it profitable to exercise his monopoly by selling licenses to make or use his improvement, he has himself fixed the average of his actual damage, when his invention has been used without his license. If he claims anything



above that amount, he is bound to substantiate his claim by clear and distinct evidence. When he has himself established the market value of his improvement as separate and distinct from the other machinery with which it is connected, he can have no claim in justice or equity to make the profits of the whole machine the measure of his demand. It is only where, from the peculiar circumstances of the case, no other rule can be found, that the defendant's profits become the criterion of the plaintiff's loss. Actual damages must be actually proved, and can not be assumed as a legal inference from any facts which amount not to actual proof of the fact. What a patentee "would have made, if the infringer had not interfered with his rights," is a question of fact and not "a judgment of law." The question is not what speculatively he may have lost, but what actually he did lose. It is not a "judgment of law" or necessary legal inference, that if all the manufacturers of steam-engines and locomotives, who have built and sold engines with a patented cut-off, or steam whistle, had not made such engines, that therefore all the purchasers of engines would have employed the patentee of the cut-off, or whistle; and that, consequently, such patentee is entitled to all the profits made in the manufacture of such steam-engines by those who may have used his improvement without his license. Such a rule of damages would be better entitled to the epitaph of "speculative," "imaginary," or "fanciful," than that of "actual."

If the measure of damages be the same whether a patent be for an entire machine or for some improvement in some part of it, then it follows that each one who has patented an improvement in any portion of a steam-engine or other complex machine, may recover the whole profits arising from the skill, labor, material, and capital employed in making the whole machine, and the unfortunate mechanic may be compelled to pay treble his whole profits to each of a dozen or more several inventors of some small improvement in the engine he has built. By this doctrine even the smallest part is made equal to the whole, and "actual damages" to the plaintiff may be converted into an unlimited series of penalties on the defendant.

We think, therefore, that it is a very grave error to instruct a jury "that as to the measure of damages, the same rule is to govern, whether the patent covers an entire machine or an improvement on a machine."

It appears, from the evidence in this case, that McCormick sold licenses to use his original patent of 1834 for twenty dollars each. He sold licenses to the defendants to make and vend machines containing all his improvements to any extent for thirty dollars for each machine, or at an average of ten dollars for each of his three patents. The defendants made and sold many hun-

dred machines, and paid that price and no more. They refused to pay for the last three hundred machines, under a belief that the plaintiff was not the original inventor of this last improvement, whereby a seat for the raker was provided on the machine, so that he could ride, and not be compelled to walk as before. Beyond the refusal to pay the usual license price, the plaintiff showed no actual damage. The jury gave a verdict for nearly double the amount demanded for the use of three several patents, in a suit where the defendant was charged with violating one only, and that for an improvement of small importance when compared with the whole machine. This enormous and ruinous verdict is but a corollary or necessary consequence from the instructions given in that portion of the charge of the court on which we have been commenting, and of the doctrines therein asserted, and to which this court can not give their assent or concurrence.

The judgment of the circuit court is reversed, with a venire de novo.

## PART XVII.

### SUITS IN EQUITY.

[For special cases on injunctions, accounting, etc., see corresponding title parts; and for general rules of jurisdiction, practice, pleading, etc., Part XV.]

1032. *ROOT v. RAILWAY CO.*, 105 U. S. 189, 26 L. ed. 975 (1881).

Mr. Justice Mathews delivered the opinion of the court. \* \* \*

The propositions mainly relied upon by the appellee in support of the decree, are—

First. That after the expiration of a patent, equity has no jurisdiction to entertain a bill, merely for an account and the recovery of the profits of an infringer, during its existence, the remedy being at law for damages; and,

Second. That, even if, in certain cases, such a jurisdiction exists, the present does not fall within it.

On the other hand, it is contended on the part of the appellant that, in cases for the enforcement of the rights of patentees, resort may be had, as matter of right, to a court of equity, as a distinct head of its jurisdiction for the mere purpose of establishing an infringement and ascertaining and recovering the profits of the infringer, upon the independent equity that he is for that purpose a trustee of his gains for the use of the true owner of the patent and liable to account as such. In support of this contention, we are referred by his counsel to numerous decisions of the circuit courts, many of which, it is claimed, are directly upon the point, and to several cases in this court, in which, it is alleged, the same doctrine is either virtually decided or assumed; which, it is further argued, though not supported by the modern decisions of the English chancery, is found in its earlier precedents.

An examination of the practice and opinions of the circuit courts undoubtedly shows much diversity, incapable of reconciliation, and makes it necessary, as far as it can be done, by a deliberate judgment of this court, to remove the question out of its present uncertainty, by a settlement upon some basis of principle, in harmony with our system of equity jurisprudence, developed and modified by legislation. To effect this satisfactorily and intelligently, it will be necessary to review the course of legislation, and judicial decision in this court, so far as it bears upon the question, from the beginning.

Prior to the passage of the act of Feb. 15, 1819, c. 19 (3 Stat. 481), Congress had passed three laws, in execution of the power conferred by the constitution itself, and in furtherance of the policy thereby indicated, to secure to inventors an exclusive right of property in their inventions. The first of them, the act of April 10, 1790, chapter 7 (1 Stat. 109), gave as a remedy for its violation an action at law upon the case for damages, and forfeited the infringing article. The next was the act of Feb. 21, 1793, chapter 11 (1 Stat. 318), which fixed the rule and measure of damages recoverable in an action at law upon the act at three times the price at which the patentee had usually sold or licensed to other persons the use of the invention. This was changed by the act of April 17, 1800, chapter 25 (2 Stat. 37), to three times the actual damage sustained by the patentee by reason of the infringement. By neither of these acts, however, was any jurisdiction conferred upon the courts of the United States in equity. In *Livingston v. Van Ingen* (1 Paine 45), Mr. Justice Livingston held that to vest such jurisdiction by reason of the subject-matter, as a case arising under the laws of the United States, to be exercised in controversies between parties, without regard to their citizenship, it required the express authority of an act of Congress; and the parties to that suit being citizens of New York, the bill was dismissed. The controversy was thereupon renewed in the courts of that State; and the Chancellor having refused the injunction asked for, it was brought by appeal into the court for the correction of errors. 9 Johns. (N. Y.) 507. It was there objected that the right in question rested upon statute alone, which prescribed remedies at law for its violation, which, it must be deemed, were intended to be exclusive. But the decision affirmed the jurisdiction. "The principle is," said Kent, C. J. (p. 587), "that statute privileges, no less than common-law rights, when in actual possession and exercise, will not be permitted to be disturbed until the opponent has fairly tried them at law and overthrown their pretension." The same learned judge refers also to the practice of the federal courts in granting injunctions under the patent law, mentioning two instances—one, the case of *Morse v. Reid*, an injunction bill filed in 1796 to restrain the invasion of a copyright; the other, *Whitney v. Fort*, in which an injunction was granted to restrain the violation of the patent for the cotton-gin. Of course, in those cases the jurisdiction of the court depended on the citizenship of the parties.

Congress then passed the act of Feb. 15, 1819, chapter 19, which enacted "that the circuit courts of the United States shall have original cognizance, as well in equity as at law, of all actions, suits, controversies and cases arising under any law of the United States, granting or confirming to authors or inventors the

exclusive right to their respective writings, inventions, and discoveries; and upon any bill in equity, filed by any party aggrieved in any such cases, shall have authority to grant injunctions, according to the course and principles of courts of equity, to prevent the violation of the rights of any authors or inventors secured to them by any law of the United States, on such terms and conditions as the said courts may deem fit and reasonable."

In the case of *Sullivan v. Redfield* (1 Paine 441), which was decided in 1825, Mr. Justice Thompson, who in the *Livingston* case had sat as one of the judges of the State court, had occasion to consider the nature of the equity jurisdiction in patent suits. "The equity jurisdiction," he said, "exercised by the court over patents for inventions is merely in aid of the common law, and in order to give more complete effect to the provisions of the statute under which the patent is granted." And in answer to the argument that the act of 1819 gave a peremptory right to an equitable remedy by virtue of the patent itself, he said: "This act does not enlarge or alter the powers of the court over the subject-matter of the bill or the cause of action. It only extends its jurisdiction to parties not before falling within it. Before this act it had been held that a citizen of one State could not obtain an injunction in the circuit court for a violation of a patent-right against a citizen of the same State, as no act of Congress authorized such suit. This act removed that objection and gave the jurisdiction, although the parties were citizens of the same State. But in the exercise of the jurisdiction in all cases of granting injunctions to prevent the violation of patent-rights the court is to proceed according to the course and principles of courts of equity in such cases. So that the questions presented in the present case are precisely where they would have been without this act."

The substance of the act of 1819 was incorporated into the seventeenth section of the act of July 4, 1836, c. 357 (5 Stat. 117), so far as it related to inventors, but remained in force, after the passage of the latter act, so far as it gave cognizance to the courts of the United States of cases of copyright. It was under that provision of the act of 1819 that the case of *Stevens v. Gladding* arose and was decided. 17 How. 447. That was a bill for an injunction to restrain the violation of a copyright, and prayed for the recovery of the penalties given by the seventh section of the act of Feb. 3, 1831, c. 16, and for general relief. Mr. Justice Curtis, delivering the opinion of the court, said: "There is nothing in this act of 1819 which extends the equity powers of the courts to the adjudication of forfeitures; it being manifestly intended that the jurisdiction therein conferred should be the usual and known jurisdiction exercised by courts of equity for the protection of analogous rights. The prayer of this bill for

the penalties must, therefore, be rejected. The remaining question is whether there ought to be a decree for an account of the profits. The complainant has not prayed for such an account, nor have the defendants stated one in their answer; but the bill does pray for general relief. The right to an account of profits is incident to the right to an injunction in copy and patent right cases," citing *Colburn v. Simms*, 2 Hare 554, 3 Dan. Ch. Pr. 1797. "And this court has held, in *Watts et al. v. Waddle* (6 Pet. 389), that where the bill states a case proper for an account, one may be ordered under the prayer for general relief."

The seventeenth section of the act of 1836 differs from the act of 1819 in one other particular only. It makes the jurisdiction in patent causes of the court of the United States exclusive.

It was under the act of 1836 that the question arose for the first time, in *Livingston v. Woodworth*, 15 How. 546, as to the rule for computing the profits of an infringer, upon a decree for such an account. The bill was for an injunction and account. The validity of the patent and the fact of infringement were both admitted by the defendant, who consented to a decree requiring him to account for and pay over the gains and profits made by him, during the infringement, in accordance with the prayer of the bill. The decree confirmed the report of the master, who awarded, not actual gains and profits, but such as he estimated the defendant might have made by due diligence. It was argued, in support of the decree, that where the court has jurisdiction to give the principal relief sought, it will make a complete decree, and give compensation for the past injury, as in bills for specific performance and injunction bills for waste; and that it was a correct rule to hold the party accountable, as an involuntary trustee, for what the patentee might have realized by the same exercise of the right, as a court of equity sometimes forces the character of a trustee upon an intruder, or wrong-doer, or one in possession under color of right, or who takes rents or profits belonging to another, or might have taken them, as in cases of mortgagees; but it was admitted that the case was of first impression. The decree, upon this point, was reversed. The court said: "We are aware of no rule which converts a court of equity into an instrument for the punishment of simple torts. \* \* \* If the appellees, the plaintiffs below, had sustained an injury to their legal rights, the courts of law were open to them for redress, and in these courts they might, according to a practice which, however doubtful in point of essential right, is now too inveterate to be called in question, have claimed, not compensation merely, but vengeance, for such injury as they could show they have sustained. But before a tribunal which refuses to listen even to any, save those whose acts and motives are perfectly fair and liberal,

they can not be permitted to contravene the highest and most benignant principle of the being and constitution of that tribunal. There they will be allowed to claim that which, *ex aequo et bono*, is theirs, and nothing beyond this." p. 559. The account was, therefore, restricted to the actual gains and profits of the appellants during the time their machine was in operation.

This rule in relation to the profits recoverable in such suits was followed in *Dean v. Mason*, 20 How. 198, which was a case of a bill for an injunction and account, in which a decree *pro confesso* had been taken. The final decree was entered, on the report of the master, for the estimated amount of profits which the defendant, with reasonable diligence, might have realized; not what, in fact, he did realize. This was held to be erroneous. The court said: "The rule in such a case is, the amount of profits received by the unlawful use of the machines, as this, in general, is the damage done to the owner of the patent. It takes away the motive of the infringer of patented rights by requiring him to pay the profits of his labor to the owner of the patent. Generally, this is sufficient to protect the rights of the owner; but where the wrong has been done, under aggravated circumstances, the court has the power under the statute to punish it adequately by an increase of the damages."

The important case of *Seymour v. McCormick*, 16 How. 480, was decided in 1853. That was an action at law. The court below instructed the jury that the actual damages to which the plaintiff was entitled, for an infringement of a patent for an improvement in a machine, might be determined by ascertaining the profits which in judgment of law he would have made, provided the defendants had not interfered with his rights, and that the same rule applied whether the patent covered an entire machine or merely an improvement on a machine. This instruction this court held to be erroneous, and reversed the judgment on that account. Mr. Justice Grier, in delivering the opinion of the court, referred to the rule of damages, prescribed by the acts of Congress, previously in force, stating that "experience had shown the very great injustice of a horizontal rule equally affecting all cases, without regard to their peculiar merits;" and that it was to obviate this that the patent act of 1836 confined the jury to the assessment of actual damages, leaving it to the discretion of the court to inflict punitive damages to the extent of trebling the verdict. He then remarked: "It must be apparent to the most superficial observer of the immense variety of patents issued every day, that there can not, in the nature of things, be any one rule of damages which will equally apply to all cases. The mode of ascertaining actual damages must necessarily depend on the peculiar nature of the monopoly granted., A man who invents or

discovers a new composition of matter, such as vulcanized india-rubber or a valuable medicine, may find his profit to consist in a close monopoly, forbidding any one to compete with him in the market, the patentee being himself able to supply the whole demand at his own price, in which cases "the profit of the infringer may be the only criterion of the actual damage of the patentee;" that "one who invents some improvement in the machinery of a mill could not claim that the profits of the whole mill should be the measure of damages for the use of his improvement; and where the profit of the patentee consisted neither in the exclusive use of the thing invented or discovered, nor in the monopoly of making it for others to use, it is evident that this rule could not apply. The case of Stimpson's patent for a turnout in a railroad may be cited as an example. It was the interest of the patentee that all railroads should use his invention, provided they paid him the price of his license. He could not make his profit by selling it as a complete and separate machine. An infringer of such a patent could not be liable to damages to the amount of the profits of his railroad, nor could the actual damages of the patentee be measured by any known ratio of the profits of the road. \* \* \* It is only where, from the peculiar circumstances of the case, no other rule can be found that the defendant's profits become the criterion of the plaintiff's loss. Actual damages must be actually proved, and can not be assumed as a legal inference from any facts which amount not to actual proof of the fact." Accordingly it was held in *Corporation of New York v. Ransom*, 23 How. 487, where the rule in *Seymour v. McCormick* (supra) was expressly approved, that in an action at law, if the plaintiff rested his case, after proof of infringement merely, he was entitled only to nominal damages. It was also applied in *Jones v. Morehead*, 1 Wall. 155, which was a bill in equity for an injunction and an account, where a decree for a large sum as profits had been rendered against the defendant, upon an entire machine, in respect to which it appeared as matter of fact that the defendants had not infringed the patent sued on, but had admitted to the contrary in the answer. The court construed this admission by applying it to the smallest number of patented articles, and to the use of any part of the patent found to be valid, and, reversing the decree, ordered one to be entered for a "nominal sum of one dollar for profits."

In *Rubber Company v. Goodyear*, 9 Wall. 788, which was a bill for an injunction and account, a decree for a large sum was rendered in favor of the complainants, which was affirmed on appeal. "The rule," said Mr. Justice Swayne, delivering the opinion of the court, "is founded in reason and justice. It compensates one party and punishes the other. It makes the wrong-doer



liable for actual, not possible, gains. The controlling consideration is that he shall not profit by his wrong. A more favorable rule would offer a premium to dishonesty and invite to aggression. The jurisdiction of equity is adequate to give the proper remedy, whatever phase the case may assume; and the severity of the decree may be increased or mitigated according to the complexion of the conduct of the offender."

*Mowry v. Whitney*, 14 Wall. 620, was also a bill in equity for an injunction and account. A decree was rendered in favor of the complainant for all the profits on the manufactured article, instead of upon the patented process of manufacture, with interest added. On appeal, this court reversed the decree on that point, saying: "The question to be determined in this case is, what advantage did the defendant derive from using the complainant's invention, over what he had in using other processes then open to the public and adequate to enable him to obtain an equally beneficial result. The fruits of that advantage are his profits. \* \* \* That advantage is the measure of profits." On the question of interest, Mr. Justice Strong, speaking for the court, said: "We add only that, in our opinion, the defendant should not have been charged with interest before the final decree. The profits which are recoverable against an infringer of a patent are in fact a compensation for the injury the patentee has sustained from the invasion of his right. They are the measure of his damages. Though called profits, they are really damages, and unliquidated until the decree is made. Interest is not generally allowable upon unliquidated damages. We will not say that in no possible case can interest be allowed. It is enough that the case in hand does not justify such an allowance."

In *Packet Company v. Sickles*, 19 Wall. 611, which was an action at law, the rule established in *Seymour v. McCormick* (supra) was reiterated, as "the established criterion of damages in cases to which it was applicable." "In cases where there is no established patent or license fee in the case, or even an approximation to it, general evidence must necessarily be resorted to," as was said by the court in the case of *Suffolk Company v. Hayden*, 3 Wall. 315. "And what evidence," said Mr. Justice Nelson, in that case, p. 320, "could be more appropriate and pertinent than that of the utility and advantage of the invention over the old modes or devices that had been used for working out similar results? With a knowledge of these benefits to the persons who have used the invention, and the extent of the use by the infringer, a jury will be in possession of material and controlling facts that may enable them, in the exercise of a sound judgment, to ascertain the damages, or in other words, the loss to the patentee or owner by the piracy instead of the purchase of the use of

the invention." He added that "a recovery does not vest the infringer with the right to continue the use, as the consequence of it may be an injunction restraining the defendant from the further use of it."

In *Packet Company v. Sickles* (*supra*), Mr. Justice Miller said: "The rule in suits in equity, of ascertaining by a reference to a master the profits which the defendant has made by the use of the plaintiff's invention, stands on a different principle. It is that of converting the infringer into a trustee for the patentee as regards the profits thus made; and the adjustment of these profits is subject to all the equitable considerations which are necessary to do complete justice between the parties, many of which would be inappropriate in a trial by jury. With these corrective powers in the hands of the chancellor, the rule of assuming profits as the groundwork for estimating the compensation due from the infringer to the patentee has produced results calculated to suggest distrust of its universal application even in courts of equity."

The doctrine of this case was reiterated in *Burdell v. Denig*, 92 U. S. 716, where Mr. Justice Miller, again delivering the opinion of the court, said:—

"Profits are not the primary or true criterion of damages for infringement in an action at law. That rule applies eminently and mainly to cases in equity, and is based on the idea that the infringer shall be converted into a trustee, as to those profits, for the owner of the patent which he infringes; a principle which it is very difficult to apply in a trial before a jury, but quite appropriate on a reference to a master, who can examine defendant's books and papers, and examine him on oath, as well as all his clerks and employes. On the other hand, we have repeatedly held that sales of licenses of machines, or of a royalty established, constitute the primary and true criterion of damages in the action at law. No doubt, in the absence of satisfactory evidence of either class in the forum to which it is most appropriate, the other may be resorted to as one of the elements on which the damages or the compensation may be ascertained."

*Littlefield v. Perry*, 21 Wall. 205, was one where the patentee, by force of an agreement, held the legal title to the patent in trust for the complainant, in violation of which he was making use of his legal rights. It was held, upon a bill filed for an injunction and account, that it was a case under the patent laws, and the defendant was required to account for the profits he had made, according to the rule in *Mowry v. Whitney*, *supra*. The Chief Justice said, p. 230: "Profits, actually realized are usually, in a case like this, the measure of unliquidated damages. Circumstances may, however, arise which would justify the addition

of interest in order to give complete indemnity for losses sustained by wilful infringements.”

By the act of July 8, 1870, c. 230, Congress revised, consolidated, and amended the statutes relating to patents and copyrights. 16 Stat. 198. The fifty-ninth section renewed the provision previously in force, that damages for infringement might be recovered by action on the case, and that whenever, in any such action, a verdict shall be rendered for the plaintiff, the court may enter judgment therein for any sum above the amount found by the verdict as the actual damages sustained, according to the circumstances of the case, not exceeding three times the amount of the verdict. The fifty-fifth section is as follows:—

“That all actions, suits, controversies, and cases arising under the patent laws of the United States shall be originally cognizable, as well in equity as at law, by the circuit court of the United States, or any district court having the power and jurisdiction of a circuit court, or by the Supreme Court of the District of Columbia, or of any territory; and the court shall have power, upon bill in equity filed by any party aggrieved, to grant injunctions, according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for an infringement, the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction, and the court shall have the same powers to increase the same in its discretion that are given by this act to increase the damages found by verdicts in actions upon the case; but all actions shall be brought during the term for which the letters-patent shall be granted or extended, or within six years after the expiration thereof.”

These provisions are substantially carried into the Revised Statutes, § 59 of the act of 1870, being § 4919 of the latter, and § 55 corresponding to § 4921, Rev. Stat., except as to the provision in respect to the limitation upon the right to sue, which is not found in the Revised Statutes. But the rights of the parties in the present suit arose while the act of 1870 was in force, and are determinable under it.

In the case of *Birdsall v. Coolidge*, 93 U. S. 64, it is declared, in reference to the effect of the act of 1870, that “gains and profits are still the proper measure of damages in equity suits, except in cases where the injury sustained by the infringement is plainly greater than the aggregate of what was made by the respondent;” in which event the provision is, that the complainant “shall

be entitled to recover, in addition to the profits to be accounted for by the respondent, the damages he has sustained thereby."

Mr. Justice Clifford, in the opinion in this case, quotes a passage, slightly altered, from Curtis on Patents, § 341a (4th ed.), p. 461, which, taken by itself, might seem to imply that prior to the act of 1870 the owner of a patent had the election to resort to a court of equity for the recovery of profits, or a court of law for damages, irrespective of any other relief of an equitable character; but the language of the passage is to be restrained to mean merely that the option existed to sue at law for past infringement, or seek equitable relief by way of prevention, the damages or profits following, as either jurisdiction is resorted to, each according to its kind. For if this be not so, it follows that since the passage of the act of 1870 an owner of a patent may recover, in a suit in equity, profits and damages in all cases, according to the rule above stated, without seeking any other relief whatever, the effect of which would be to give two remedies, one in equity, the other at law, merely for the recovery of damages for an injury to a legal right, an anomaly not to be found in any other branch of our jurisprudence. And manifestly, upon such a construction, the action at law would soon become obsolete, as completely as if it had been abolished by legislation. The whole force of the change in the statute consists in conferring upon courts in equity, in the exercise of their jurisdiction in administering the relief, which they are accustomed and authorized to give, and which is appropriate to their forms of procedure, the power not merely to give that measure of compensation for the past, which consists in the profits of the infringer, but to supplement it, when necessary, with the full amount of damage suffered by the complainant, and which, if he had sued for that alone, he would have recovered in another forum, with power to increase the amount of the actual damages, as in courts of law. But as the account of profits, previously, was the incident of the suit, and not its object, so now the power to award damages and to multiply them is added as an incident to the right to an account.

But the difference between the state of the law before and after the act of 1870 finds its best illustration in a comparison between two cases, both of which were decided at the October term, 1877, *Elizabeth v. Pavement Company*, 97 U. S. 126, and *Marsh v. Seymour*, id. 348.

In the former the bill was filed before the passage of the act, but prayed, besides an injunction, for both damages and profits. It was held that the court below had rightly decided that a decree for profits alone could be rendered, inasmuch as the jurisdiction of courts of equity to decree damages, as distinct from profits, was first conferred by the statute. Mr. Justice Bradley, deliver-

ing the opinion of the court, remarking that the general question of the profits recoverable in equity by a patentee was surrounded with many difficulties, which the courts had not yet succeeded in overcoming, said:—

“But one thing may be affirmed with reasonable confidence, that, if an infringer of a patent has realized no profit from the use of the invention, he can not be called upon to respond for profits; the patentee in such case is left to his remedy for damages. It is also clear that a patentee is entitled to recover the profits that have been actually realized from the use of his invention, although from other causes the general business of the defendant, in which the invention is employed, may not have resulted in profits,—as when it is shown that the use of his invention produced a definite saving in the process of a manufacture. *Mowry v. Whitney*, 14 Wall. 434; *Cawood Patent*, 94 U. S. 695. On the contrary, though the defendant’s general business be ever so profitable, if the use of the invention has not contributed to the profits, none can be recovered. The same result would seem to follow where it is impossible to show the profitable effect of using the invention upon the business results of the party infringing. It may be added, that, where no profits are shown to have accrued, a court of equity can not give a decree for profits by way of damages, or as a punishment for the infringement. *Livingston v. Woodworth*, 15 How. 559. But when the entire profit of a business or undertaking results from the use of the invention, the patentee will be entitled to recover the entire profits, if he elects that remedy. And in such a case, the defendant will not be allowed to diminish the show of profits by putting in unconscionable claims for personal services or other inequitable deductions. *Rubber Company v. Goodyear*, 9 Wall. 788.” And these general propositions, he added, will hardly admit of dispute.

Accordingly, in that case, the bill was dismissed as to the city of Elizabeth, which had infringed, because it appeared that it had made no profit from the use of the patented improvement, while a decree was rendered against the contractor, who had laid the pavement which was the subject of the patent, because he was shown to have made profits from the infringement. The municipal corporation, of course, remained liable to respond in damages in an action at law for any loss which the plaintiff could have established by proof.

The case of *Marsh v. Seymour* (*supra*) arose under the act of 1870, and were bills for injunction and account. Decrees were rendered in favor of the complainant, and a reference ordered to a master to state an account of profits. In both cases, the respondents showing that they had made no profits by reason of the use

of the invention, the complainant waived his claim for a recovery on that account, and decrees were rendered for damages on the basis of a license fee for the infringing machines which had been sold, and nominal damages for those manufactured but not sold. These decrees were affirmed, the court saying, Mr. Justice Clifford delivering its opinion, that "damages of a compensatory character may be allowed to a complainant in an equity suit, where it appears that the business of the infringer was so improvidently conducted that it did not yield any substantial profits, as in the case before the court."

In *Parks v. Booth*, 102 U. S. 96, which was a suit in equity for an injunction, an account of profits and damages, under the act of 1870, a decree was rendered in favor of the complainant, and for profits and damages as found by a master. Under the head of damages there were included items for expenses of conducting the suit, being counsel fees, compensation for the complainant's time, and interest on the profits. The decree was modified on appeal, by striking out all these allowances, except that for the complainant's time, lost in attending to the suit. Interest on profits was, on the authority of *Silsby v. Foote*, 20 How. 378, disallowed on the ground that profits in such a case are to be regarded in the light of unliquidated damages. No injunction was decreed, as the term of the patent had expired. It does not appear from the report of the case when the suit was begun, but a reference to the original record shows that the bill was filed in April, 1871, before the expiration of the term of the patent.

*Hendrie v. Sayles*, 98 U. S. 546, was a bill in equity for an account of profits, filed after the expiration of the patent, the same patent on which the present suit is founded. It was decided upon a single point raised on demurrer to the bill, the question of jurisdiction not being noticed either by counsel or court. A decree for the complainant was affirmed on appeal.

This appears to be the only case of the kind, until the present, that found its way into this court.

*Eureka Company v. Bailey Company*, 11 Wall. 488, is no exception to this remark; although in respect to it the observation has been made, that the injunction prayed for in that case was incidental to the account, and not vice versa. That, however, is a misconception; for, unless upon the ground of a difference of citizenship, the court would not have had jurisdiction to entertain the bill in that case, if it had not prayed for an injunction. For the mere purpose of enforcing the contract for the royalty, it was not a case arising under the patent laws, so as to give jurisdiction to the courts of the United States. It was because the defendant was guilty of an infringement of the complainant's patent that he was suable in equity in these courts.

and to restrain that an injunction was asked until he should pay what he had promised. The object of the suit doubtless was to collect the royalty; but it was sought by means of, and therefore as an incident to, the jurisdiction of the court, invoked for the purpose of enjoining the continuance of what, until the royalty was acknowledged and paid, was found to be an infringement.

All the acts of Congress relating to patents prior to that of 1870 contained provisions specifying the special defenses which might be made in an action at law for an infringement, under the plea of the general issue, notice thereof having been previously given. The sixty-first section of the act of 1870 enumerates the several special matters thus authorized to be proved, and adds, for the first time in the history of this legislation, the clause that "the like defenses may be pleaded in any suit in equity for relief against an alleged infringement, and proofs of the same may be given upon like notice in the answer of the defendant and with the like effect."

The plain and obvious purpose of this provision is to furnish appropriate modes in equity pleading for the trial of all issues, both of fact and law, relating both to the alleged infringement and the validity of the patent, without the necessity of framing special issues out of chancery for trial by jury, or sending the parties to a court of law for the trial of an action in that forum, in order to determine their legal right. It proceeds upon the idea that the court of equity having acquired jurisdiction for the purpose of administering the equitable relief sought by the bill, may determine directly and for itself, in the same proceeding, all questions incidental to the exercise of its jurisdiction, notwithstanding they may be questions affecting legal rights and legal titles.

Although this was the first statutory authority for the practice, it was rather a recognition of what had already been established than its introduction; for the practice had, in fact, originated long before, and was based upon well-known principles of equity jurisprudence. Whatever question may have existed in reference to it previously was settled in the courts of the United States by *Goodyear v. Day*, 2 Wall. Jr. 283, a case argued by Webster and Choate, and decided by Mr. Justice Grier in 1852. That learned judge on that occasion said: "It is true that in England the chancellor will generally not grant a final and perpetual injunction in patent cases, when the answer denies the validity of the patent, without sending the parties to law to have that question decided. But even there the rule is not absolute or universal; it is a practice founded more on convenience than necessity. It always rests on the sound discretion of the court. A trial at law is ordered by a chancellor to inform his conscience;

not because either party may demand it as a right, or that a court of equity is incompetent to judge of questions of fact or of legal titles." See also *Orr v. Merrill*, 1 Woodb. & M. 376.

The distinction in the nature of the two proceedings, of an action at law and a suit in equity, is plainly pointed out in this section of the statute, the former as being an action for an infringement, the latter as a suit for relief against an alleged infringement. And while upon the words used in the fifty-fifth section of the act, it may be, that the jurisdiction in equity which is thereby conferred is not exhausted by the power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, yet the statute immediately says, that it is upon a decree being rendered in any such case for an infringement—as though that was the only one—that the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby.

It is impossible, we think, to maintain the claim that the language of this act, similar in that respect to the previous acts of 1819 and 1836, conferring jurisdiction in patent cases in equity as well as at law, was meant to obliterate the distinctions between these two jurisdictions, or even to confuse the boundaries between them, as it is alleged was done by the decision in the case of *Nevins v. Johnson*, 3 Blatchf. 80, and perhaps in other subsequent circuit court decisions. Indeed, it is the settled doctrine of this court that this distinction of jurisdiction, between law and equity, is constitutional, to the extent to which the seventh amendment forbids any infringement of the right of trial by jury, as fixed by the common law. And the doctrine applies in patent cases as well as others. This court said in *Parsons v. Bedford*, 3 Pet. 433, speaking of the meaning intended by the framers of that amendment, that "by common law they meant what the constitution denominated in the third article, law, not merely suits which the common law recognized among its old and settled proceedings, but suits in which legal rights were to be ascertained and determined, in contradistinction to those where equitable rights alone were recognized and equitable remedies administered." The rule was repeated in *Fenn v. Holme*, 21 How. 481, in this language: "In every instance in which this court has expounded the phrases, proceedings at the common law and proceedings in equity, with reference to the exercise of the judicial powers of the courts of the United States, they will be found to have interpreted the former as signifying the application of the definitions and principles and rules of the common law to rights and obligations essentially legal; and the latter as meaning the administration with reference to equitable as contradistinguished



from legal rights, of the equity law as defined and enforced by the court of chancery in England.

It becomes necessary, therefore, to consider what support there is in the general doctrines of equity for the contention of the appellant.

It is the fundamental characteristic and limit of the jurisdiction in equity that it can not give relief when there is a plain and adequate and complete remedy at law; and hence it had no original, independent, and inherent power to afford redress for breaches of contract or torts, by awarding damages; for to do that was the very office of proceedings at law. When, however, relief was sought which equity alone could give, as by way of injunction to prevent a continuance of the wrong, in order to avoid multiplicity of suits and to do complete justice, the court assumed jurisdiction to award compensation for the past injury, not, however, by assessing damages, which was the peculiar office of a jury, but requiring an account of profits, on the ground that if any had been made, it was equitable to require the wrong-doer to refund them, as it would be inequitable that he should make a profit out of his own wrong. As was said by Vice-Chancellor Wigram in *Colburn v. Simms*, 2 Hare 543, "the court does not by an account accurately measure the damage sustained by the proprietor of an expensive work from the invasion of his copyright by the publication of a cheaper book," but, "as the nearest approximation which it can make to justice, takes from the wrong-doer all the profits he has made by his piracy and gives them to the party who has been wronged."

Whether a bill for an account of profits against a wrong-doer would lie, independently of other equitable grounds for the intervention of the court, is a question, as was said by Lord Chancellor Brougham in *Parrott v. Palmer*, 3 Myl. & K. 632, "which has been oftentimes agitated, and has, perhaps, never received a clear and a general decision; that is to say, a distinct judgment on the general proposition, with its limitations." He concluded that, "from the whole it may be collected that, although as to timber there exists considerable discrepancy, yet the sound rule is to make the account the incident and not the principal, where there is a remedy at law; but that mines are to be otherwise considered and that as to them the party may have an account even in cases where no injunction would lie."

The supposed exception in cases of mines seems to rest upon a dictum of Lord Hardwicke in *Jesus College v. Bloom*, 3 Atk. 262, that "it was a sort of trade:" but the reference is to the case of *Bishop of Winchester v. Knight*, 1 P. W. 406, where the bill prayed for an account of ore dug by the ancestor of the defendant, in respect to which the argument was, that being a personal

tort it died with the person. The decision was that the plaintiff was not entitled; but on this point the Lord Chancellor said: "It would be a reproach to equity to say, where a man has taken my property, as my ore or timber, and disposed of it in his lifetime and dies, that in this case I would be without remedy. It is true as to the trespass of breaking up meadow or ancient pasture ground, it dies with the person; but as to the property of the ore or timber, it would be clear, even at law, if it came to the executor's hands, that trover would lie for it; and if it has been disposed of in the testator's lifetime, the executor, if assets are left, ought to answer it." It is plain from these observations that the assumed ground of the equity jurisdiction was the absence of any remedy at law. *Powell v. Aiken*, 4 Kay & J. 343. It is now clearly established in the English chancery "that a bill will not lie for an account of timber felled any more than for any other money demand, except when the account is asked as an incident to an injunction, and that when the plaintiff has no right to an injunction, he has no right to an account, and his remedy is at law alone." Per Sir Wm. M. James, L. J., in *Higginbotham v. Hawkins*, Law Rep. 7 Ch. App. 676.

The same rule is applied by the modern decisions in cases of mines, where, as incident to the relief sought by a bill, an account is asked of profits against trespassers. It appears that as to the mode of assessing compensation, in such suits, to an owner of coal which has been improperly worked by the owner of an adjoining mine, a different principle is applicable when the coal is taken inadvertently, or under a bona fide belief of title, and when it is taken fraudulently, with knowledge of the wrong. In cases of the latter description, at law, the strict rule of damages laid down in *Martin v. Porter*, 5 Mee. & W. 351, was to charge the value of the coal without allowing any of the expenses of getting it; but in those of the former description a milder rule was applied in *Morgan v. Powell*, 3 Q. B. 278, and *Wood v. Morewood*, Id. 440, which was to give to the plaintiff the fair value of the coals as if the coalfield had been purchased from him by the defendant. This distinction was adopted and the latter rule applied in equity, by Vice-Chancellor Malins in *Hilton v. Woods*, Law Rep. 4 Eq. 432, and by Lord Chancellor Hatherley in *Jegon v. Vivian*, Law Rep. 6 Ch. App. 742, the latter remarking that "this court never allows a man to make profit by a wrong." This rule was adopted in *Stockbridge Iron Co. v. Cone Iron Works*, 102 Mass. 80.

The same rule applies in England in patent and copyright cases. The Vice-Chancellor Page-Wood, in *Smith v. London & Southwestern Railway Co.*, Kay 408, said: "The true ground of relief in these cases is laid down in *Baily v. Taylor*, 1 Russ. &

M. 73, where Sir J. Leach, M. R., says: 'The court has no jurisdiction to give to a plaintiff a remedy for an alleged piracy, unless he can make out that he is entitled to the equitable interposition of this court by injunction; and in such case the court will also give him an account, that his remedy here may be complete. If this court do not interfere by injunction, then his remedy, as in the case of any other injury to his property, must be at law.' Unless that primary right to an injunction exists, this court has no jurisdiction with reference to a mere question of damages." The Vice-Chancellor further observed that, as had often been stated by Lord Eldon, as the object of the court in interfering by injunction was the prevention of a multiplicity of suits, which might be rendered necessary by continued infringements of the patent, he was at a loss to see how the jurisdiction could attach or the relief by injunction be arrived at, after the expiration of the patent, unless a case were made out, of a numerous series of past infringements, from which the parties were still deriving advantage. He then referred to *Crossley v. Beverly*, Web. P. C. 119, as a case where there was a specific ground for that relief, that the defendants had been manufacturing the patented articles, secretly and fraudulently, for the purpose of pouring into the market the articles so manufactured directly the patent should have expired. In that case the bill was filed before the expiration of the patent, and the right to sue having been thus acquired, the court extended it to restrain using the articles so manufactured after the patent had expired. "Such a case," continues the Vice-Chancellor, "of a fraudulent attempt to evade the patent might occur, as would enable the court to restrain the use of articles made in infringement of the patent and kept back until it expired, even after its expiration, and the plaintiff having thus obtained a right to the injunction, the right to an account would follow."

In the case of *Price's Pat. Candle Co. v. Bauwen's Pat. Candle Co.*, 4 Kay & J. 727, the bill was dismissed, because the patent having expired *pendente lite*, the relief by injunction could not be granted at the hearing; but in *Davenport v. Rylands*, Law Rep. 1 Eq. 302, the same judge retained the bill, under similar circumstances, for the purposes of an inquiry as to damages, because the act of 21 & 22 Vict., c. 27, commonly called Cairn's Act, passed after the former decision, had altered the rule. That statute declared that in all cases in which the court has jurisdiction to entertain an application for an injunction against a breach of any covenant, contract, or agreement, or against the commission or continuance of any wrongful act, or for the specific performance of any covenant, contract, or agreement, the same court may award damages to the party injured either in addition to or

in substitution for such injunction or specific performance, and such damages may be assessed in such manner as the court shall direct—a provision which no doubt suggested the like extension of the jurisdiction of the court in patent cases, contained in our Patent Act of 1870. But even after the passage of Cairn's Act, it was decided by Vice-Chancellor Sir Wm. M. James, in *Betts v. Gallais*, Law Rep. 10 Eq. 392, that the court would not entertain a bill for the mere purposes of giving relief in damages for the infringement of a patent, when the bill had been filed so immediately before the expiration of the patent as to render it impossible to have obtained an interlocutory injunction. He characterized it as "a mere device to transfer a plain jurisdiction to award damages from the court to which that jurisdiction properly belongs, to this court."

Mr. Kerr, in his treatise on Injunctions, 41, summarizes the result of many decisions, which he cites, under this statute, as follows: "The statute did not transfer to the court the general jurisdiction of common law by way of damages, or extend its jurisdiction to cases where previously to the statute it had no jurisdiction, or could not, consistently with its rules and principles, have interfered. The statute merely empowered the court to give damages in cases involving elements or ingredients of an equitable character. If the case as presented to the court was an equitable one, so that the subject-matter of the application is properly cognizable in equity, the court had jurisdiction under the statute to entertain the question of damages. If, on the other hand, the plaintiff had no equitable right at the time of bringing the action, so that the matter has been improperly brought into equity, the statute had no application. Damages may be awarded under the statute if it appear that at the time of bringing the action there was an equitable case, although the case for an injunction fails, or although an injunction is not competent from circumstances which have occurred since the filing of the bill."

It will be observed that the British statute does not touch the question of the account of profits by an infringer, leaving that as it stood before the passage of the act. The unavoidable inference is that damages can only be given under the act, in cases in which an account might be decreed; and that the patentee must, as it was expressly decided by the House of Lords, in *De Vitre v. Betts*, Law Rep. 6 H. L. 319, in all cases where he has a decree, elect whether he will have an account of profits or an inquiry as to damages, and can not have both. Under the act of Congress of 1870, he may recover damages in addition to the profits to be accounted for by the defendant; but as the recovery is limited by the act of the actual damages, it is manifest that the recovery

of damages and profits is not intended to be double, but that when necessary the damages are to supplement that loss of the complainant which the profits found to have been received are insufficient to compensate, subject to the power of the court as to their increase, as in case of verdicts.

This firm and indisputable doctrine of the English chancery has been recognized and declared by this court, in *Hipp v. Bab-in*, 19 How. 271, to be part of the system of equity jurisprudence administered by the courts of the United States, founded not only upon the legislative declaration in the Judiciary Act of 1789, "that suits in equity shall not be sustained in either of the courts of the United States in any case where plain, adequate, and complete remedy may be had at law," but also upon the intrinsic distinctions between the different jurisdictions of law and equity. In delivering the opinion of the court in that case, Mr. Justice Campbell remarked that "the practice of the courts of the United States corresponds with that of the chancery of Great Britain, except where it has been changed by rule, or is modified by local circumstances or local convenience;" and cited the instances in which "this court has denied relief in cases in equity, where the remedy at law has been plain, adequate, and complete, though the question was not raised by the defendants in their pleadings nor suggested by the counsel in their arguments. He then adds: "And the result of the argument is that whenever a court of law is competent to take cognizance of a right, and has power to proceed to a judgment which affords a plain, adequate, and complete remedy, without the aid of a court of equity, the plaintiff must proceed at law, because the defendant has a constitutional right to a trial by jury." It was contended in that case that, notwithstanding this general principle, the bill ought to be maintained, because the complainants, being minors, were authorized to call upon the defendants, who had intruded into possession of their lands, for an account as guardians, and that the court of chancery was better fitted to take an account for rents, profits, and improvements, and might decide the question of title as incidental to the account.

In reply to these points, Mr. Justice Campbell remarked that "there are precedents in which the right of an infant to treat a person who enters upon his estate with notice of his title, as guardian or bailiff, and to exact an account in equity for the profits for the whole period of his occupancy, is recognized." "But," he added, "in those cases the title must, if disputed, be established at law, or other grounds of jurisdiction must be shown." "Nor can the court retain the bill under an impression that a court of chancery is better adapted for the adjustment of the account for rents, profits, and improvements. The rule of

the court is, that when a suit for the recovery of the possession can be properly brought in a court of equity, and a decree is given, that court will direct an account as an incident in the cause. But when a party has a right to a possession which he can enforce at law, his right to the rents and profits is also a legal right, and must be enforced in the same jurisdiction. The instances where bills for an account of rents and profits have been maintained are those in which special grounds have been stated, to show that courts of law could not give a plain, adequate, and complete remedy. No instances exist where a person who had been successful at law has been allowed to file a bill for an account of rents and profits during the tortious possession held against him, or in which the complexity of the account has afforded a motive for the interposition of the court of chancery to decide the title and to adjust the account."

These principles were announced in a case for the recovery of the possession of real estate held adversely, but they are of general application, and embrace, as well, the case of torts to personalty, and infringements of patents and copyrights.

The distinct ground upon which the opposite view is presented to us in argument is, that the infringer of a patent-right is, by construction of law, a trustee of the profits derived from his wrong, for the patentee, and that a court of equity, in the exercise of its acknowledged jurisdiction over trusts and trustees, will require him to account as trustee, without reference to any other relief. And in support of this contention we are referred to passages in the judgments of this court in the cases of *Packet Company v. Sickles*, *Burdell v. Denig*, and *Birdsall v. Collidge*, all of which have been already cited in this opinion, *supra*, pp. 198, 199.

But the inference sought to be drawn from the expressions referred to is not warranted. It is true that it is declared in those cases that, in suits in equity for relief against infringements of patents, the patentee succeeding in establishing his right is entitled to an account of the profits realized by the infringer and that the rule for ascertaining the amount of such profits is that of treating the infringer as though he were a trustee for the patentee, in respect to profits. But it is nowhere said that the patentee's right to an account is based upon the idea that there is a fiduciary relation created between him and the wrong-doer by the fact of infringement, thus conferring jurisdiction upon a court of equity to administer the trust and to compel the trustee to account. That would be a *reductio ad absurdum*, and, if accepted, would extend the jurisdiction of equity to every case of tort, where the wrong-doer had realized a pecuniary profit from his wrong. All that was meant in the opinions referred to was to

declare according to what rule of computation and measurement the compensation of a complainant would be ascertained in a court of equity, which, having acquired jurisdiction upon some equitable grounds to grant relief, would retain the cause for the sake of administering an entire remedy and complete justice, rather than send him to a court of law for redress in a second action. The rule adopted was that which the court in fact applies in cases of trustees who have committed breaches of trust by an unlawful use of the trust property for their own advantage; that is, to require them to refund the amount of profit which they have actually realized. This rule was adopted, not for the purpose of acquiring jurisdiction, but, in cases where, having jurisdiction to grant equitable relief, the court was not permitted by the principles and practice in equity to award damages in the sense in which the law gives them, but a substitute for damages, at the election of the complainant, for the purpose of preventing multiplicity of suits. And the particular rule was formulated, as will be seen by reference to the cases already referred to, out of tenderness to defendants in order to mitigate the severity of the punishment to which they might be subjected in an action at law for damages, and because it was thought more equitable merely to deprive them of the actual profits arising from their wrong, than to make no allowances, in estimating damages, for the cost and expense of the business in the prosecution of which they had violated the rights of the complainant. The same reason operated in the establishment of the similar rule acted in the cases of *Hilton v. Woods* and *Jegon v. Vivian*, already cited in a previous part of this opinion, *supra*, p. 209. The rule itself is reasonable and just, though sometimes perverted and abused. It has been constantly acted upon by the courts. But it is a rule of administration and not of jurisdiction: and although the creature of equity, it is recognized as well at law as one of the measures, though not the limit, for the recovery of damages.

The case is not within the principle, according to which, in certain circumstances, a court of equity decrees a wrong-doer to be a trustee *de son tort*, and exerts its jurisdiction over him in that character. Where a defendant has wrongfully intermeddled with property already impressed with a trust, he may be required as a trustee to account for it, as was done in the case of *People v. Houghtaling*, 7 Cal. 348, because trust property may be followed, wherever it can be traced, into whosoever possession it comes, except that of a bona fide purchaser without notice. It is the character of the property, and not the wrong done in converting or withholding it, that constitutes the wrong-doer a trustee.

Our conclusion is, that a bill in equity for a naked account of profits and damages against an infringer of a patent can not be sustained; that such relief ordinarily is incidental to some other equity, the right to enforce which secures to the patentee his standing in court; that the most general ground for equitable interposition is, to insure to the patentee the enjoyment of his specific right by injunction against a continuance of the infringement; but, that grounds of equitable relief may arise, other than by way of injunction, as where the title of the complainant is equitable merely, or equitable interposition is necessary on account of the impediments which prevent a resort to remedies purely legal; and such an equity may arise out of, and inhere in, the nature of the account itself, springing from special and peculiar circumstances which disable the patentee from a recovery at law altogether, or render his remedy in a legal tribunal difficult, inadequate, and incomplete; and as such cases can not be defined more exactly, each must rest upon its own particular circumstances, as furnishing a clear and satisfactory ground of exception from the general rule.

The case of *Garth v. Cotton*, 1 Dick. 183 furnishes an interesting and curious illustration of one of the excepted cases. In that case Lord Hardwicke sustained a bill in equity, in a case of waste, for an account of timber felled and sold, where there could be no injunction, in favor of a complainant unborn at the time of its commission, whose estate was a contingent remainder, supported by a limitation to trustees to preserve it, the defendant being the owner of a prior term of years, and the ultimate remainder-man in fee. The Lord Chancellor proceeded on the ground of collusion between the defendants and a nominal or imputed breach of trust on the part of the trustees to preserve the contingent remainder in permitting the wrong; and distinguished the case from *Jesus College v. Bloom*, 3 Atk. 262, particularly on the ground that the complainant could have no remedy at law. Another instance of an exception is mentioned by Vice-Chancellor Page-Wood in the extract from his judgment in the case of *Smith v. The London & Southwestern Railway Co.*, Kay 408, contained in a previous part of this opinion.

It does not appear from the allegations of the bill in the present case that there are any circumstances which would render an action at law for the recovery of damages an inadequate remedy for the wrongs complained of; and, as no ground for equitable relief is presented, we are of opinion that the circuit court did not err in sustaining the demurrer and dismissing the bill.

Decree affirmed.



1033. CLARK v. WOOSTER, 119 U. S. 322, 30 L. ed. 392 (1886).\* \* \*

Bradley, J.:

This is a suit on a patent, brought by Wooster, the appellee, against the persons composing the firm of Johnson, Clark & Co., of New York, to restrain them from infringing the patent, and to recover profits and damages. The bill was filed on the twentieth of December, 1879, and the patent expired fifteen days afterwards. The patent was for folding guides used on sewing-machines, and is the same that was involved in the case of Thomson v. Wooster, 114 U. S. 104, 5 Sup. Ct. 788. It was granted to one Douglas in October, 1858, for a period of 14 years, was extended in October, 1872, for 7 years longer, and was then, in the same month, surrendered and reissued. \* \* \*

The points taken by the appellants are—First, that the court below, sitting as a court of equity, had no jurisdiction of the case, because the complainant had a plain and adequate remedy at law; second, that the reissue of the patent was illegal by reason of laches in applying for it; third, that the court erred in finding that the measure of damages was an established license fee, and that such license fee was proved.

As to the first point, the bill does not show any special ground for equitable relief, except the prayer for an injunction. To this the complainant was entitled, even for the short time the patent had to run, unless the court had deemed it improper to grant it. If, by the course of the court, no injunction could have been obtained in that time, the bill could very properly have been dismissed, and ought to have been. But, by the rules of the court in which the suit was brought, only four days' notice of application for an injunction was required. Whether one was applied for does not appear. But the court had jurisdiction of the case, and could retain the bill, if, in its discretion, it saw fit to do so, which it did. It might have dismissed the bill, if it had deemed it inexpedient to grant an injunction; but that was a matter in its own sound discretion, and with that discretion it is not our province to interfere, unless it was exercised in a manner clearly illegal. We see no illegality in the manner of its exercise in this case. The jurisdiction had attached, and although, after it attached, the principal ground for issuing an injunction may have ceased to exist by the expiration of the patent, yet there might be other grounds for the writ, arising from the possession by the defendants of folding guides illegally made or procured while the patent was in force. The general allegations of the bill were sufficiently comprehensive to meet such a case. But even without that, if the case was one for equitable relief when the suit was instituted, the mere fact that the ground for such relief expired by the expiration of the patent would not take away the jurisdic-

tion, and preclude the court from proceeding to grant the incidental relief which belongs to cases of that sort. This has often been done in patent causes, and a large number of cases may be cited to that effect; and there is nothing in the decision in *Root v. Railway Co.*, 105 U. S. 189, to the contrary. *American Cotton-Tie Co. v. Simmons*, 106 U. S. 89, 1 Sup. Ct. 52; *Lake Shore & M. S. Ry. Co. v. Car-brake Co.*, 110 U. S. 229, 4 Sup. Ct. 33; *Consolidated Valve Co. v. Crosby Valve Co.*, 113 U. S. 157, 5 Sup. Ct. 513; *Thomson v. Wooster*, 114 U. S. 104, 5 Sup. Ct. 788. It is true that where a party alleges equitable ground for relief, and the allegations are not sustained, as where a bill is founded on an allegation of fraud, which is not maintained by the proofs, the bill will be dismissed in toto, both as to the relief sought against the alleged fraud, and that which is sought as incidental thereto.

The point insisted on, that the bill contained no charge of continued infringement, or of infringement at the time of commencing the suit, if it were material, is not sustained by the fact. The bill does contain such a charge.

As the court had jurisdiction at the inception of the suit, even though upon a narrow ground, yet, as the defendants did not ask the dismissal of the bill on the ground of want of jurisdiction, we should be very reluctant, if we had the power, now, on an appeal, after the case has been tried and determined, to reverse the decree.

The second point raised was substantially disposed of in the case of *Thomson v. Wooster*, *qua supra*. The allegations in the present bill are the same as they were in that case. Neither the bill nor the proofs show anything from which the court can infer that the reissue was illegally granted, and the allegations of the answer are unsupported by evidence. The reissued patent itself made a *prima facie* case for the complainant. The allegations of the answer, that it was issued for the mere purpose of expanding the claim of the original, and that it was for another and different invention, should have been proved. But we have no evidence on the subject, not even the original patent with which to compare the reissue. This point, therefore, is wholly without foundation.

The third point, as to the measure of damages, and the want of proof thereof, is equally untenable. It is a general rule in patent causes that established license fees are the best measure of damages that can be used. There may be damages beyond this,—such as the expense and trouble the plaintiff has been put to by the defendant, and any special inconvenience he has suffered from the wrongful acts of the defendant; but these are

more properly the subjects of allowance by the court under the authority given to it to increase the damages.

As to the sufficiency of the proof, we see no occasion to disturb the conclusion reached by the master on this point. The complainant proved several instances of licenses given by him to large sewing-machine companies, the fees on which were regularly paid, and corresponded with the rate allowed by the master. We think that the defendants have no occasion to complain of the amount awarded.

The decree of the circuit court is affirmed.

1034. TAYLOR v. SAWYER SPINDLE CO., 75 Fed. 301, 22 C. C. A. 203 (1886, Third Circuit).\* \* \*

Before Acheson, Circuit Judge, and Wales and Green, District Judges.

Wales, District Judge.

This is an appeal from the decree of the United State circuit court for the district of New Jersey, made October 19, 1895, sustaining the validity of letters patent No. 253,572, issued to John E. Atwood, dated February 14, 1882, for "improvements in the supports for spindles for spinning machines." declaring that the defendant corporation had infringed the third, fourth, and fifth claims of the patent, and ordering an accounting of profits from March 23, 1891, the date of the organization of the defendant company. \* \* \*

The claims in issue are these:

"(3) The combination, substantially as hereinbefore described of a spindle rail of a spinning machine, a spindle, and a supporting tube flexibly mounted with relation to the spindle rail, and containing step and bolster bearings.

"(4) The combination, substantially as hereinbefore described, of a spindle rail, a spindle, a supporting tube containing step and bolster bearings, flexible connections between said tube and the spindle rail, and adjusting devices for varying the degree of flexibility of the supporting tube and spindle therein.

"(5) The combination of the spindle rail, the spindle, the supporting tube, loosely mounted with relation to the rail, and containing the step and bolster bearings for the spindle, the spring, and the nut for compressing it, substantially as described."

The validity of the complainant's title is admitted. The first defense to the suit is that of laches, which was urged with much earnestness, and is made on the ground that the complainants had deprived themselves of relief in a court of equity by neglecting to prosecute any one for infringement until more than seven years after the date of the patent, and that the defendant had no notice of their claims until more than ten years after that date.

It is alleged that the complainants permitted the manufacture and sale of the spindles complained of to be carried on for many years by men who were ignorant of their claim, and allowed the persons composing the defendant corporation to purchase the business without giving them notice; that spindles mounted flexibly, like those now complained of, were made and sold by the Cooke Locomotive & Machine Company, continuously and to a large extent, from August, 1881, until they sold the business to Mr. Taylor, Mr. Shaw, and Mr. Cocker, and that the latter continued to make and sell the same spindles until the defendant corporation was formed, March 23, 1891,—the date from which infringement is charged in the bill. The first suit brought against any infringer of the Atwood patent was that of these complainants against W. G. & A. R. Morrison Company, September 2, 1889, in the district of Connecticut (52 Fed. 590), in which the validity of the patent was sustained, and there was a decree for the infringement of the second, third, and fifth claims, and for an accounting. Subsequently another suit was brought by complainants against the Morrison Company for infringement of the same patent by types of modified spindles manufactured by them, in which, on motion for a preliminary injunction, the patent was upheld. 54 Fed. 693. The theory of this defense is that there is no absolute right to an injunction on proof of infringement of a patent; that the complainant must present a case for equitable relief, and if it appears by the bill, or by the evidence, that by reason of his delay he is not entitled to the aid of a court of equity, it will be refused on final hearing, as well as on motion for a preliminary injunction. It is insisted that, if the Atwood patent has been infringed by the defendant, the only remedy for the complainant would be by an action at law for damages, and that the only possible relief obtainable in the present suit would be an injunction against future infringement.

It has never been held that mere laches, unaccompanied by circumstances which amount to an equitable estoppel, shut out a party from all relief in a court of equity. Knowledge of and long continued acquiescence by a complainant in an infringement may, in special cases, be fatal on a motion for a preliminary injunction, but will not, on a final hearing, prevent the court from granting such relief as may be just and equitable. This is the general rule which is recognized in the authorities which are cited in the briefs of counsel. There is a want of satisfactory proof that the defendant acted in ignorance of the rights of the complainants, or that the latter had always had full knowledge of the alleged infringement. Notice was given to the public at large that the spindles were patented, and the defendant could not have been blind to the fact that the new spindles had gone

into extensive use. The testimony of Mr. Taylor, of the defendant corporation, had reference to a time prior to the issue of the patent, when, as he says, Mr. Atwood saw the infringing spindles, or ones just like them, in operation in Paterson, and made no claim that the invention was his; but it is not pretended that Taylor, Shaw, and Cocker, or either of them, at the date of their incorporation, in March, 1891, did not know of the complainant's claims, for the suit against the Morrison Company had then been pending for more than a year. In *Kittle v. Hall*, 29 Fed. 508, it was held that, while long acquiescence might defeat a bill for infringement, no precedent had been discovered for the dismissal of a bill for so short a period as seven years, and that the defendants had not been misled, but knew of the plaintiff's rights. In *McLean v. Fleming*, 96 U. S. 245, the court said:

"Equity courts will not, in general, refuse an injunction on account of delay in seeking relief, where the proof of infringement is clear, even though the delay may be such as to preclude the party from any right to an account for past profits."

To the same effect are the cases of *Menendez v. Holt*, 128 U. S. 514, 9 Sup. Ct. 143; *Price v. Steel Co.*, 46 Fed. 107; *New York Grape Sugar Co. v. Buffalo Grape Sugar Co.*, 18 Fed. 638; *Gilmore v. Anderson*, 38 Fed. 846; *Brush Electric Co. v. Electric Imp. Co.*, 45 Fed. 241. In the last-cited case the court remarked that the doctrine of laches is generally applicable to preliminary injunctions only. In *Menendez v. Holt*, supra, the court, in discussing the question of laches, said:

"Mere delay or acquiescence can not defeat the remedy by injunction in support of the legal right, unless it has been continued so long, and under such circumstances, as to defeat the right itself. Hence, upon an application to stay waste, relief will not be refused on the ground that, as the defendant had been allowed to cut down half the trees upon the complainant's land, he had acquired by that negligence the right to cut down the remainder [citing *Attorney General v. Eastlake*, 11 Hare, 205]. \* \* \* Acquiescence, to avail, must be such as to create a new right in the defendant. Where consent by the owner \* \* \* is to be inferred from his knowledge and silence merely, it lasts no longer than the silence from which it springs. It is in reality no more than a revocable license."

The defendant asserts that the complainants are not entitled to an accounting for profits; but the decree of the circuit court orders an accounting only from the date of the defendants' incorporation, from and after which time there were no laches, as complainants had already begun their suit against the Morrison Company. This was sufficient notice to the defendant that the validity of the patent was in litigation, and thus takes away the

excuse of ignorance for continuing the infringement. There is no proof of nonuser or abandonment by the complainants, nor of any act or omission of theirs which could have induced the defendant to believe that it would not be held liable for manufacturing and selling the infringing articles. The evidence falls far short of proving an estoppel, or of proving such delay or acquiescence on the part of the complainants as should defeat the present suit. \* \* \*

[The concluding part of this case might well have been under "Infringement." It has been retained here to indicate the character of the case as a whole.]

The defendant's spindle is almost identical with the Atwood spindle, differing only in form, but containing all the elements, or their equivalents, of the latter. The differences between the two are immaterial. In defendant's spindle a collar and set screw are substituted for the nut below the spring, and the whirl is attached directly to the shaft of the spindle; the supporting tube being made in two parts, and then rigidly fastened together by two arms, which bridge over the whirl, thus practically making one tube for the step and bolster bearings. The defendant has adopted the essential elements of the Atwood combination, namely, the flexibly mounted supporting tube, containing both step and bolster bearings, which is connected with the rail by a strong spiral spring and an adjusting nut. The defenses chiefly relied on are want of invention (as distinguished from mechanical skill) anticipation, and because the claims are inoperative and void. Atwood had invented his spindle, and put it into use, as early as July, 1878, although he did not make application for a patent until February 27, 1880. Prior to his invention, spindles had been run in rigid bearings; and their speed was limited on account of their tendency, under a high rate of revolution, to gyrate and cause severe pressure on the bearings, developing friction, and throwing off the bobbins. The production of a spinning frame is in direct ratio to the speed of the spindles, and every increase in speed at which the spindle can be practically run makes a proportionate increase in the production; and thus it was that inventors had long been endeavoring to mount a spindle in such a way as to obtain a greater rate of speed than was possible with the then existing machines. Numerous patents had been granted for improvements in these machines, but none of them contained the device of Atwood, who was the first to combine the step and bolster bearings of the supporting tube with a flexibly mounted spindle, whose rotary speed was only limited by relation to other parts of the machinery. Invention and patentability, however, are denied on the ground that Atwood's combination is only a new arrangement of well-known

parts, which had already been combined to accomplish the same result, and that its only novelty consists in the location of the yielding attachments between the supporting tube and the rail, and the use of adjusting devices for varying the degree of flexibility,—in substance, nothing more than putting a cushion or spring of some kind between the journal box of a revolving shaft and the fixed base of support, and therefore showing only mechanical skill. In support of this proposition, reliance is placed on the patent of F. J. Rabbeth, No. 227,129, dated May 4, 1880, for "a spinning spindle and bearing," and on certain prior patents for centrifugal machines. The essential difference between the Rabbeth spindle and the Atwood spindle is that the supporting tube in the former is rigidly fixed in the rail, while in the latter it is loosely or flexibly mounted on the rail. This, it has been well said, is the gist of the Atwood improvement, the value and superiority of which have been proved by its general adoption and large use by silk spinners. Its novelty and utility are thus placed beyond doubt, and that it required the exercise of inventive faculty to produce it appears from the prior history of the art. It would require too much space to review the long list of patents set out in the answer as being suggestive of the one in suit, only a few of which, however, are referred to in the brief of defendant's counsel. It may be sufficient to say that, with all the information derived from the alleged anticipations, it does not appear that any one, before Atwood, had caught the idea, and reduced it to practice, of arranging and combining old elements in such a manner as to produce a flexibly mounted spindle. He invented a new arrangement of parts, by which a new relation was formed between the rail and the supporting tube, and by that means superseded the former rigid-bearing spindle. It was a decided advance over all other supports, and that it required more than mechanical skill is evidenced by the fact that it had escaped the notice and observation of numerous inventors whose attention had been directed for many years to the achievement of the same or a similar result as the one reached by Atwood. In coming to this conclusion, we have not overlooked the contention that the use of yielding attachments, with adjustable devices, applied to the combined step and bolster bearings of a spinning spindle, was anticipated by the use of similar devices in centrifugal machines, or hydro-extractors, for creaming sugar or creaming milk. In this connection, reference is made to four patents for centrifugal machines, namely, Weston's (No. 144,319), of September 8, 1886; Cramer's (No. 144,319), of December 4, 1873; English patent to Day (No. 772), of 1874; and to Hurst's (No. 199), of January 8, 1878. It is claimed for the defendant that the Atwood spindle and the centrifugal machines contain

the same combination of elements for the purpose of flexible adjustment to an unbalanced load; the only difference being that in the one case it is a spindle flexibly mounted upon a rail, and in the other a larger revolving shaft flexibly attached to the floor. The argument deduced from this is that mere changes of use and dimensions, without any change of function, do not involve invention; in other words, that the Atwood adjustable device is only a "double use" of that made use of in the centrifugal machines for the same purpose. The Cramer patent is particularly relied on in support of this proposition, and may be taken as a fair representative of the class to which it belongs. The two classes of machines are so different in size, in structure, and in the uses to which they are adapted, that, as Mr. Southworth, a witness for the complainants, said, "the inspection of a centrifugal machine would not lead a mechanic to use a flexible spindle, but would be likely to deter one from even experimenting in that direction." The object of flexibly mounting the hydro-extractor is to prevent the jar and concussion which arise from the great weight of the machine and not to increase its speed. On the other hand, the flexible bearings in the spinning spindle are made use of to increase its speed, for the spindle can run as well at a speed of 5,000 revolutions in a rigid bearing. A careful examination of the specifications and drawings of the Cramer patent does not induce the belief that Atwood could have derived any aid from that source in contriving his spindle. Centrifugal machines had been in use in many mills where yarn was spun, and in shops where machinery was made for spinning yarn, for years before the Atwood improvement was invented, and no one ever supposed that a similar construction could be applied to a spinning spindle. One of the objects to be attained by loosely mounting the spindle in the rail was to maintain the spindle in a perpendicular position, and to diminish its inclination to gyrate. It is obvious that the functions of the one machine are different from the functions of the other, and it is also apparent that the means adopted by Cramer to produce a flexible adjustment differ from those adopted by Atwood for a similar purpose. The specifications of the Cramer patent state "that bolts, b, are provided with large heads and a washer, and each is encircled for a portion of its length by a heavy elastic cushion, preferably resembling a rubber car spring. These bolts are passed upward through holes in the platform, and are provided with nuts at their upper ends, and which, on being screwed down, securely and safely fasten the machine to the platform." In contrast to this, the spiral spring in the Atwood patent pulls the supporting tube down upon the rail, so as to prevent the tipping of the spindle; and, all parts of the machine being openly accessible,



the degree of flexibility of the spindle with relation to the rail can be readily graduated. The Cramer patent is only "a paper patent," and has never been put into practical use, and may be considered as an abandoned experiment. It belongs, however, to the same class as the other centrifugal machines which have been referred to as anticipations of the flexible devices of Atwood, to show that the latter are only reproductions of the former. As we have seen, they are very different. The clamping nut and rubber spring, used by Cramer have little or no analogy to the spiral spring, and the provision made for regulating its tension, as described in the Atwood patent. The centrifugal machine must have a strong foundation to rest upon, and to which it is "securely and safely" fastened, while the spinning spindle is sustained in mid-air by the rail on which it is loosely mounted. But, admitting the existence of a closer resemblance and analogy between the two classes of machines than have been shown, it by no means follows that the Atwood spindle would come within the rule of "a double use," and thus fall short of invention and patentability. In the recent case of *Potts & Co. v. Creager*, 155 U. S. 607, 15 Sup. Ct. 194, Mr. Justice Brown, speaking for the court, said:

"Indeed, it often requires as acute a perception of the relations between cause and effect, and as much of the peculiar inventive genius which is a characteristic of great inventors, to grasp the idea that a device used in one art may be made available in another, as would be necessary to create the device *de novo*. And this is not the less true if, after the thing had been done, it appears to the ordinary mind so simple as to excite wonder that it was not thought of before; but the decisive answer is that with dozens, and perhaps hundreds, of others laboring in the same field, it had never occurred to any one before. \* \* \* As a result of the authorities upon the subject, it may be said that, if the new use be so nearly analogous to the former one that the applicability of the device to its new use would occur to a person of ordinary mechanical skill, it is only a case of double use; but if the relations between them be remote, and especially if the use of the old device produce a new result, it may at least involve an exercise of the inventive faculty."

To the same effect are *Du Bois v. Kirk*, 158 U. S. 58, 15 Sup. Ct. 729, and *Tannage Patent Co. v. Zahn*, 17 C. C. A. 552, 70 Fed. 1003. In *Topliff v. Topliff*, 145 U. S. 156, 12 Sup. Ct. 825, the court held it—

"not sufficient, in order to constitute an anticipation of a patented invention, that the device relied upon might, by modification, be made to accomplish the function performed by that

invention, if it were not designed by its maker, nor adapted, nor actually used, for the performance of such function.”

As a further defense it is contended that the claims sued on must be construed as containing the sleeve whirl, in which case they are not infringed, because the defendant does not use the latter, or else they have no operative mechanism, and are void. The law on this subject is too well settled to be open for discussion. A patentee is not required to claim the entire machine in each claim. Each of the claims at issue is for a complete combination of the spindle and its supporting tube and devices, and there was no necessity for expressing in terms the devices for revolving the spindle; any appropriate means for operating it will be understood. The omission of the sleeve whirl does not effect the validity of either one of the claims, which belong to that class where reference may be made to the specifications to supply in a claim what it is plain, to any one skilled in the art, is a necessary incident. *Reece Buttonhole Mach. Co. v. Globe Buttonhole Mach. Co.*, 10 C. C. A. 194, 61 Fed. 970; *Deering v. Harvesters Works*, 155 U. S. 286, 15 Sup. Ct. 118. The decree of the circuit court is affirmed.

**1035. WESTERN ELECTRIC CO. v. NORTH ELECTRIC CO.**, 135 Fed. 79, 67 C. C. A. 553 (1905, Sixth Circuit).\* \* \*

Before Lurton, Severns, and Richards, Circuit Judges:

Severns, Circuit Judge. The Western Electric Company complains in its bill of the infringement by the appellees of the rights secured by three several letters patent which it claims to own, namely, one numbered 357,538, granted to Charles E. Scribner, February 8, 1887, one numbered 488,033, granted to Scribner and Warner, December 13, 1892, and one numbered 552,729, granted to Scribner, January 7, 1896, all of which relate to improvements in spring-jack switches for telephone switch boards; and prays for an injunction and an accounting.

The appellees, who were the defendants in the court below, appeared, and interposed a plea, which, in substance, denied the allegation in the bill that the public had generally recognized the validity of the patent No. 357,538, and averred that the public refrained from contesting its validity because the Bell Telephone Company and the complainant in this suit claimed a complete monopoly of all telephone inventions, and the public believed they had such a monopoly, and not because of the supposed validity of this particular patent. And, further, the plea denied that the invention of the patent had gone into extensive use, alleged that it had been anticipated, and denied infringement.

As to the patents Nos. 488,033 and 552,729, the plea alleged that they severally bear a date more than six months later than

the time when notice was given by the Patent Office of the allowance of the applications, respectively. The complainants set this plea down for argument, and upon the hearing the court held the plea insufficient, and granted the defendants leave to answer, but without prejudice to the defendants' right to raise by answer the defenses made by the plea. We will observe, in passing, that, so far as this plea relates to the patent No. 357,538, it is quite manifest that, except as to the defenses of lack of invention and noninfringement, it presented no defense to the bill, and with respect to those defenses it is also quite clear that they can not be taken by plea, but only by answer. Walker on Patents, §§ 599, 600. Besides, a plea, to be maintainable, must present some single definite point on the maintenance of which the bill will be disposed of. Story's Eq. Plead. § 654. The plea as regards this patent is multifarious, in that it states several defenses to the bill. In fact, it covers the principal grounds of an answer.

The plea, in so far as it relates to patents Nos. 488,033 and 552,729, would seem to be good in form. It alleges the fact that the date of each of the patents is more than six months later than the notice given to the applicant of the allowance of the application, and states the date on which such notice was given. Section 4885 of the Revised Statutes [U. S. Comp. St. 1901, p. 3382], provides that "every patent shall bear date as of a day not later than six months from the time at which it was passed and allowed and notice thereof was sent to the applicant or his agent; and if the final fee is not paid within that period the patent shall be withheld." The question thus raised is an important one, for the chief of the Issue and Gazette Division of the Patent Office, whose testimony is in the record, states that great numbers of patents have been issued, the dates of which are more than six months later than the time when the notice of allowance was sent to the applicant. He states that it is the practice of the Patent Office, and has been for more than 20 years, to transmit to the patentee the notice of allowance as soon as may be after all the proceedings except the payment of the final fee have been taken, and the notice of allowance contains a requirement that the final fee be paid. On receiving the final fee within the six months, the patent issues. But on account of the accumulation of business in the office a considerable period of time must elapse, after the final fee is paid, before the patent can be prepared and signed. And when the final fee is paid so near the expiration of the six months that the office cannot have the patent ready for issue within that time, the office issues a notice to the applicant, which contains a receipt for the fee, and a formal notice that the application has been exam-

ined and again allowed. And it appears that this latter was the course of proceeding in the case of both the patents Nos. 488,033 and 553,729. In each case the final fee was paid, and notice of the reallowance mailed to the applicant within the six months after the original allowance; but the patents were dated and issued more than six months after the date of the original allowance, but shortly after the reallowance. It is contended for the appellees that these patents are therefore void. It is urged that the date of the patents is imperatively required by the statute, and that the Patent Office has no authority to adopt a practice which shall dispense with that requirement. There is some plausibility in the argument supporting this contention but we think the weight of opposing reasons compels a different conclusion, and that the requirement should be regarded as directory, rather than absolutely essential. The full six months are allowed by the statute to the applicant, and it can hardly be supposed that Congress intended that this period could be cut short by the exigencies of the Patent Office. He has no power to coerce its proceedings. Delays in a public office are not generally allowed to prejudice the right of one who has performed all that the law requires of him to secure official action. The object which Congress had in view was to compel the applicant to follow up his application by the reasonable performance of the conditions precedent to the issue of the patent. If he entitles himself to have the patent issue within six months, that object is subserved. Said Mr. Justice Field, in delivering the opinion of the court in *French v. Edwards*, 13 Wall. 506, 20 L. ed. 702:

“There are undoubtedly many statutory requisitions intended for the guide of officers in the conduct of business devolved upon them, which do not limit their power, or render its exercise in disregard of the requisitions ineffectual. Such, generally, are regulations designed to secure order, system, and dispatch in proceedings, and by a disregard of which the rights of parties interested cannot be injuriously affected. Provisions of this character are not usually regarded as mandatory, unless accompanied by negative words importing that the acts required shall not be done in any other manner or time than that designated.”

And in 2 *Sutherland*, Stat. Construction, § 612 (2d ed.), it is said:

“In other words, as the cases universally hold, a statute specifying a time within which a public officer is to perform an official act regarding the rights and duties of others is directory, unless the nature of the act to be performed or the phraseology of the statute is such that the designation of time must be considered as a limitation of the power of the officer.”

Again, the statute declares that, if the final fee is not paid within the six months, the patent shall be withheld, but it does not declare that, if not dated as directed, the patent shall not issue, or, if issued, shall be void. Besides all this, the officers charged with the administration of the law have for many years construed the law as giving power to the office to exercise control over applications until the patent should finally issue, and that it was justified in resorting to a matter of form in order that the right of the citizen should not be sacrificed. So far as we know, this is the first time the practical construction of the statute now called in question has been challenged, and much disturbance of things supposed to rest on solid foundations would ensue if such an objection should be sustained.

Whether the practice, if promptly challenged by the government in a direct proceeding to recall a patent would be sanctioned, we have not now to consider. We think the patents ought not to be held void for irregularity, if it be such, at the instance of a private party in a collateral proceeding. \* \* \*

[The following under this heading are brief extracts to complete the discussion.] :

1036. WOODMANSE, ETC., MFG. CO. v. WILLIAMS, 68 Fed. 489, 15 C. C. A. 520.

The ground upon which a court of equity will take cognizance of a suit for an infringement of a patent is the relief through an injunction. There is nothing so peculiar to a suit for damages and profits for infringement of a patent as will, independently of some recognized ground of equitable jurisdiction, justify a court of chancery in assuming jurisdiction. It must appear that the legal remedy at law is inadequate, and if the case is one in which equitable relief by injunction is inappropriate, as where the patent has expired, or where the circumstances are such as to justify a court in refusing equitable relief, the suit will not be entertained for the mere purpose of an account of past damages and profits.

1037. RUSSELL v. KERN, 69 Fed. 94, 16 C. C. A. 154.

It is doubtless true, as contended, aside from any right to an injunction, that there may be ground for jurisdiction in equity in the nature and circumstances of the account, and in the necessity for discovery, but in respect to the expired patents, which are here assumed to be valid, it is not shown that the remedy at law would be inadequate.

1038. COMMERCIAL ACETYLENE CO. v. AVERY, ETC. LIGHTING CO.,  
159 Fed. 935, 87 C. C. A. 206.

We are content to rest affirmance of the order upon that opinion, with remark upon the case of Kessler v. Eldred, 205 U. S. 285, 51 L. ed. 1065, [decided since the hearing below], as plainly upholding jurisdiction in equity for like relief, in favor of the manufacturer, primarily sued for infringement, to prevent complication and injury in further suits against purchasers from him of the alleged infringing article. Whether the injunction should issue depends upon the equities presented.

PART XVIII.  
INJUNCTIONS.

[See for position of equity to charge of combination in restraint of trade No. 922, and also Part XIII.]

STATUTES.

[Preliminary—Restraining Orders, etc.—Perpetual or Permanent—Continued, Dissolved, Notified.]

Injunctions—Preliminary—Restraining Orders, etc.—Perpetual or Permanent—Continued, Dissolved, Modified.

**1039. POWER OF COURTS TO GRANT INJUNCTIONS AND ESTIMATE DAMAGES.**

Sec. 4921. The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for an infringement the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby; and the court shall assess the same or cause the same to be assessed under its direction. And the court shall have the same power to increase such damages, in its discretion, as is given to increase the damages found by verdicts in actions in the nature of actions of trespass upon the case. (Statute of Limitations.)

But in any suit or action brought for the infringement of any patent there shall be no recovery of profits or damages for any infringement committed more than six years before the filing of the bill of complaint or the issuing of the writ in such suit or action, and this provision shall apply to existing causes of action.

**1040. ANTISDEL v. CHICAGO HOTEL CABINET CO., 89 Fed. 308, 32 C. C. A. 216 (1898, Seventh Circuit).\* \* \***

Before Woods and Showalter, Circuit Judges, and Baker, District Judge.

Woods, Circuit Judge, after making the foregoing statement, delivered the opinion of the court.

If considered as brought for the purpose of enforcing obligations of contract, the bill would have to be dismissed because

it does not show the diverse residence and citizenship of parties necessary to give the court jurisdiction. The contract alleged, however, is not one which could be specifically enforced, and, unless the suit is for an injunction against infringement of letters patent, no sufficient ground for equitable relief is stated.

The first proposition of the appellant—urged on the authority of *Depeyster v. Graves*, 2 Johns. Ch. 148; *Duncan v. Finch*, 10 Ill. 296; *Woodworth v. Edwards*, 3 Woodb. & M. 120, Fed. Cas. No. 18,014; 10 Am. & Eng. Enc. Law, 1019—is that “the want of due diligence on the part of the complainant in prosecuting a suit in equity is always a cause for dissolving an injunction.” This proposition and the authorities cited, it is answered, are not applicable because in this case “there was nothing for the complainant to do \* \* \* after having obtained the preliminary injunction and default. The object of the bill was to restrain a threatened infringement, and until there was an actual infringement there was no occasion for taking any further steps in the suit.” The implication here that a temporary injunction may be the sole object of a bill is not true. Such relief is granted only as incidental and auxiliary to the final relief prayed, which, of course, may be only an injunction. The appellee, therefore, had no right to rest upon the preliminary order and the decree pro confesso, unless there was an excuse for so doing; but if it be true, as upon the evidence the court may well have found, that the order for the injunction was entered with the knowledge of the appellant, and that when the agreement of July 30, 1894, was executed, it was the understanding of the parties that the suit should not be dismissed, and that the injunction should remain in force, that was sufficient excuse, so long as nothing inconsistent with the understanding occurred, not only for the failure of the complainant to prosecute his suit to final decree, but for the delay of the appellant to move for the dissolution of the preliminary order and writ of injunction; for, while a diligent prosecution is the duty of a complainant, it is also the rule that laches or unexcused delay of a defendant in moving for the dissolution of a preliminary injunction may constitute ground for denying the motion when made. High, Inj. (3d Ed.) § 1480. \* \* \*

1041. *WELSBACH v. COSMOPOLITAN, ETC. CO.*, 104 Fed. 83, 43 C. C. A. 418 (1900, Seventh Circuit).\* \* \*

Before Woods and Grosscup, Circuit Judges, and Bunn, District Judge.

Woods, Circuit Judge:

This appeal is from an order denying an injunction pendente



lite against infringement of the first claim of letters patent No. 407,963, issued on July 30, 1889, to Frederick L. Rawson and William S. Rawson, of London, England. The principal contention of the appellant, insisted upon with great elaboration and reiteration of argument, is that: "No new defenses having been interposed which had not already been considered and overruled, both by a court of co-ordinate jurisdiction and by the circuit court of appeals for the Second District, \* \* \* the complainant, under the universally recognized and applied rule of comity \* \* \* was entitled to the injunction pendente lite prayed for." The rulings referred to were made in *Welsbach Light Co. v. Sunlight Incandescent Gas Lamp Co.* (C. C.) 87 Fed. 221, followed in the case against the *Rex Incandescent Light Co.* (C. C.) 94 Fed. 1006, and *Welsbach Light Co. v. American Incandescent Lamp Co.*, 39 C. C. A. 185, 98 Fed. 613. It is clear that "the plaintiff overstates somewhat the claims of comity." The opinion of the court below is reported in 100 Fed. 648. It shows that the court proceeded on the theory "that, by force of the decisions of this court, each case in this circuit must be decided upon its merits as disclosed by the record therein, and that a ruling or opinion of any other circuit court or court of appeals upon any question involved should be given only its just and reasonable weight according to the circumstances." Acting upon that theory, and in the exercise of an independent judgment, the court reached and declared its conclusion that the validity of the patent, because issued to two, when in fact, as the evidence seemed to show, only one of them was the real inventor, was brought into such doubt as to forbid the granting of a preliminary injunction. The last expression of this court on the doctrine of comity had been in the case of *Stover Mfg. Co. v. Mast, Foos & Co.*, 21 C. C. A. 231, 89 Fed. 333. The judgment in that case has since been affirmed by the supreme court (177 U. S. 485, 20 Sup. Ct. 708, Adv. S. U. S. 708, 44 L. ed. 856), and from the opinion of that court we quote the following comprehensive and reasonable statement of the doctrine: [See No. 926.] \* \* \*

A direct utterance could not have made it more clear that no court is to be reviewed or reversed, without an inquiry into the merits, merely because it failed or refused to follow the decision of another court to which it was not directly subordinate. Not less than of the supreme court is it the duty of this court, within the sphere of its jurisdiction, to decide questions presented according to its own judgment. The purpose of congress in creating the circuit courts of appeals and in conferring upon them the extraordinary jurisdiction given them in appeals from interlocutory orders of injunction would be to a large extent

thwarted if the doctrine of comity, always factitious and sometimes pernicious, should be allowed in these courts to take the place of independent and conscientious judgment. The safeguard against the evil of divergent and discordant decisions in the different circuits is in the power given to the supreme court to require the certificate of cases to that court of review; and evidently a prompt and healthy exercise of that power is more likely to follow inconsistency of decisions in the courts of appeals than a harmony of rulings brought about by considerations of deference or comity.

In determining whether, in a given case, the circuit court erred in refusing an injunction pending the litigation, it is to be remembered that such an injunction in no case is a matter of strict right. The application for it is addressed to the sound discretion of the court. It may be granted or refused, unconditionally or upon terms; and upon appeal ordinarily the question is simply whether the court acted improvidently. Only when clearly erroneous will the order be reversed. *Ritter v. Ulman*, 42 U. S. App. 263, 24 C. C. A. 71, 78 Fed. 222.

It is conceded that a patent issued to two, one of whom alone was the inventor, is void; and it was mainly because of testimony given by the patentees themselves, tending to show that the first claim of the patent in suit was for the invention of one, and not of both, of the patentees, that the court refused a preliminary injunction. The substance of that testimony is well stated in the opinion below, and, notwithstanding the opinion of the judges in the Second Circuit that it was not satisfactory, we are not convinced that the judge below gave it undue weight. Its force is certainly not impaired by the affidavits produced at the hearing. The reasonable supposition would seem to be that affidavits, prepared as these were, for the purpose either of meeting or evading the force of the explicit testimony which had been given in open court and under cross-examination would have contained a direct reference to that testimony and such explanation as could be made; but these affidavits, prepared by counsel in identical terms for both witnesses, simply say:

“My brother and myself were the true, original, and joint inventors of the invention which is set forth and claimed in the said letters patent, and that invention \* \* \* was the result of the joint thought, efforts and labors of my brother and myself. \* \* \* That invention was not the result of a single thought, but occupied the mind and attention of my brother and myself for a period of several months, \* \* \* and was not the result of the sole or separate thought, work, and experiment of either my brother or myself.”

In his testimony one of them had said that the first thought of overcoming the difficulty about transporting mantles by dipping the mantle into a liquid was his; that he thought of it one night in bed; that the next day he tried it with paraffine; and, to a suggestion of counsel that he and his brother were both working and thinking and conversing together about the invention, he responded, "No, I do not think that we were conversing together about the matter till I showed what I had done, and told him what I had done." And to the question whether his experiments were limited to paraffine, he answered, "My personal experiments were, but my friend, who was working with me at that time, Mr. Donkin [not his brother], made other experiments." The brother, Frederick, to the question, "Who first suggested this paraffining?" answered, "My brother Stepney was the first who told me; he spoke to me about it;" and this statement is emphasized by other parts of his testimony. When the first witness, on cross-examination, admitted that in their declaration for the patent they swore that they were joint inventors, counsel, in explanation to the court, said:

"I may tell your lordship there are a number of other things in the patent. My friend is talking about 'this invention.' Of course, technically it is one invention, but in fact there are a number of things included in it which have since been cut out by disclaimer."

A like explanation is appropriate here. The patent contains two claims. The first, which is in suit, is for a single thought—the described improvement in strengthening incandescent mantles, consisting in coating the completed mantle with paraffine or other suitable material. That thought might well have come to one when in bed, and have been put to the practical test the next day, as testified. It is difficult to apprehend how two could have shared in the conception. The second claim, however, is distinctly different. It is for a method of forming incandescent mantles, consisting of a number of steps, the combining of which, to produce the desired result, may well have been the joint achievement of two or more minds. The order of the circuit court is affirmed.

**1042. CONSOLIDATED RUBBER TIRE CO. v. DIAMOND RUBBER CO.,**  
157 Fed. 677, 85 C. C. A. 349 (1907, Second Circuit).\* \* \*

Before Lacombe, Ward, and Noyes, Circuit Judges.

Lacombe, Circuit Judge:

Complainants are manufacturers of rubber tires, and respectively owner of and licensee under the Grant patent of February 18, 1896, No. 554,675, for improvements in rubber-tired wheels. Defendant is not a manufacturer, but handles and sells

rubber tires for wheeled vehicles. The patent was before this court in *Firestone Tire Co. v. Consolidated Rubber Tire Co.* (C. C. A.) 151 Fed. 237. It was held that the patent was valid, and that certain tires then before it were infringements. On the application for preliminary injunction in the case at bar, it appeared that defendant had sold tires in all substantial respects the same as those held to be infringements in the *Firestone Case*. The record does not illuminate the prior art by the disclosure of any important prior patents or prior uses which were not contained in the record in the *Firestone Case*. Upon such a state of facts, the propriety of issuing preliminary injunction is well settled in this circuit; and it is equally well settled that appeal from such preliminary injunction brings up only the propriety of the action of the Circuit Court. The whole cause is not to be reopened. That is a matter for consideration when the new cause comes to final hearing. *Am. Paper P. & B. Co. v. Nat. Folding B. & P. Co.*, 51 Fed. 229, 2 C. C. A. 165; *Consolidated Fastener Co. v. Littauer*, 84 Fed. 165, 28 C. C. A. 133.

The only real question now presented is whether the peculiar history of this patent requires a denial of preliminary injunction in view of the recent decision of the Supreme Court in *Kessler v. Eldred*, 206 U. S. 285, 27 Sup. Ct. 611, 51 L. ed. 1065. As we stated in the *Firestone Case*, the patent was sustained in this circuit by Judge Thomas (*Rubber Tire Wheel Co. v. Pneumatic Wagon Wheel Co.* [C. C.] 91 Fed. 978); in the Sixth Circuit (Northern District of Ohio) by Judge Wing (unreported); in the Fifth Circuit by Judge Newman (*Consolidated Rubber Tire Co. v. Finley R. T. Co.* [C. C.] 116 Fed. 629). It was held invalid by the Court of Appeals, Sixth Circuit, in *Goodyear Tire & R. Co. v. Rubber T. W. Co.*, 116 Fed. 363, 53 C. C. A. 583, and in *Rubber Co. v. Victor Tire Co.*, 123 Fed. 85, 59 C. C. A. 215, and by Judge Anderson in the Seventh Circuit, District of Indiana (unreported). A certiorari to review the decision of the C. C. A. Sixth Circuit was denied. 187 U. S. 641, 23 Sup. Ct. 842, 47 L. ed. 345. The patent was also indirectly involved in the decision of *Rubber Tire W. Co. v. Milwaukee R. Works* (C. C.) 142 Fed. 531. It came before Judge Platt in this circuit in the *Firestone Case* (C. C.) 147 Fed. 739, and was again sustained, and upon the appeal from his decision our opinion in that case (151 Fed. 237) was rendered. The record at that time before this court besides the testimony in the cause contained as an exhibit the record which was before the Circuit Court of Appeals, Sixth Circuit, in the *Goodyear Case*, and all the opinions above cited were also cited. Commenting upon the entire record then presented, this court said:

“In view of this new aspect of the case, we have no reason

to doubt that on the present record the Court of Appeals of the Sixth Circuit would reach a conclusion favorable to the patent."

In *Kessler v. Eldred*, Eldred, the owner of a patent, sued Kessler, a manufacturer of electric cigar lighters, in the district of Indiana. The court found noninfringement, and dismissed the bill. Subsequently Eldred sued Kirkland, another manufacturer of similar lighters in the Western district of New York, was defeated at circuit, but prevailed in the Circuit Court of Appeals. Eldred next sued Breitweiser, a user of Kessler lighters, in the same district. While this last suit was pending, Kessler filed a bill in the Northern District of Illinois against Eldred to enjoin him from prosecuting any suit against any one for alleged infringement of the patent by purchase, use or sale of any cigar lighter manufactured by Kessler and identical with the lighter in evidence before the court in the first suit. The Supreme Court held that the original judgment conclusively settled the right of Kessler to manufacture and sell his manufactures free from all interference from Eldred by virtue of the patent there adjudicated, and granted the relief prayed for. Inasmuch as defendant here is a dealer, and as such may wish to sell tires manufactured by the Goodyear Company which has secured adjudications adverse to the patent in the Circuit Court of Appeals, Sixth Circuit, *supra*, the judge who heard the motion at circuit in view of the decision in *Kessler v. Eldred* inserted the following clause in the order:

"Nothing in this injunctional order shall prevent, or is intended to prevent or enjoin, the defendant from handling, using or selling rubber tires and rims covered by the Grant patent, \* \* \* manufactured by the Goodyear Tire & Rubber Company, having a right to manufacture, use, and sell such tires under a judicial decree in a litigation in the federal courts in the district of Indiana heretofore pending between this complainant and such parties, wherein it has been judicially determined that said Grant patent is invalid and void."

The complainants cannot now question the propriety of inserting this clause, because they have no appeal from an order refusing to issue injunction, and the clause is a refusal to enjoin tires made by the Goodyear Company. Defendant contends, however, that the reservation does not go far enough, that defendant should be left free to sell any infringing tires made in the Sixth Circuit, or in any circuit other than the Second, or that no injunction at all should have been issued. *Kessler v. Eldred*, as the Supreme Court itself remarked, was a case of novel impression, and in deciding it that court carefully confined the decision to the single point that the original judgment was conclusive upon the parties to it. As to the proposition that such

adjudication afforded a defense to Breitweiser in the direct suit against him, it said: "Upon that question we express no opinion." It would seem that inferior courts should be cautious about extending the principle enunciated in that case beyond the limits within which it was there applied. The opinion opens up a new subject in patent law practice, and it is desirable, no doubt, that an early expression of opinion by the Supreme Court should be secured upon a record which will present its broader aspects, but we do not think it wise to certify the question to that tribunal upon this record. Besides, that question there is the further one whether upon the merits of the whole case the Second Circuit was right in holding the patent to be valid and infringed by a manufacturer other than the Goodyear Tire & Rubber Company. Should the Supreme Court reach the conclusion that this circuit erred in that respect, the further application of the *Kessler v. Eldred* rule would no longer cut any figure in the case, and by certifying it now we would have unnecessarily vexed that tribunal with a moot question.

It would seem that the rights of all can be best preserved by affirming the order, at the same time directing the circuit court (upon the filing of a new bond or the extension of the old one) to suspend the operation of the injunction until final disposition of the cause. The record at final hearing will be so comprehensive as to present every question, and, when it reaches this court upon appeal, a review of them can be secured from the Supreme Court either by certification or certiorari.

The order is affirmed, with the modification suggested as to suspension.

1043. *BLOUNT v. SOCIETE, ETC.*, 53 Fed. 98, 3 C. C. A. 455 (1892, Sixth Circuit).\* \* \*

Before Jackson and Taft, Circuit Judges.

Jackson, Circuit Judge:

This is an appeal, under the seventh section of the act of March 3, 1891, from an order of the circuit court granting a preliminary or provisional injunction against the appellant. On June 6, 1892, the appellees, as assignee and licensee of letters patent No. 336,385, granted February 16, 1886, to Charles E. Chamberland for certain new and useful improvements in filtering compound, instituted suit against the appellant and one Frank K. Way, as infringers of said patent. The bill, in the usual form, set forth that said Chamberland was the true, original, and first inventor of said filtering compound; that letters patent of the United States were duly issued to him therefor; that by instruments in writing, duly executed and recorded, said Chamberland had thereafter assigned and conveyed to com-

plainant the Societe Anonyme du Filtre Systeme Pasteur, a French corporation, the entire right, title, and interest in, to, and under said letters patent; that said assignee had thereafter transferred to the complainant the Pasteur-Chamberland Filter Company, a corporation created and existing under the laws of the State of Ohio, the exclusive right to sell and use the said patented invention in the United States, subject to certain conditions and provisions named in the instrument conveying the right; that said licensee had spent large sums of money and used much effort in introducing said invention, and bringing it into practical and public use; that it had been in the undisturbed possession and enjoyment of the valuable and exclusive privileges secured by said letters patent, and of the profits arising therefrom, until the defendants commenced the infringement hereof; that said defendants, prior to the infringement complained of, were stockholders and officers in the complainant corporation the Pasteur-Chamberland Filter Company, the defendant Blount having been its president and a member of its board of directors, and defendant Way its superintendent. It is further alleged, in substance, that said Blount, prior to his connection with said Pasteur-Chamberland Filter Company, was a large stockholder in and an officer of a corporation in Ohio known as the Western Pasteur Filter Company, which owned and controlled the exclusive right to make and use filters under said letters patent throughout a large territory of the United States; that said Western Pasteur Filter Company, through the efforts and representations of said Ambrose A. Blount, disposed of its rights under said patent to the complainant corporation the Pasteur-Chamberland Filter Company, and that said Blount received a large portion of the consideration paid by the latter for such transfer, etc.; that said defendants, after disposing of their stock and interest in said Pasteur-Chamberland Filter Company, commenced the infringement of said letters patent in the southern district of Ohio, in connection with one C. E. Funk, using the knowledge and experience of the trade, business methods, and manufacture obtained by them while in the employ of said Pasteur-Chamberland Filter Company, as its confidential and trusted officers and employes, for the purpose of fraudulently obtaining the benefits of the efforts of complainants in introducing said invention to the public, and of the market established for the same, etc. The bill prayed for an injunction and the ordinary account in such cases. The motion for preliminary injunction was heard upon bill and affidavits and exhibits thereto, introduced on both sides, and was granted in the usual form, restraining defendants, and each of them, their agents and representatives, from the further or any use of the filtering com-

pound, or a like or similar compound, as set forth in said letters patent No. 336,385, the same to continue in force until decree on final hearing or further order of the court. After the order awarding the preliminary injunction was passed, and the writ was issued, the defendant Blount filed his answer to the bill; but, without moving for a dissolution of the injunction, he thereafter prayed for and obtained an appeal to this court from the order granting the same.

The single question presented for our determination on said appeal is whether the order of the lower court awarding the injunction was erroneous or improvident, under the facts and circumstances of the case, as disclosed by the motion papers on which its action was based. It is provided by section 4921, Rev. Stat., that—

“The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions, according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable.”

The object and purpose of a preliminary injunction is to preserve the existing state of things until the rights of the parties can be fairly and fully investigated and determined upon strictly legal proofs, and according to the course and principles of courts of equity. The prerequisites to the allowance and issuance of such injunction are that the party applying for the same must generally present a clear title, or one free from reasonable doubt, and set forth acts done or threatened by the defendant, which will seriously or irreparably injure his rights under such title, unless restrained. The legal discretion of the judge or court in acting upon applications for provisional injunctions is largely controlled by the consideration that the injury to the moving party, arising from a refusal of the writ, is certain and great, while the damage to the party complained of, by the issuance of the injunction, is slight or inconsiderable. In *Great Western R. Co. v. Birmingham & O. J. Ry. Co.*, 2 Phil. Ch. 602, it was said by Lord Cottenham:

“It is certain that the court will in many cases interfere and preserve property in statu quo during the pendency of a suit in which the rights to it are to be decided, and that without expressing, and often without having the means of forming, any opinion as to such rights. It is true that the court will not so interfere if it thinks that there is no real question between the parties; but, seeing that there is a substantial question to be decided it will preserve the property until such question can be regularly disposed of. In order to support an injunction for



such purpose, it is not necessary for the court to decide upon the merits in favor of the plaintiff."

In *Glascott v. Lang*, 5 Mylne & C. 455, it is said by the same learned judge that—

"In looking through the pleadings and evidence for the purpose of an injunction, it is not necessary that the court should find a case which would entitle the plaintiffs to relief at all events. It is quite sufficient if the court finds, upon the pleadings and upon the evidence, a case which makes the transaction a proper subject of investigation in a court of equity."

In *Shrewsbury v. Railway Co.*, 1 Sim. (N. S.) 410-426, after reviewing the above rulings of Lord Cottenham, the vice chancellor thus states the rule in reference to preliminary injunctions:

"That there are two points on which the court must satisfy itself. First, it must satisfy itself, not that the plaintiff has certainly a right, but that he has a fair question to raise as to the existence of such a right. The other is whether 'interim' interference, on a balance of convenience or inconvenience to the one party and to the other, is or is not expedient."

In *Georgia v. Braiseford*, 2 Dall. 402, it is said:

"In order to support a motion for an injunction, the bill should set forth a case of probable right, and a probable danger that the right would be defeated without the special interposition of the court."

The same general principles announced in these authorities govern and control the legal discretion of the judge or court in granting preliminary injunctions in suits for the infringement of patents. In such suits the plaintiff's application for a provisional or pendente lite injunction should present a title to the patent sued on, the probable validity of such patent, and infringement thereof by the defendant. It is not questioned that the complainants, together, are vested with all the right, title, and interest in and to the letters patent in suit, which were possessed by the patentee, Charles E. Chamberland. Their title is fully established, if not conceded; and if, in addition to such title, it fairly appears or is to be presumed that the patent is valid, or that appellant was not in a position to deny its validity, and that he has actually infringed or threatened to infringe the same, a prima facie case for a preliminary injunction is made out. This court, under the present appeal, is not called upon to make any final decision as to the validity of the patent or the infringement thereof, nor is the consideration of those questions either necessary or proper, further than to ascertain whether the order complained of was an improvident exercise of a legal discretion on the part of the circuit court. We have held at the present term that on an appeal under the seventh section of the act

of March, 1891, from an interlocutory order granting an injunction, this court, even with the consent of parties, could not properly pronounce any final judgment or decree on the merits of the controversy in respect to the validity of the patent involved, and its infringement, inasmuch as these questions remained in the lower court for final adjudication, in the exercise of its original jurisdiction. See opinion in *Watch Co. v. Robbins*, 52 Fed. Rep. 337.

But while this court, on appeals like the present, may not properly pass upon the merits of the controversies involved in the litigation, it may incidentally consider the questions relating to the validity and infringement of the patent, as well as all other facts bearing upon the propriety of sustaining or dissolving the injunction awarded.

Now, what are the fair and reasonable probabilities as to the validity of the Chamberland patent in question, as disclosed in the case before us? There is the general "prima facie" presumption of the novelty and utility of the invention, and that the patentee is the first and true inventor, which arises from the letters patent granted by the government. *Railroad Co. v. Stimpson*, 14 Pet. 448; *Seymour v. Osborne*, 11 Wall. 516; *Smith v. Dental Co.*, 93 U. S. 486; and *Lehnbeuter v. Holthaus*, 105 U. S. 94.

There is the further special presumption of its validity arising from public acquiescence.

It is well settled that, for the purpose of laying the foundation for a preliminary injunction, it may be shown that the patentee, or those succeeding to his rights, have made, used and sold the patented article or device for years, during which no other person or persons have assumed to make or sell the same. Where all persons, other than the owner of the patent, have for several years refrained from making, using, or selling the patented article, for the reason that it is patented, when it would be for their interest to adopt it, such acquiescence raises a fair presumption of its validity, sufficient to warrant the issuance of a preliminary injunction to restrain its infringement. So, too, if the patentee has long licensed the use of his invention, which no one has, for periods varying from two to eight years, assumed to use or sell without such license, there is such acquiescence as lays the foundation for a preliminary injunction. *Sargent v. Seagrave*, 2 Curt. 557; *Doughty v. West*, 2 Fish. Pat. Cas. 559; and *Machine Co. v. Williams*, Id. 138.

It distinctly appears in the present case that the Chamberland patent has since its issuance, in February, 1886, down to 1892, only been used under license or right granted by the patentee, and that during said period there has been a general public acquiescence in its validity. The complainants, as the succes-

sors in title, have expended large sums in preparing for and carrying on the manufacture of the patented article, and in introducing the filtering compound into practical use. They have for many years had this exclusive use, without question on the part of the public, of a patented device of great utility and value. Under such circumstances there arises such presumption of the validity of the patent as to entitle them to a preliminary injunction to restrain its infringement, unless the party sought to be restrained can clearly show its invalidity. This the appellant has attempted to do by reference to several prior patents for filters and filtering compounds. We do not deem it necessary to review those prior patents in detail. We have carefully examined them, and fail to find that they or either of them accomplish the purpose of the Chamberland invention, or cover the filtering compound which forms the subject of his patent. Again, it is shown that in a suit by complainants against appellant in the seventh circuit, for alleged infringement of this Chamberland patent, the circuit court has awarded a preliminary injunction based upon the validity of the patent, and its infringement. This interlocutory decree in another suit between the same parties, if not conclusive of the complainants' right to a provisional or pendente lite injunction in the present case, is strongly presumptive of the propriety of awarding such injunction, as it involved to a certain extent a judicial determination that the patent was prima facie valid. An interlocutory decree granting an injunction in another case is a good foundation on which to base an application for a preliminary injunction in any other court. *Potter v. Fuller*, 2 Fish. Pat. Cas. 251.

But, aside from the foregoing considerations, it is shown that appellant was personally active in procuring a license to use this Chamberland patent in the United States; that he was a promoter of, and stockholder in, the Western Pasteur Filter Company, which accepted a license from the complainant the *Societe Anonyme du Filtre Chamberland Systeme Pasteur*, as owner of the patent, for the exclusive right to make, use, and sell filters embodying said invention throughout a large portion of the United States; that by and with his consent and active participation the rights so acquired by the Western Pasteur Filter Company were transferred and assigned, for a valuable consideration, to the complainant the *Pasteur-Chamberland Filter Company*; that the appellant received a portion of such consideration; that he became a stockholder in and president of said *Pasteur-Chamberland Filter Company*; that while connected with each of said companies, and personally interested in said patent, he, by circulars and otherwise, lauded and proclaimed the novelty and importance of the invention covered

thereby, and was greatly instrumental in bringing to the attention of the public its value and utility, as well as the fact that said companies were the exclusive owners of the valuable right of making, using, and selling the same in the United States. It further appears that the sale and transfer of the rights held by the Western Pasteur Filter Company to the complainant the Pasteur-Chamberland Filter Company, were duly authorized and directed by the stockholders of the former, including the appellant. Having thus recognized the validity of the patent by acquiring and accepting rights thereunder, by promoting and organizing and holding interests in corporations which held licenses to make, use, and sell the patented article, and by actively participating in selling and transferring such rights, it may well be doubted whether appellant is not estopped from denying or disputing, as against the Pasteur-Chamberland Filter Company, the validity of the patent. It appears that, after parting with his stock in the last-named company, he, in connection with others, commenced making and using the alleged infringing article in the spring and summer of 1892. His prior relation to the patent presented a strong equity in favor of the complainants, if it did not estop him from denying its validity under the authorities. See *Faulks v. Kamp*, 3 Fed. 898; *Onderdonk v. Fanning*, 4 Fed. 148-150; *Purifier Co. v. Guilder*, 9 Fed. 155; *Telegraph Co. v. Himmer*, 19 Fed. 322; *Parker v. McKee*, 24 Fed. 808; *Alabastine Co. v. Payne*, 27 Fed. 559; *Steam Gauge & Lantern Co. v. Ham Manuf'g Co.*, 28 Fed. 618; *Burr v. Kimbark*, Id. 574.

But, aside from the question whether appellant is in a position to deny the validity of the patent, we are of the opinion that the presumptions in favor of its validity are not so clearly broken down as to warrant a dissolution of the injunction.

On the question of appellant's infringement there is conflicting evidence in the *ex parte* testimony of the experts, but the weight and preponderance of their statements supports the conclusion that the article manufactured by Dr. Blount does infringe the patented compound. If, as the appellant's counsel contends, the granular element of the patented compound is confined to baked porcelain earth, ground or reduced to fine powder, the question of infringement would be doubtful. But we are not prepared to hold that this is the proper construction to be placed upon the specification and claim of the patent. The patentee distinctly states in his specification that his compound is formed "substantially of pipe clay, or any other suitable clay, and porcelain earth, or its equivalents, hereinafter named." Then, after describing the method of treatment or preparation, he states that "I do not limit myself to the above-named substances,

for the same, or very much the same, result may be attained by using, for instance, silex, magnesia, or its equivalent, instead of porcelain earth." Unless a very restricted construction is given to the claim of the patent it would seem that baked porcelain earth, ground or reduced to powder, is not the only granular element or material covered by the patented compound. The state of the art, the value of the invention, and the language of the specification do not require such a limited and restricted construction.

It may fairly be contented that the fine sand used as the granular element of the appellant's filtering compound is the equivalent of the baked porcelain earth, ground or reduced to powder. Nor is there such wide difference in the proportions of pipe or other suitable clay and the granular material employed as to constitute any substantial difference in the filtering compound made by each of the parties.

The two filtering compounds are almost identical in appearance. To the naked eye there is no difference. The *ex parte* testimony and the fair construction of the patent raised a fair presumption of infringement, for the purpose of awarding a preliminary injunction. The appellant has no established business to be interrupted or injured, while the appellees are in a position to be seriously, if not irreparably, injured, if appellant is not restrained until the rights of the parties can be fully and finally adjudicated.

On the case presented we are of the opinion that appellees have exhibited such probable right, and probable danger to that right, as entitled them to the interposition of the injunctive powers of the lower court for its protection *pendente lite*, and further, that, upon the consideration of the balance of inconvenience or injury to one party or the other, the legal discretion of the circuit court in awarding the injunction was not improperly or improvidently exercised. Our conclusion upon the whole case, as now presented, is that the order appealed from is not erroneous, and that said appeal should be dismissed at appellant's cost.

The cause so far as brought to this court by the appeal will be remanded to the circuit court for the southern district of Ohio, western division, with the direction to reinstate its injunction, which appellant improperly superseded.

1044. *ELECTRIC MFG. CO. v. EDISON*, 61 Fed. 834, 10 C. C. A. 106 (1894, Seventh Circuit, Patent No. 223,898).\* \* \*

Before Woods and Jenkins, Circuit Judges, and Bunn, District Judge.

Jenkins, Circuit Judge (after stating the facts):

The question presented by this appeal involves the proper

rule for the guidance of the court in allowing a preliminary injunction where there has been previous protracted and expensive litigation, resulting in the establishment of the validity of the patent, but where the present alleged anticipation of the invention had not been considered. The patent in question was sustained in *Consolidated Electric Light Co. v. McKeesport Light Co.*, 40 Fed. 21, and in *Edison Electric Light Co. v. U. S. Electric Lighting Co.*, 47 Fed. 454, which latter case was affirmed upon appeal in the second circuit (11 U. S. App. 1, 3 C. C. A. 83, and 52 Fed. 300), and followed in *Edison Electric Light Co. v. Sawyer-Man Electric Co.*, 11 U. S. App. 712, 3 C. C. A. 605, and 53 Fed. 592. In these cases, however, the alleged prior invention of Goebel was not asserted or considered.

The alleged anticipation by Goebel seems first to have been presented in the case of *Edison Electric Light Co. v. Beacon Vacuum Pump & Electrical Co.*, 54 Fed. 678, in which case Judge Colt, upon motion for preliminary injunction, asserted the rule that where the validity of a patent has been sustained by prior adjudication, and especially after a long, arduous, and expensive litigation, the only question open upon motion for a preliminary injunction, in a subsequent suit against another defendant, is the question of infringement, the consideration of other defenses being postponed until final hearing; the only exception to the rule being where the new evidence is of such a conclusive character that, if it had been introduced in the former case, it probably would have led to a different conclusion. And in such case the burden is upon the defendant to establish this, and every reasonable doubt must be resolved against him. This rule was substantially approved by the learned judge whose decision is before us for review. Judge Hallett, in a similar case (*Edison Electric Light Co. v. Columbia Incandescent Lamp Co.*, 56 Fed. 496), held to a different rule, substantially to the effect that in such case, as in one where there had been no adjudication, the complainant must show a clear right in support of a preliminary writ, and a defense which puts his case in doubt is sufficient to defeat the application. We have held in *Standard Elevator Co. v. Crane Elevator Co.*, 9 U. S. App. 556, 6 C. C. A. 100, and 56 Fed. 718, that, in the absence of prior adjudication or public acquiescence, a preliminary injunction should not be granted unless the rights of the patentee be clear, and the infringement be without reasonable doubt. As applied to the case of a patent that had not passed judicial scrutiny, we declared the rule asserted by Judge Hallett. Where, however, the patent has been strenuously contested, and its validity determined by a competent tribunal, we think a strong presumption arises in favor of the patent which imposes upon the contestant the bur-

den of attack. Of course such prior adjudication does not conclude the question of right, even as to the defenses passed upon, except as between parties and privies. Such a judgment is not within the principle of *res judicata*. It is effective, however, to impress upon the patent such additional presumption of validity that demands of a contestant a quantum and force of evidence, beyond that passed upon in the prior adjudication, sufficient to convince the court of the probability that, had such further evidence been presented and considered upon the former hearing, a different result would have been reached. In other words, in such case the patentee may rightfully rest upon his patented right confirmed to him by the solemn adjudication of a competent judicial tribunal. He who attacks that right must overcome the legal presumption of right in the patentee. The strength of that presumption is variant, depending upon the circumstances surrounding the adjudication relied upon to support it. It is stronger when rested upon a final hearing than upon a motion for a preliminary injunction. Its potential force is intensified by the affirmance by an appellate tribunal of the adjudication in favor of the patent. The extent of the burden of overcoming the presumption is therefore measured by the degree of effective force imputed to the presumption. Where anticipation of invention has been asserted and determined to be unfounded, the presumption would be much stronger against cumulative evidence to prove anticipation by the one whose claim had been repudiated than where anticipation is asserted in behalf of some other supposed inventor, whose claim was not in contention in the case adjudicated; and yet, in the latter instance, in addition to the presumption attaching to the patent itself, there would arise a further presumption, more or less strong, depending upon the circumstances, that, as the issue was the invalidity of the patent because of anticipation, *bona fide* contestants, earnestly striving to undermine the patent, would have asserted the defense, if known to them and deemed substantial. It may be difficult to formulate a rule that will comprehend all the conditions which could be presented, but we think it safe to say that in general, where the validity of a patent has been sustained by prior adjudication upon final hearing, and after *bona fide* and strenuous contest, the matter of its validity upon motion for preliminary injunction is no longer at issue, all defense, except that of infringement, being reserved to the final hearing; subject, however, to the single exception that, where a new defense is interposed, the evidence to support it must be so cogent and persuasive as to impress the court with the conviction that, if it had been presented and considered in the former case, it would probably have availed to a

contrary conclusion. In the consideration of such new defense of anticipation, regard should be had to the rule that such a defense is an affirmative one; that the burden of proof is upon him who asserts it; and that the grant of letters patent is prima facie evidence that the patentee is the first inventor of the device described therein, and of its novelty. *Coffin v. Ogden*, 18 Wall. 120; *Smith v. Vulcanite Co.*, 93 U. S. 486; *Lehnbeuter v. Holt-haus*, 105 U. S. 94; *Cantrell v. Wallick*, 117 U. S. 689, 6 Sup. Ct. 970; *Barbed-Wire Patent*, 143 U. S. 275, 12 Sup. Ct. 443, 450. The propriety of this rule is enforced by the consideration that an adjudication in the case of a patent is not only a judgment inter partes, but is a judicial construction of a grant by the government, and in a broad sense deals with and determines the rights of the public. A patent is sui generis. By it the public, through its authorized representatives, grants a monopoly for a term of years in consideration of the surrender of the invention to public use upon expiration of the term. When, upon judicial contest, a competent court has sanctioned the grant and determined the right thereunder, the monopoly thereby granted ought not to be permitted to be invaded except upon a clear showing that the decision invoked in its favor was wrong. It is true that the prior adjudication does not deal with the supposed new defense, and does not affect the merits of that defense upon final hearing; but the fact that it was not presented, especially where the existence of the claim was known to and considered by counsel, is a circumstance to be considered by the court in passing judgment upon the merits upon the hearing for an interlocutory injunction. We are of opinion that the rule was correctly interpreted by the court below, and properly applied to the case in hand.

We are asked to determine the extent to which this court should go in review of an exercise of discretion by the court below in granting a preliminary injunction. There would seem to be some divergence of opinion in the circuit courts of appeals upon this question. The cases of *Dudley E. Jones Co. v. Munger, etc., Manuf'g Co.*, 2 U. S. App. 188, 1 C. C. A. 668, and 50 Fed. 785, in the fifth circuit; *Watch Co. v. Robbins*, 6 U. S. App. 275, 3 C. C. A. 103, and 52 Fed. 337, and *Blount v. Societe Anonyme du Filtre Chamberland Systeme Pasteur*, 6 U. S. App. 579, 5 C. C. A. 202, and 55 Fed. 485, in the third circuit; *American Paper Pail & Box Co. v. National Folding Box & Paper Co.*, 1 U. S. App. 283, 2 C. C. A. 165, and 51 Fed. 229, in the second circuit; and *Davis Electrical Works v. Edison Light Co.*, 5 U. S. App. 611, 8 C. C. A. 615, 60 Fed. 276, in the first circuit—are perhaps in antagonism, leading the court of the sixth circuit to certify the question to the supreme court. That court, however, in



Watch Co. v. Robbins, 148 U. S. 266, 13 Sup. Ct. 594, held that the fact that courts had reached contradictory results did not under the statute warrant the submission of the question for its decision, but might furnish ground for a certiorari upon proper application. We do not deem it needful at this time to enter that field of discussion, because, assuming the right of the appellate court to review to the fullest extent the decision of the court below, we are satisfied with the correctness of the conclusion reached upon the merits with respect to the issuance of the preliminary injunction.

It is not essential that we should enter upon an elaborate or studied investigation of the voluminous mass of evidence presented. It might be improper so to do, since possibly the case upon its merits and after final hearing may come up before us for review. We base our conclusions upon grounds not conclusive of the fact of Mr. Goebel's alleged prior invention, but effective in the consideration of the question whether the case presented is so clear and satisfactory that it overcomes the presumptive force which, under the rule adopted, must be conceded to the patent. We are content to rest our conclusion upon two grounds, which, in our judgment, sanction the issuance of this injunction.

The great problem in the art of electric lighting to render it practicable for general use was to discover a method of subdivision of the light. This is claimed to have been solved by Mr. Edison, and having been publicly declared in 1879, and the invention secured to him by letters patent issued in 1880. For years before, scientific minds the world over were concentrated upon the investigation of electricity and electric lighting. Innumerable experiments and failures marked the pathway to success. The division of light was asserted by some of the most eminent electricians of the day to be an idle dream, and an insoluble problem—an ignis fatuus, delusive, and unreal. Mr. Edison's invention dispelled the clouds of doubt, and demonstrated the accomplished fact. Mr. Goebel claims to have made this discovery a quarter of a century before, in the year 1854, in the city of New York, and to have made these incandescent electric lights for his own pleasure and amusement, and to have used them for lighting his store, and to light a wagon upon which was mounted a telescope, with which he publicly traversed the streets of that city. As this record is now presented to us, and considering the claim in the light of cotemporaneous history, we find it difficult to give credence to the story. During a quarter of a century, from 1854 to 1880, the scientific world was struggling with the problem, and could not solve it; and yet, if the claim asserted for Mr. Goebel be well founded, it

had already been solved, and he had made public demonstration of it in the commercial metropolis of the Union; the scientific world, however, and the public generally, remaining in total ignorance of it. How he could thus hide his light under a bushel passes comprehension. The mind cannot readily yield assent to the assertion of a claim under such circumstances, and when it is supported solely by *ex parte* evidence. We had occasion in *Standard Elevator Co. v. Crane Elevator Co.*, *supra*, to make some observations with respect to the weight to be attached to *ex parte* evidence, and to the value of a cross-examination. Upon further reflection upon the subject, induced by the submission to us of this case, we deem it proper to reassert and to emphasize what was there said. Certainly we cannot go to the extent of saying that *ex parte* evidence can be relied upon to establish the improbable. It may be that, upon final hearing, Mr. Goebel's claim may be sustained, notwithstanding the improbabilities attaching to and surrounding it. It is sufficient to say here that we cannot be satisfied as to the fact except upon clear and convincing evidence, tested by the ordeal of an intelligent cross-examination.

The further circumstance to which we refer, and which impels us to sustain the order of the court below, is that Mr. Goebel, having accomplished that for which the world was waiting in eager expectancy, that for which scientists were striving and experimenting for a quarter of a century after its discovery, that which was not only of incalculable value to the world, but of unlimited profit to the inventor, never applied for a patent for his alleged invention. That he did not was not owing to any philanthropic motive. He seems to have been a man of much mechanical ingenuity. He understood well the protection which the law yields to the deserving inventor. In regard to small matters he sought that protection. In 1885 he applied for a patent on a sewing-machine hammer, and in 1881 for certain other devices; among others, for a coil connected with his exhibit lamp. There was, however, no attempt to secure the protection of the law for an invention that, had it been known, would have startled the world and made him a millionaire. That he should have been so careful to secure his rights with respect to trifling matters, and evince such utter disregard of his interests in a matter of great moment, challenges belief. This renders the more improbable the story of his invention. The supreme court has regarded such conduct as largely controlling. In the *Telephone Cases*, 126 U. S. 556, 562, 565, 8 Sup. Ct. 778, in commenting upon the conduct of Mr. Drawbaugh with respect to his alleged anticipation of the Bell telephone, his failure to apply for letters patent therefor, and his obtaining letters patent

upon other and less important matters, the court observes that:

“It becomes important to consider the conduct of Drawbaugh with reference to his alleged invention during these twenty years of eventful history in relation to the discovery and use of telephones. \* \* \* No man of his intelligence, with or without the enthusiasm upon the subject which it is said he possessed, could have remained silent under such circumstances. \* \* \* He was silent so far as the general public were concerned, when, if he had really done what those witnesses now think he did, he most certainly would have spoken. There is hardly a single act of his connected with the present claim from the time he heard, before going to Philadelphia, that somebody else had invented a telephone, which was on exhibition at the Centennial, that was not entirely inconsistent with the idea even then of a complete discovery or invention by himself which could be put to any practical use.”

In *Barbed-Wire Patent*, 143 U. S. 275, 289, 12 Sup. Ct. 443, 450, the court observe:

“If Morley regarded this fence of any value, he would have applied for a patent upon it, since he had in fact obtained a patent for his traveling pen, which appears to have been a comparatively worthless contrivance.”

Without assuming to say that the story of this invention is untrue, and without designing to suggest what result should be reached upon final hearing, we are compelled to say that the story is surrounded by such an atmosphere of improbability that, until it shall have been thoroughly sifted and sustained upon final hearing, the claim ought not to be permitted to invade the monopoly accorded to another for the same invention, whose claim has passed safely the ordeal of judicial scrutiny. We think, therefore, the court below well held that the patent of Mr. Edison should be protected from invasion *pendente lite*. The order appealed from will be affirmed.

1045. *WILSON v. CONSOLIDATED STORE-SERVICE CO.*, 88 Fed. 286, 31 C. C. A. 533 (1898, First Circuit).\* \* \*

This was a suit in equity by the Consolidated Store-Service Company against John W. Wilson and others for alleged infringement of letters patent No. 357,851, issued February 15, 1887, to Edwin P. Osgood, and No. 293,192, issued February 5, 1884, to Byron A. Osgood and Edwin P. Osgood, which patents are for cash carriers, or store-service apparatus. In the circuit court a preliminary injunction was granted (83 Fed. 201), and the defendants have appealed. \* \* \*

Before Putnam, Circuit Judge, and Brown and Lowell, District Judges.

Putnam, Circuit Judge:

This is an appeal from an order granting an ad interim injunction in a patent suit. Apparently, the hearing on the application for the injunction occurred only a short time before the complainant below might have brought the case to an issue on bill, answer, and proofs. Meanwhile a voluminous record was made up on the application, which apparently had in view a determination as on the full merits of the cause. These matters were not brought to the attention of the court below, and we would not be justified in commenting on this particular record in these respects. We refer to them only because we do not wish to leave any presumption that we impliedly approve that parties should proceed with a voluminous hearing on a mere motion for an ad interim injunction at a time when a final hearing may be accomplished almost as speedily. Under the circumstances, there are some grounds for presuming that both parties intended to waive all objections as to the issues to be determined on the motion. At the hearing before us, however, the appellants took the usual special objections against the issue of temporary injunctions. Consequently we are not justified in assuming that the parties intended any waiver.

Coming to the rules applicable under these circumstances, it can not be denied that a preliminary injunction may properly issue in a patent suit, where the validity of the patent is clear, although it has not been sustained by a prior adjudication or public acquiescence. Of course, there must in every instance be an equitable necessity for relief by injunction; but we are not required to consider this necessity, because the case at bar clearly falls within the rule stated by this court in *Davis Electric Works v. Edison Electric Light Co.*, 8 C. C. A. 615, 621, 60 Fed. 276, 282, that:

“The fundamental basis of jurisdiction in equity in relation to patent rights and trade-marks is the necessity of protecting established enterprises from the great uncertainty caused by infringements, and by the difficulty of measuring the direct and indirect losses if infringements continue.”

When the effect of a temporary injunction is merely to maintain matters statu quo until a final hearing, one may well be granted, notwithstanding the rights of the complainant are doubtful, and sometimes even when very doubtful. But in patent suits such an injunction does not ordinarily have that effect. On the other hand, the respondent, while under the injunction, is ordinarily a constant loser, and never regains his losses unless the complainant has given a bond. Therefore in this class of cases the courts usually hold that unless the patent is supported by public acquiescence or prior adju-

dication, or some other peculiar condition, the complainant's rights must be free from doubt, to entitle him to a preliminary injunction. It is sufficient for this to refer to Rob. Pat. § 1113, and *North v. Kershaw*, (1857) 4 Blatchf. 70, Fed. Cas. No. 10,311, and to the expressions of the circuit court of appeals in the seventh circuit, in *Standard Elevator Co. v. Crane Elevator Co.*, 6 C. C. A. 100, 56 Fed. 718, 719, reaffirmed by the same court in *Williams v. Manufacturing Co.*, 23 C. C. A. 171, 77 Fed. 285, 286.

The case at bar is not an exceptional one in other particulars, so that the questions are as follows: Is the validity of the patent clear? or has there been a prior adjudication? or has there been sufficient acquiescence?

The validity of the claim in issue in each of the two patents in suit is far from clear. It is sufficient to say that we are all of the opinion that the validity of each claim is very doubtful, although we do not deem it necessary at this stage of the proceedings to elaborate the matter. Indeed, we regard it prudent not to do so, in view of the fact that the case may again come before us on final hearing.

The complainant below relies on the result of certain interference proceedings in the patent office as constituting a prior adjudication; but the defendants below were not parties to that proceeding, and the authorities cited by the complainant are limited to privies. The issues on an interference proceeding are narrow, when compared with the broad question of the validity of a patent, and the method of procedure in the patent office is so unlike that of judicial tribunals that a use made of the latter furnishes no precedent for a use to be made of the former. Walk. Pat. (3d Ed.) § 674, states that an interference proceeding can not be invoked against strangers on the question of a preliminary injunction; and Judge Lacombe, who carefully reviewed the decisions in regard to this matter, in *Dickerson v. Machine Co.*, 35 Fed. 143, 147, came to the just conclusion that the only adjudication which can support such an injunction, is a judicial one. This leaves to be considered, on this point, the prior suit of *Store-Service Co. v. Whipple*, 75 Fed. 27, in which an interlocutory decree was rendered sustaining the claims now in suit. The rule as to prior litigation was stated by the circuit court of appeals, in the seventh circuit, in *Electric Mfg. Co. v. Edison Electric Light Co.*, 10 C. C. A. 106, 61 Fed. 834, 836, and as there stated, was approved by this court in *Bresnahan v. Leveler Co.*, 19 C. C. A. 237, 72 Fed. 920, 921. It requires "a bona fide and strenuous contest," resulting in favor of the validity of the patent. With reference to a prior judgment or general acquiescence, it is clear, on principle, that there must be the same freedom from doubt, in behalf of a party applying for a temporary

injunction, as if the question was one of validity alone. A court would be no more justified in granting such an injunction on a doubtful case of a prior judgment than it would on a doubtful case of validity. Neither can a doubtful case of a prior judgment be assisted by a doubtful case of acquiescence, and vice versa. It is plain, on principle, that the complainant's right must be clear, either as to the validity of the patent, or on the question of a prior judgment, or on the question of acquiescence, although, of course, judgments rendered by consent may be admissible on the proposition of acquiescence, even when not so on that which we are now considering. The position with reference to the decree against Whipple is as follows: Whipple was the agent of a corporation known as the Fuller Company, and was sued by the complainant below because, as agent of the Fuller Company, he had leased or constructed cash-carrier systems, to or for various users, alleged to infringe the patents in suit. The suit against him was begun on June 20, 1894, and the defense was assumed by the Fuller Company. At that time the complainant below had made an adjustment with a corporation, known as the Lamson Company, of certain controversies in regard to the patents in issue here. This adjustment was of such a character that, although its terms are somewhat confusing, yet its effect gave that corporation all the same practical advantages with reference to all parties with whom it had dealt, or might afterwards deal, as though it had become a co-owner of the patents. Afterwards, on August 15, 1895, the Lamson Company, having then this broad contract with the complainant below, purchased from the Fuller Company its business, and stipulated with it that the Lamson Company would obtain from the complainant below licenses under the patents in suit and waivers of all claims for damages, covering all the customers of the Fuller Company, not exceeding 2,000 stations, and that, so far as it did not accomplish this, it would assume the defense of the suits of the complainant below against the Fuller Company, its agents and customers. Thereupon the counsel who had been employed by the Fuller Company in the Whipple suit was superseded in that suit by the counsel of the Lamson Company. Whipple was not a customer, but an agent; and it is possible that a full investigation of all the facts, and a careful construction of the two contracts referred to (that is, the contract between the complainant below and the Lamson Company and that between the Lamson Company and the Fuller Company), might leave some remnant for a proceeding against him by the injunction which the interlocutory decree directed to issue against him. But the Lamson Company had no interest in preventing the issue of an injunction against Whipple, as, under

its contract with the complainant below, it could at once license Whipple as its own customer, and thus practically annul the injunction. It is true, the interlocutory decree which was entered in the suit against Whipple may be assumed to have provided for an assessment of damages and profits; but there is no evidence that this was ever done, or that, under the contracts between the parties which we have referred to, it could have resulted in anything substantial. On the other hand, as, under its adjustment with the complainant below, the Lamson Company was practically enjoying the advantages of a co-ownership of the patents in suit, it was apparently for its interest to have the patents sustained, even if, as a consequence thereof, it might be compelled to pay some damages pursuant to its contract with the Fuller Company. On the whole, the best conclusion which can be formed, on the record as presented to us, is that the suit against Whipple, before it was finally passed on judicially, became a moot case. Apparently, the question of patentability, which rather than that of mere anticipation, is the important one, was not presented in that suit; and it is plain that under the rule which we have cited, as to the requisites of a prior adjudication as the basis of a temporary injunction, the decree therein is not sufficient on the questions now on appeal. The complainant maintains that it prosecuted the case against Whipple vigorously, and that it ought not to be made to suffer for any matter which was omitted by the Lamson Company in defending it. This is not at all relevant, because the question is not whether it can be made to suffer in consequence of that suit, but what it shall again by virtue of it.

General acquiescence in the patents in suit is set up in the bill, but it has not been pressed on us. The law as to this is succinctly stated in *Sargent v. Seagrave*, 2 Curt. 553, 558, Fed. Cas. No. 12,365. While acquiescence, even of a qualified, or doubtful nature, may give aid to a patent on a final hearing, yet, as already said, when relied on to support a temporary injunction it must be clear in its character and extent. There is nothing in this record answering the requirement. The bill gives the result of the litigation with the Lamson Company, as shown by the adjustment to which we have already referred; and, if that corporation had been the only infringer, the claim of acquiescence would be established. But the bill states that there were many other infringers, against some of whom suits are still pending. Also, the record leads to the inference that the patents have been in constant litigation, although it is alleged that, so far as the litigation has been determined, it has resulted in favor of the patents. This undoubtedly refers to various adjustments of suits, because no decision of any court is produced, except that in the Whipple case.

The result is that whether we look at the question of validity, or at that of a prior adjudication, or at that of alleged public acquiescence, the position is too doubtful to justify a temporary injunction in a patent suit. The order appealed from is reversed, and the costs of appeal are awarded to the appellants.

1046. HALL SIGNAL CO. v. GENERAL RY. SIGNAL CO., 153 Fed. 907, 82 C. C. A. 653 (1907, Second Circuit).\* \* \*

Before Wallace, Lacombe and Coxe, Circuit Judges.

Coxe, Circuit Judge:

It is a cardinal principle of equity jurisprudence that a preliminary injunction shall not issue in a doubtful case. Unless the court be convinced with reasonable certainty that the complainant must succeed at final hearing the writ should be denied. *Union Switch & Signal Co. v. Philadelphia R. R. Co.* (C. C.) 75 Fed. 1004.

A record, containing 868 printed pages, composed of ex parte affidavits, patents for complicated electrical machinery and a great mass of other matter, much of it, apparently, having remote relevancy to the present issues, has been presented. To reach a clear and satisfactory conclusion upon many of the vital questions involved would, upon such a record, be difficult if not impossible.

The entire aspect of the case may be changed at final hearing and for obvious reasons the discussion of the issues involved should be restricted to the narrowest limits possible.

We have reached the conclusion that a preliminary injunction should not be issued and will briefly state the considerations which have led to this result.

First. The five patents in suit relate to a difficult, complex and abstruse subject, namely, the transmission of signals on railways by electricity. Because of its complicated character and the innumerable details involved it is peculiarly a case where the court should have the benefit of the opinions of those skilled in the art tested and clarified by cross-examination.

Second. The patents have never been adjudicated or judicially construed.

Third. The defendants assert that the patents are invalid for lack of novelty and invention and that the claims of three of the patents are not infringed.

The answer sets up 21 American and eight prior English patents and alleges four instances of prior use. It is also contended that if the patents are sustained the prior art renders a broad construction of the claims impossible.

We do not intend to pass upon these defenses further than to say that we can not consider them as wholly devoid of merit.



On the contrary we have examined the prior art sufficiently to be convinced that it is quite possible that at final hearing the court may feel constrained to limit the claims to a much narrower construction than is now asserted by the complainants. It is enough to say that the patents may emerge from the supreme test of the trial with some of the claims invalidated and others so limited as to avoid infringement.

Fourth. We think the complainants have failed to prove a case of acquiescence which may be regarded as a substitute for an adjudication. There has been no general long continued public acquiescence.

The railroads are the complainants' only customers and for many years The Hall Company's only competitor was the Union Switch & Signal Company. In a technical sense, therefore, there was no public. It is not the case of a patented device going into long continued general use in circumstances which compel the conviction that infringements would have occurred were it not for a settled conviction on the part of those who might profit by infringing that the patent is valid.

It is true that the general policy of the Union Company was not to infringe, but we are not at all convinced that this course was adopted through fear of the Wilson patents.

The Union Company and the Hall Company were active rivals in business, the former advocating and installing the so-called normal safety system and the latter the normal danger system. Every consideration, not only of honesty in competition but of self-interest also, would induce the Union Company to exploit its own system, which it thoroughly understood and in the efficiency of which it had implicit confidence. To assert that its course, which was the natural one for honorable men to adopt, was due solely to the Wilson patents, is, we think, carrying the doctrine of acquiescence beyond the limits set by former adjudications.

Fifth. We are not convinced that the complainants will suffer irreparable damage if the cause be allowed to take the usual course. That the defendants are amply responsible is conceded and if the complainants' contention is sustained and the patents construed to cover broadly the "normal danger system" there should be no difficulty in recovering the full amount of profits and damages.

Sixth. The attitude of the court may be stated in a single sentence: We think the record presents too many elements of doubt to warrant the issuing of a preliminary injunction.

The order is reversed. [For summary of this case see No. 1051.]

**1047. ACME ACETYLENE APPLIANCE CO. v. COMMERCIAL ACETYLENE CO.**, 192 Fed. 321, 112 C. C. A. 573 (1911, Sixth Circuit, Patent No. 664,383).

Before Warrington and Knappen, Circuit Judges, and Sanford, District Judge.

This is an appeal from an order (188 Fed. 89) granting a preliminary injunction. Appellants are restrained from selling certain devices called acetylene gas generators and compressors for use in recharging with acetylene gas certain other devices called Prest-O-Lite gas tanks or Autogas tanks, from infringing United States letters-patent No. 664,383, and from inducing others so to infringe such letters-patent or to contribute thereto.

One complaint made against appellants is that in March, 1911, the two Widrigs and Wilmot organized the corporation, the Acme Acetylene Appliance Company, and commenced the manufacture of a machine described as an "Acetylene Gas Generator and Compressor," and caused it to be used for the purpose of generating acetylene and compressing the same in Prest-O-Lite and Autogas tanks, and for forming therein a supersaturated solution of acetylene as set forth in claims 1, 2, and 5 of the letters-patent in suit.

\* \* \*

Warrington, Circuit Judge (after stating the facts as above). In testing the validity of an order granting a preliminary injunction, we are bound to recognize that there resided in the court making the order a reasonable discretion either to grant or to withhold it. And the general rule is that unless it explicitly appears that the court has proceeded upon an erroneous hypothesis of pertinent fact or law, or has improvidently exercised its legal discretion, the order will not be disturbed. This court has so frequently expressed the rule in this behalf that we need not do more than to cite one or two of the recent decisions in which reference will be found to the earlier cases. *Interurban Ry. & T. Co. v. Westinghouse E. & Mfg. Co.*, 186 Fed. 166, 170, 108 C. C. A. 298; *City of Shelbyville, Ky., v. Glover*, 184 Fed. 234, 238, 106 C. C. A. 376. We may say with respect to the present case that this rule requires us to pass upon any question of law, the determination of which was necessarily involved in the granting of the order. *Bissell Carpet Sweeper Co. v. Goshen Sweeper Co.*, 72 Fed. 545, 19 C. C. A. 25 (C. C. A. 6th Cir.).

\* \* \*

Independently of this latter fact, however, the rule as to prior adjudication is settled. As Judge Severens said in *Interurban Ry. & T. Co. v. Westinghouse E. & Mfg. Co.* (C. C. A. 6th Cir.) 186 Fed. at page 170, 108 C. C. A. at page 302: "

“And when there has been a prior adjudication sustaining a patent and the infringement thereof in the same or another circuit, where the validity of the patent has been contested upon full proofs, the circuit court should, upon a motion for preliminary injunction, sustain the patent, and leave the determination of the question of its validity to be determined upon the final hearing.”

To the same effect is *Leeds & Catlin v. Victor Talking Mach. Co.*, 213 U. S. 301, 312, 29 Sup. Ct. 495, 53 L. ed. 805.

It is to be observed that Judge Denison had this rule in mind when making the order in dispute; for in the opening of his opinion he said (*Commercial Acetylene Co. v. Acme Acetylene Appliance Co.* [C. C.] 188 Fed. 89):

“Under the settled rules which govern such motions and giving due force to the previous decisions upon this patent, this motion should be granted, unless the new evidence now presented by defendants is so forceful as to indicate that it would have defeated complainant if it had been presented in the former hearings.”

“It was granted in 1900 for 17 years. The patent office did not require it to be limited on its face, although the British patent was of record in the United States patent office. Now, to shorten the 17-year term into a 10-year term, is a step that I think should not be taken unless the statute is clearly applicable.”

We are not disposed to disturb the finding necessarily involved in the decision below that appellants were engaged in the performance of the infringing acts complained of in the bill and set out by way of affidavits and circulars. Nor is the very able argument of counsel for appellants convincing, upon the subject of contributory infringement. *Leeds & Catlin v. Victor Talk. Mach. Co.* (No. 2) 213 U. S. 325, 29 Sup. Ct. 495, 53 L. ed. 805; *Commercial Acetylene Co. v. Autolux Co.* (C. C.) 181 Fed. 387; see, also, notes to *Edison Electric L. Co. v. Peninsular Light, etc., Co.*, 101 Fed. 831, 43 C. C. A. 485; *Aeolian Co. v. Juelg Co.*, 155 Fed. 119, 86 C. C. A. 205, and notes; *Heaton-Peninsular Button-Fastener Co. v. Eureka Specialty Co.* (C. C. A. 6th Cir.) 77 Fed. 288, 25 C. C. A. 267, 35 L. R. A. 728; *Rupp & Wittgenfeld Co. v. Elliott* (C. C. A. 6th Cir.) 131 Fed. 730, 65 C. C. A. 544. The recent decision announced by Mr. Justice Holmes in *Kalem Co. v. Harper Bros.*, 222 U. S. 55, 63, 32 Sup. Ct. 20, 56 L. ed. 92, lays down general principles of contributory infringement applicable to copyright, which we think are analogous to the issues presented here on the subject of contributory infringement. \* \* \*

1048. GRAND RAPIDS v. WARREN, 196 Fed. 892 (C. C. A.) (1912, Sixth Circuit).\* \* \*

Before Warrington and Knappen, Circuit Judges, and Sater, District Judge.

Sater, District Judge (after stating the facts as above). (1) In determining whether the record presents reversible error, we are required to consider the correctness of the order from the same standpoint as that occupied by the court in granting it, and if we find, after a consideration of the facts presented to that court for its action, that its legal discretion to grant the order was not improvidently exercised, we should not disturb its action. Duplex Printing-Press Co. v. Campbell Printing-Press & M. Co., 69 Fed. 250, 252, 16 C. C. A. 220 (C. C. A. 6); Louisville Home Tel. Co. v. Cumberland Tel. & Tel. Co., 111 Fed. 663, 49 C. C. A. 524 (C. C. A. 6); Acme Acetylene Appliance Co. v. Commercial Acetylene Co., 192 Fed. 321, 112 C. C. A. 573 (C. C. A. 6.)

(2) Counsel are widely at variance as to the precise rule which controls in the granting of preliminary injunctions in patent cases. The appellants insist that the general rules applicable to the granting of preliminary injunctions in equity cases have been so far restricted, when applied to patent cases, as to prohibit the granting of an interlocutory injunction, unless the complainant's title and the defendant's infringement are admitted, or are so palpable and clear that the court can entertain no doubt on the subject. Illustrative of this view, which prevails in some of the circuits, are Parker v. Sears, 18 Fed. Cas. 1159, 1 Fish. Pat. Cas. 93; Consolidated Fastener Co. v. American Fastener Co. (C. C.) 94 Fed. 523; Standard Elevator Co. v. Crane Elevator Co., 56 Fed. 718, 6 C. C. A. 100 (C. C. A. 7); Blakey v. National Mfg. Co., 95 Fed. 136, 37 C. C. A. 27 (C. C. A. 3); American Elec. Novelty & Mfg. Co. v. Stanley, 142 Fed. 754, 74 C. C. A. 16 (C. C. A. 2); Bowers Dredging Co. v. New York Dredging Co. (C. C.) 77 Fed. 980; Thomson-Houston Elec. Co. v. Wagner Elec. Mfg. Co. (C. C.) 130 Fed. 902.

The appellants claim that when, under the rule so announced, the requisite proof is made, the injunction will issue, whether there is imminent danger or not of irreparable injury should the injunction be withheld, i. e., the issuance of the writ depends more on the patentee's statutory right to the maintenance of a monopoly of his invention than on the imminence and irreparable character of the injury which may be inflicted by its denial; and that, unless such proof be made, the court may not weigh the serious consequences to the defendant resulting from the grant of the preliminary writ and demand as an alternative for its denial a bond from the defendant, or grant the writ to

maintain the status quo. They also claim that the evidence submitted to show that, if the proposed pavement be constructed, the rights guaranteed to the appellee under its patent and the soundness of the adjudications supporting its validity will be denied, and that irreparable damages will result from a needless multiplicity of suits and their attendant expense and from interference with its property rights, means no more than that the appellee, as a possible result of the denial of the writ, may be required to bring other suits to enforce its right, and that to grant the writ, in the absence of proof of both the appellee's right and its threatened invasion, on account of such mere possibility, is not the proper exercise of judicial discretion. The appellee concedes that, in the absence of any proof of infringement, a court should not issue a preliminary injunction in a suit to maintain the status quo, but disputes all of the appellant's other contentions, and, relying on the doctrine announced by Judge Jackson for this court in *Blount v. Societe Anonyme du Filtre*, etc., 53 Fed. 98, 3 C. C. A. 455, and on *Southern Pacific Co. v. Earl*, 82 Fed. 690, 691, 27 C. C. A. 185 (C. C. A. 9), maintains that the principles which govern courts in granting preliminary injunctions in patent cases are the same as those upon which courts of equity constantly act in granting such injunctions in other cases of equitable cognizance. In the *Blount Case* Judge Jackson reviewed *Georgia v. Brailsford*, 2 Dall, 402, 404, 1 L. ed. 433, and Lord Cottenham's opinions in *Great Western R. Co. v. Birmingham & O. J. Ry. Co.*, 2 Phil. Ch. 602; *Glascott v. Lang*, 3 Myl. & C., 455, and *Shrewsbury v. Railway Co.*, 1 Sim. (N. S.) 410, 426, and with great clearness and accuracy in the following language adopted the principles announced in them as controlling in the granting of preliminary injunctions in patent cases:

"The object and purpose of a preliminary injunction is to preserve the existing state of things until the rights of the parties can be fairly and fully investigated and determined upon strictly legal proofs, and according to the course and principles of courts of equity. The prerequisites to the allowance and issuance of such injunctions are that the party applying for the same must generally present a clear title, or one free from reasonable doubt, and set forth acts done or threatened by the defendant, which will seriously or irreparably injure his rights under such title, unless restrained. The legal discretion of the judge or court in acting upon application for provisional injunctions is largely controlled by the consideration that the injury to the moving party, arising from a refusal of the writ, is certain and great, while the damage to the party complained of, by the issuance of the injunction, is slight or inconsiderable.

\* \* \* The same general principles announced in these authorities govern and control the legal discretion of the judge or court in granting preliminary injunctions in suits for the infringement of patents."

There was in that case a strong presumption of the validity of the patent. In a suit pending in another circuit between the same parties, the complainant had been awarded a preliminary injunction. The complainant's title was undoubted. There had been general public acquiescence in its validity; the invention having been used only under license from the patentee. There was a fair presumption of infringement. The defendant had actively participated in procuring a license to manufacture and sell the patented article and in promoting and organizing a corporation to operate under the patent, of which corporation he was an officer and in which he had a financial interest; his conduct being such that, if his relation to the patent did not entirely estop him from questioning its validity, it at least gave rise to a strong equity in favor of the complainant. The appellants urge that these facts so brought the case within the rule for which they contend that it did not call for an application of the principles stated by Lord Cottenham and the Supreme Court, and that Judge Jackson's conclusion in that respect is a mere dictum and at variance with the great weight of authority. The proof of infringement was not, however, so palpable and clear that the court entertained no doubt about it, nor did it affirmatively or finally dispose of the question of estoppel. The decision was clearly and necessarily based on the principles announced in the cases cited, and has not been modified or disapproved by this court. On the contrary, in *Societe Anonyme du Filtre, etc., v. Allen*, 90 Fed. 815, 33 C. C. A. 282, in which the trial court found that the proof of infringement was not sufficient to warrant the granting of a preliminary injunction, this court, while referring but incidentally to the *Blount Case*, distinctly applied its doctrine.

Judge Taft, recognizing the rule that a court may grant or withhold an injunction on quite evenly balanced evidence, because its action involves the exercise, not of exact judicial judgment, but merely judicial discretion, said:

"We are not prepared to say that, even in the absence of any direct evidence at all as to the infringement, a court might not, on a motion for a preliminary injunction, infer infringement from the disingenuousness of defendant's witnesses and their reluctance to disclose all the facts. \* \* \* The question for the court upon this hearing is whether the court below exceeded the limits of a sound judicial discretion in refusing an injunction to the complainant. We may answer this question

in the affirmative, without deciding that, had the court entered an order for the injunction, that order should be reversed. The function of the court of appeals, in hearings like this, is such that it may properly affirm an order refusing a preliminary injunction in one case and an order granting it in another on substantially the same evidence, because it is easy to conceive a case presenting upon a preliminary hearing such an evenly balanced controversy that the court above would affirm the action of the court below, whether one way or the other, when that action involves the exercise, not of exact judicial judgment, but merely judicial discretion."

In *Bissell Carpet-Sweeper Co. v. Goshen Sweeper Co.*, 72 Fed. 545, 549, 19 C. C. A. 25, 29, this court, in considering its power when reviewing an order granting an interlocutory injunction, approved, though not so distinctly as in the above quoted passage the rule announced in the *Blount Case* on the point now in controversy. That the evidence which will justify the granting of a preliminary injunction need not be of the conclusive character claimed by the appellants must necessarily follow from the language that:

"Where a preliminary injunction is allowed upon a prima facie showing, and without the determination of the merits, this court will ordinarily, on an appeal, consider only the question as to whether on the prima facie case made, there has been an abuse of discretion. \* \* \* When the inconvenience to result is equally divided, or the preponderance is in favor of the defendant, it will be refused."

The rule declared in the *Blount Case* and now under consideration has been favored in patent cases by the circuit court of appeals for the ninth circuit in *Jensen v. Norton*, 64 Fed. 662, 664, 12 C. C. A. 608, and *Southern Pacific Co. v. Earl*, 82 Fed. 690, 692, 27 C. C. A. 185. See also *Irwin v. Dane*, Fed. Cas. No. 7,081, 2 Biss. 442; *High on Inj.* (4th Ed.) § 935.

In *Parks v. Booth*, 102 U. S. 96, 97, 26 L. ed. 54, and *Root v. Railway*, 105 U. S. 189, 192, 193, 26 L. ed. 975, the jurisdiction of the federal courts in patent cases and the remedies provided by statute for patentees for the invasion of their rights, but not the point now presented, were under consideration; but the language employed is suggestive of the soundness of Judge Jackson's conclusions.

While entertaining the highest respect for the decisions in which there is adherence to the rule urged by appellants, this court has committed itself to, and we are content to abide by, the doctrine announced in the *Blount Case*, which seems to us to accord with the plain and necessary import of the language of § 4921, Rev. Stat. (U. S. Comp. St. 1901, p. 3395), which con-

fers on the appropriate courts the power to grant injunctions in patent cases "according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable."

As regards the evidence on the question of infringement, there was presented to the trial court a question of fact, substantial, serious, doubtful, and of great importance to the appellee, whose decision in its favor would entitle it to ultimate relief. That it would not ultimately succeed was not reasonably clear. The situation was such that the trial court might properly conclude that injury certain, great, and irreparable, would result to the appellee through interference with, and impairment of, appellee's business and a multiplicity of suits and their attendant expense, if its motion were denied and the final decision should be in its favor, while the inconvenience and loss to the appellants, should the injunction be allowed to go, would be comparatively small and insignificant, for which they could be abundantly indemnified by a proper bond. The court, under such circumstances, could rightly maintain the status quo pending the suit by granting a provisional injunction, or by exacting a proper bond from the appellants to protect the appellee from loss.

Did the court abuse its legal discretion in ordering the appellants to give a bond, and especially of the character above mentioned, if they desired to avoid the issuance of a preliminary injunction? Their position is that a bond can only be required of defendants as an alternative, the other branch of which is that if the bond is not given the defendants must be stopped by injunction, and that a bond can only be demanded in a case in which, if it is not given, the injunction must issue. *American Middlings Purifier Co. v. Atlantic Milling Co.*, Fed. Cas. No. 305, 4 Dill. 100, is cited to sustain this view. The court had, however, determined, and under the circumstances before it we are not prepared to say improvidently, to stop the appellants by injunction unless they gave a bond, providing, on their failure to do so, the appellee gave a bond to indemnify them. But to justify the action of the trial court authority is not wanting. In *Consolidated Rubber-Tire Co. v. Finley Rubber-Tire Co.* (C. C.) 106 Fed. 175. an infringement case, the evidence was sharply conflicting on serious, doubtful, and vital questions. Expressly reserving their determination until the final hearing, the court, as the rights of the complainant could be protected by a bond for the payment of any damages that might be recovered, denied a preliminary injunction on condition that the defendant execute a bond of that character. So, in the case of *Macbeth Co. v. Lippencott Glass Co.* (C. C.) 54 Fed. 167, in which both the



validity of the patent and infringement were involved, Judge Sage declined to determine either question on ex parte evidence, but, finding the defendants on debatable ground, ordered them to give a bond to complainants for the payment of any costs and damages that might be decreed against them and to keep an account of their manufactures and sales, and overruled a motion for a preliminary injunction, with leave to renew if the bond be not given within a stated time. The practice indulged in is approved in Walker on Patents (4th Ed.) p. 530. Without entering upon a further review of authorities on the right to exact a bond in lieu of an injunction in cases like this, we content ourselves by referring to the case of Co-operating Merchants Co. v. Hallock, 128 Fed. 596, 599, 64 C. C. A. 104, 107, decided by this court. There was a grave doubt as to the novelty of the patent in question. Judge (now Mr. Justice) Lurton, in concluding his opinion, said:

“We have concluded to remand, with direction that the injunction be dissolved upon the execution of a bond by the defendants below, with satisfactory security, in such sum as shall be determined by the court below, conditioned to account for and pay all damages resulting from the manufacture or sale of the alleged infringing device after the dissolution and prior to a final decree sustaining the patent and finding infringement. But, if the appellant declines to give such bond, the injunction will be dissolved unless the complainant shall execute a bond in a sum to be settled by the court below, with good security, conditioned to pay all damages which shall result from the wrongful suing out of the injunction.”

Aside from appellants' slight prior expenditure and modest sized contract and the appellee's prior large expenditures and large business, the facts which induced the trial court to fix the amount of stipulated damages to be covered by the bond, by whichever party given, and to exact that such party should consent therein to the rendition of judgment against him for such amount, were these: There was no established royalty for the use of appellee's invention. The profits or benefits that would accrue to the appellants from using the infringing (if it proved to be such), as compared with a noninfringing pavement, could never be ascertained. If the injunction issued and the defendants finally prevailed, the contractor would not only be damaged to the extent of the profits on the contract, but would probably lose other jobs, a loss which could not be accurately ascertained. The city, as the representative of the abutting property owners and of the traveling public, would be damaged in a way incapable of compensation. It was not then and is not now denied that the reasonable royalty that would accrue

on a contract for an improvement, such as was contemplated, if the improvement were constructed within the terms of the patent, or that the profits of the contractor, if permitted to construct such improvement, or that the damage to the city per month during the period the paving work was delayed by reason of an injunction, or that the estimated expense of each of the parties in litigation, would be less than that fixed by the court. The damages, to the extent named were certain and settled in respect to amount, and it was not, therefore, error for the trial court to refuse to put the ultimately successful party to proof of that which was admitted or not denied. The defeated party would not thereby be deprived of any right. An ordinary bond to respond for profits and damages is often practically worthless, because the damages which accrue to the injured party in infringement cases are frequently so uncertain in their nature and amount, and the difficulties and expense which beset their proof and recovery are so great, as to leave him substantially remediless. We see no valid reason why a court, in a case like this, when, on the facts before it, it can clearly set that damages in a given sum will necessarily accrue to the complainant, if a temporary injunction be not issued and he be successful on the final hearing, or to a defendant, if he be enjoined, but succeed on the merits, should not require a bond similar to that under consideration, covering stipulated damages. In *Acme Acetylene Appliance Co. v. Commercial Acetylene Co.*, 192 Fed. 321, 112 C. C. A. 573, we affirmed an order providing for stipulated damages in the form in which it was issued (C. C.) 188 Fed. 89. That order was similar to the one now under consideration.

The assignment of error is sufficient. The appellants expressly charge that the Circuit Court in making the interlocutory order granting the injunction committed error. Following the assignment is a statement of reasons for so doing, which reasons are those contained in part in the court's order and in part in its opinion, but the reasons stated may be disregarded as surplusage.

We find no error in the record, and the Circuit Court is therefore affirmed.

[The following under this heading are brief extracts to complete the discussion.]

1049. *ERTEL v. STAHL*, 65 Fed. 517, 13 C. C. A. 29.

In *Standard Elevator Co. v. Crane Elevator Co.*, 6 C. C. A. 100, and 56 Fed. 718, we declared the principles which should govern in granting injunctions in patent cases *pendente lite*. We are satisfied that this case falls within the principles there asserted. We do not deem it proper here and now to say more

than this: that the fact of infringement is not clear from doubt. The issuance of the patent for the device of the appellants raises a certain presumption that it does not infringe the prior patent of the appellee. That presumption has not, for the purpose of an injunction before decreed, been overcome to such extent that we can say the fact of infringement is not doubtful. There has been no adjudication sustaining the validity of the patent in suit. The public acquiescence asserted we regard of doubtful character; as referred to the particular device alleged to be here infringed, neither clearly stated nor well sustained by proof. If, however, the fact were otherwise respecting the question of public acquiescence, and the validity of the patent may be said to be conclusively established, we should regard the question of infringement to rest in such doubt that, within the principles governing the granting of preliminary injunctions, we think the restraining order here ought not to have issued. The pecuniary ability of the appellants to respond in damages, if they shall

[Note.—The issuance of a patent to the defendant will, obviously, have little or no weight in cases where the complainant has a broad claim and the defendant's patent is a clearly subordinate, later patent.]

**1050. REED MFG. CO. v. SMITH, ETC. CO., 107 Fed. 719, 46 C. C. A. 601.**

The patent sued upon is a very recent one, and there is no such proof of long-continued acquiescence by the public as would raise a prima facie case in the patentee's favor. Under such circumstances, it is the practice in this court to refuse preliminary injunction when there has been no adjudication sustaining the patents, if there appears to be any fair question as to invention, anticipation, construction, or infringement.

**1051. HALL SIGNAL CO. v. GENERAL R. SIGNAL CO., 153 Fed. 907, 82 C. C. A. 653.**

First. The five patents in suit relate to a difficult, complex and abstruse subject. \* \* \* Because of its complicated character and the innumerable details involved it is peculiarly a case where the court should have the benefit of the opinions of those skilled in the art tested and clarified by cross-examination.

Second. The patents have never been adjudicated or judicially construed.

Third. The defendants assert that the patents are invalid for lack of novelty and invention and that the claims of three of the patents are not infringed. \* \* \*

Fourth. We think the complainants have failed to prove a

case of acquiescence. \* \* \* There has been no general long continued public acquiescence. \* \* \*

Fifth. We are not convinced that the complainants will suffer irreparable damage. \* \* \* That the defendants are amply responsible is conceded. \* \* \*

Sixth. We think the record presents too many elements of doubt to warrant the issuing of a preliminary injunction.

[For this case more at length see No. 1046.]

**1052. TAYLOR v. SAWYER SPINDLE CO., 75 Fed. 301, 22 C. C. A. 203.**

It has never been held that mere laches, unaccompanied by circumstances which amount to an equitable estoppel, shut out a party from all relief in a court of equity. Knowledge of and long continued acquiescence by a complainant in an infringement may, in special cases, be fatal on a motion for a preliminary injunction, but will not, on a final hearing, prevent the court from granting such relief as may be just and equitable. This is the general rule which is recognized in the authorities.

[See at length on this point No. 923.]

**1053. STEARNS-ROGER MFG. CO. v. BROWN, 114 Fed. 939, 52 C. C. A. 559.**

One who, with full knowledge of a patentee's claim of infringement, and against his protest, continues to trespass, cannot, on the ground of the estoppel or laches of the patentee, successfully defend a suit for infringement brought, or a motion for a preliminary injunction made, within any reasonable time. Repeated willful trespasses establish no right to their continuance. And mere delay by a patentee to bring his suit or to apply for his preliminary injunction for any reasonable length of time after an infringer is informed of his trespass, unaccompanied with such acts of the patentee and such facts and circumstances as amount to an equitable estoppel, will not deprive him, either on the ground of laches or of estoppel, of his right to a temporary injunction or to a recovery. Moreover, delay in prosecuting other infringers during the time while the validity of a patent is in litigation does not constitute laches.

**1054. ELECTRIC MFG. CO. v. EDISON ELEC. LIGHT CO., 61 Fed. 834, 10 C. C. A. 106.**

In the absence of prior adjudication or public acquiescence, a preliminary injunction should not be granted unless the right of the patentee be clear, and the infringement be without reasonable doubt.

**1055. MENASHA WOOD SPLIT PULLEY CO. v. DODGE**, 85 Fed. 971, 29 C. C. A. 508.

Assuming, for the purpose of a preliminary injunction that the patent is valid, as the court rightfully did (*Electric Manuf'g Co. v. Edison Electric Light Co.*, 10 C. C. A. 106, and 61 Fed. 834), it still remained that, to warrant a preliminary injunction, the fact of infringement should be made out beyond reasonable doubt (*Standard Elevator Co. v. Crane Elevator Co.*, 6 C. C. A. 100, and 56 Fed. 718). There is here so much of doubt with respect to the proper construction of the claims of the patent and of their infringement that it is needful to have an investigation into the prior art to determine the exact limitation of the claims, and to have "the searchlight of an intelligent cross-examination" to determine conclusively the fact of infringement.

**1056. STANDARD ELEVATOR CO. v. CRANE ELEVATOR CO.**, 56 Fed. 718, 6 C. C. A. 100.

It would be most unwise to imperil, and presumably wholly ruin, the large capital and interests involved in the business of the appellants, by arresting the enterprise in advance of a final decree, when the damages which the appellee may sustain can be compensated in money.

**1057. ARLINGTON, ETC. MFG. CO. v. BOOTH**, 78 Fed. 878, 24 C. C. A. 378.

The principle upon which all injunctions are granted in patent causes, preliminary and final, is that an action at law does not give a complete remedy to the complainant whose property is invaded. The infringement of a patent is a constantly recurring grievance, which cannot be adequately prevented but by an injunction. "It is quite plain that, if no other remedy could be given in cases of patents and copyrights than an action at law for damages, the inventor or author might be ruined by the necessity of perpetual litigation without ever being able to have a final establishment of his rights." Story, Eq. Jur. § 931. A decree for damages and profits in an equity cause would fall short of adequate redress to the patentee. He is entitled to an injunction as well as to an accounting of damages and profits. Indeed, the accounting is but incidental to the relief by injunction and it is the right to this relief which alone gives a court of equity jurisdiction. "A recovery does not vest the infringer with the right to continue the use, as the consequence of it may be an injunction restraining the defendant from the further use of it." *Suffolk Co. v. Hayden*, 3 Wall. 315, 320. In *Penna v. Libby*, L. R. 3 Eq. 308, a suit upon a patent against a defendant who was merely a user, the vice chancellor, in awarding an injunction and an account, said: "I cannot in the

decree do less than give the plaintiff his full right, and I cannot bargain for him what he may choose or may not choose to do."

1058! ADAM v. FOLGER, 120 Fed. 260, 56 C. C. A. 540.

Three years before the patent issued, Adam took from Folger a license to make heaters according to Folger's specifications. \* \* \* He built the heaters in accordance with the specifications furnished by Folger. \* \* \* His use of the patent imprint and his present contention that, after the withdrawal of the license, he altered the construction so as to avoid the claims, are strong concessions of the patent's validity. \* \* \* So far as Adam is concerned, his actions evidence a sufficient acquiescence.

Without deciding how far, if at all, the use and sale of the Victor heater before the patent was issued should be taken as evidence of acquiescence in the validity of the patent (see *Sargent v. Seagrave*, 2 Curt. 553, Fed. Cas. No. 12, 365; *Wilson v. Store Service Co.*, 31 C. C. A. 533, 88 Fed. 286; *McDowell v. Kurtz*, 23 C. C. A. 119, 77 Fed. 206; *Corser v. Overall Co.*, 59 Fed. 781; *White v. Hunter*, 47 Fed. 819) we are of opinion, on this branch of the case, that the temporary injunction was not improvidently issued. The purpose of showing adjudication against others or acquiescence by the public is not to foreclose the question of validity, but to aid the presumption which the patent raises to a point where the court is satisfied that the probabilities of a final decree in the complainant's favor are so strong that the defendant should be excluded at once from practicing the alleged invention.

1059. THOMSON-HOUSTON ELECTRIC CO. v. OHIO BRASS CO., 80 Fed. 712, 26 C. C. A. 107.

The second patent was sustained as valid after a full hearing on the merits, before so good and experienced a patent judge as Judge Townsend. \* \* \* This certainly justified the court below in assuming the validity of the patent on a motion for preliminary injunction.

1060. REED MFG. CO. v. SMITH, ETC. CO., 107 Fed. 719, 46 C. C. A. 601.

Complainant relies upon a decision of the Patent Office in an interference proceeding, in which eight different applicants were involved, of whom only Shaw and Asher took testimony. That decision, however, only settled the question of priority as between Shaw and Asher, and is not such an adjudication as the practice calls for, where there is substantial question as to construction and infringement.

**1061. WILSON v. CONSOLIDATED STORE-SERVICE CO.,** 88 Fed. 286, 31 C. C. A. 533.

An interference proceeding can not be invoked against strangers on the question of a preliminary injunction; and Judge Lacombe, who carefully reviewed the decisions in regard to this matter, came to the just conclusion that the only adjudication which can support such an injunction, is a judicial one.

**1062. EDISON ELECTRIC LIGHT CO. v. MT. MORRIS ELECTRIC LIGHT CO.,** 58 Fed. 572, 7 C. C. A. 375.

The defendants, in desiring to obtain an unlimited future capacity of ownership of the patented lamps, for the purpose of extending their competitive power, are asking too much. We perceive no controlling equity which should cause us to compel the Illuminating Company, which owns an equitable title to the lamp patent, to sell lamps to a competitor for the purpose of enabling it to utilize the unused portion of its plant, and extend its business into unoccupied territory, and thus permit it to deprive the owner of all the material benefit of the patent during the comparatively brief residue of its life.

[See for necessary result of infringement No. 922.]

## PART XIX.

### ACCOUNTING, PROFITS AND DAMAGES.

[For general review, see especially *Root v. Railway* and other cases, Part XVII.]

#### STATUTES.

#### 1063. POWER OF COURTS TO GRANT INJUNCTIONS AND ESTIMATE DAMAGES.

Sec. 4921. The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a decree being rendered in any such case for an infringement the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby; and the court shall assess the same or cause the same to be assessed under its direction. And the court shall have the same power to increase such damages, in its discretion, as is given to increase the damages found by verdicts in actions in the nature of actions of trespass upon the case.

But in any suit or action brought for the infringement of any patent there shall be no recovery of profits or damages for any infringement committed more than six years before the filing of the bill of complaint or the issuing of the writ in such suit or action, and this provision shall apply to existing causes of action.

#### 1064. *HOHORST v. HAMBURG-AMERICAN PACKET CO.*, 84 Fed. 354 (1897).

On exceptions to master's report. \* \* \*

Coxe, J.:

On the 15th day of May, 1896, the master filed his report, in which he says, *inter alia*:

"I am convinced that the complainant has not made out a case entitling him to a recovery of profits within the rule applicable to this subject. I cannot make, as complainant suggests,



“an approximate calculation.” On the evidence I can be no better satisfied that five or ten or twenty per cent. of certain goods were handled by the nets than two-thirds were so handled. If, therefore, I should report that complainant has shown profits made by defendant on the basis of a given proportion of certain goods handled, and a given proportion of time saved in handling them, such report would be based on the merest haphazard speculation. I do not consider that I am justified in making such conjectures. (Citing *Rob. on Pats.*, Vol. 3, pp. 522-3).”

Accordingly he found that the complainant is entitled to recover nothing by way of profits, and nominal damages only.

On the 29th of July thereafter the Circuit Court of Appeals announced its decision in *Tuttle v. Clafin*, 77 O. G. 973, 76 Fed. 227.

It is agreed on all sides that this is “a closely analogous case” to the one at bar and that the law as there enunciated is now the rule in the second circuit.

The court has been considerably perplexed as to the proper disposition of the case in view of this decision. After careful consideration it is thought fair to the learned master and just to all parties concerned to refer the accounting again to the master, with the suggestion that he follow the rule of *Tuttle v. Clafin*, and take such further action in the matter as he may deem proper.

On exceptions to supplemental report.

Townsend, J.:

In this suit the court, having decreed upon final hearing that complainant's Patent No. 119,765, for an improvement in slings for packages, was valid and had been infringed by defendant, referred the matter to a master for an accounting. The master filed a report finding that complainant was entitled to no profits and to only nominal damages. Upon the argument of complainant's exceptions to this report Judge Coxe referred the accounting back to the master in order to allow him to determine whether, in view of the decision in *Tuttle v. Clafin*, 77 O. G. 973, 76 Fed. 227, any further action was necessary, the decision therein having been announced after the master had filed his original report.

The master thereafter filed a supplementary report affirming the former report, in which he stated as follows:

“I find nothing in the facts of the case, or in the law as laid down in the said decision in the case of *Tuttle v. Clafin*, that leads me to change the views and conclusions expressed in my former report.”

The complainant has duly excepted both to said original and supplementary reports, and the hearing was had upon exceptions.

It seems clear that the findings in the original report were justified by the evidence and were in accordance with the general rule of law.

Upon conflicting testimony the master found that the complainant had failed to furnish any "evidence upon which a computation of profits can be properly made." In his careful and exhaustive report he gives his reasons for this conclusion. The infringing devices were used in connection with other non-infringing devices according to the exigencies of the business of handling mixed classes of packages constituting various kinds of cargoes of vessels under constantly varying conditions. That the defendant derived an advantage from the use of the infringing devices is expressly found; but the character of the testimony by which this fact was established was so conflicting and uncertain and the knowledge of the witnesses was so limited in its scope that it was manifestly impossible to obtain therefrom any basis of calculation from which to determine with any degree of certainty either the extent of the use of the infringing devices or the saving effected or profits derived from such use.

In the opinion of the Circuit Court of Appeals on the rehearing in *Tuttle v. Clafn*, the court reviews the facts, showing—"that this case is by reason of its history both remarkable and unique [and adds that] no new rule of law was announced in regard to the burden of proof or in regard to the necessity that the complainant should, in the cases which ordinarily come before the master, satisfy him by affirmative evidence of the amount of profits."

The features which made the case of *Tuttle v. Clafn* unique are not present in this case. I agree with the master that the case contains no evidence upon which a computation of profits can be properly made, and the exceptions to this report are therefore overruled.

Let a decree be entered accordingly.

1065. *WALES v. WATERBURY MFG. CO.*, 101 Fed. 126, 41 C. C. A. 250 (1900, Second Circuit).\* \* \*

Before Wallace, Lacombe, and Shipman, Judges.

Wallace, J.:

We agree with the conclusions of the learned judge who decided the cause in the court below as to the validity of claims 1, 2 and 3 of the patent in suit and deem it unnecessary to add anything to his very satisfactory opinion. (87 Fed. Rep. 920.) We are unable, however, to agree with his conclusions in respect to the amount of profits which the complainant was entitled to recover.

The patent is for an improved lever-buckle adapted for use

upon various articles of men's and women's wearing-apparel. The buckle of claim 3, as appears from the demand which it eventually supplied in the trade, is especially adapted to be the fastening device of a pencil-holder, a metal case or frame shaped to receive a lead-pencil, and pivoted upon the base of the buckle and forming, with the buckle, a pencil-carrier to be worn on the edge of the watch or side pocket of the vest. The pencil-holder was devised by Mr. Wales, one of the patentees and the inventor of the buckle, who conceived that when it was attached to the buckle the integral device would be attractive and convenient and would especially command the favor of the stationers' trade. He introduced the buckle and pencil-holder to the notice of the defendant and made arrangements with the defendant to become the sole manufacturer. Probably because the pencil-holder alone was useless and derived its whole value by being attached to the buckle and the integral device could not be made or sold without infringing the buckle patent Mr. Wales did not patent the combination. The patent having been in the meantime assigned to the complainant, the wife of the inventor, in 1880 she made a license agreement with the defendant, by the terms of which she granted to the defendant the exclusive right of making and selling the buckle, and the defendant agreed to pay a royalty varying from 10 to 25 cents a gross for the buckle alone (depending upon the sizes) and when sold with the pencil-holder to pay a graded royalty amounting to \$2.03½ per gross when the sale price should be \$5.08. In the following year the complainant revoked this license, alleging non-compliance by the defendant with the license; but the defendant notwithstanding continued to make and sell the buckles and pencil-holders and between that time and the date of the expiration of the patent sold 9,361 gross of the combined article, realizing therefrom as net profits admittedly the sum of \$22,887, and accepting as correct the findings of the master upon the accounting, a considerably larger sum. Upon the basis of the license the royalties upon these sales would amount to over \$19,000. The court below awarded the complainant \$4,483 for these profits, arriving at the amount by charging the defendant only with the difference between the cost of the buckles and the price they would have brought if they had been sold separately from the pencil-holders. It is manifest that the defendant would not have sold the 9,361 gross of pencil-holders if it had not attached them to the patented buckle or to some other buckle which would have satisfactorily supplied its place as an adjunct of the holder. The proofs indicate that other buckles, which were open to public use, could have been attached to the holders, but the organized device would have been a clumsy and

unattractive one, while the patented buckle was peculiarly adapted for the purpose and was the part which commended the organized device to purchasers. The master found that the patented buckle was "the best and only known buckle that could have sold pencil-holders, and no part of the profits would have been made except for it." It is reasonable to suppose that the defendant's managers would not have exposed it to liability as an infringer if they had believed that some other buckle which they were at liberty to use would have answered the purpose of the patented buckle as an adjunct of the holders, and notwithstanding some evidence to show that it would and that the spring buckle-plate—an unpatented feature added to the buckle—contributed to its popularity we are satisfied upon the proofs that the master was correct in his finding and that there would have been no appreciable demand for the holders if they had not been attached to the patented buckle. The license in fixing such a large royalty upon the buckle when sold with the holders points also to this conclusion. In his opinion disposing of the master's report the learned judge in the court below did not discuss the finding of fact that but for the use of the buckle the buckle and holder would not have been a marketable device; but in his opinion, rendered upon granting the interlocutory decree, it is stated that the patented buckle was "apparently the only practicable solution of the problem presented," which was to devise a lever-buckle having characteristics, among others, adapting it to be used for carrying a pencil-holder. In disallowing the profits upon the combined buckle and lever he did so apparently in deference to the rule that where the articles which have been made and sold by the infringer contain not the patented invention alone, but other inventions or improvements, the profits for which he is to account are not the total profits, but those only which are attributable to the presence of the patented invention. This has always been the rule, and it is manifestly a just one upon principle; but it is often difficult of practical application, and the courts have sometimes applied it so that it has not produced an equitable result. In many cases where it is obvious that the patented invention has contributed a great part of the profits realized from selling the infringing article or apparatus embodying unpatented features it is practically impossible for the complainant to establish affirmatively the proportionate part. The present case is an illustration. None of the patented buckles like those attached to the pencil-holders—those of the third claim of the patent—were ever sold to an extent and under circumstances to establish satisfactorily their market price. No pencil-holders detached from the buckles were ever sold, and no competent and reliable evidence can be produced

to show what part of the profits the defendant derived from the buckles and what part from the holders separately. According to the estimate of the complainant's principal witness, which the master finds to be an "intelligent estimate of a man of large experience in the cost of all such details," the cost of the buckle was about \$1.02 and of the buckle and pencil-holder \$1.71 per gross, and it is undisputed that the combined article was sold at the price of \$5.08 per gross. The master thought this estimate of cost too liberal for the defendant, and he found the total cost of the buckle and pencil-holder to be \$1.62½, and upon this basis the profits of the defendant would be \$32,342. Upon either estimate the cost of the buckle was more than two-thirds of the cost of the whole article. It was certainly the dominant feature of the whole article, and no one can doubt that it contributed much more to the entire profits than did the holder. Yet there is no way by which the complainant can establish the proportion. As the rule has been applied in some of the adjudged cases there could be no recovery against the infringer. In such a case it would seem to be reasonable to require the infringer to account for the whole profits, even though it could not be proved that the commercial value of the article was wholly due to the patented feature. An infringer is a trustee ex maleficio for the owner of the exclusive rights protected by the patent, and a trustee who has confused the profits made by the use of the trust property with those made from his own property and commingled them so that they can not be segregated must account for the whole. (Lupton v. White, 15 Ves. 432; Hart v. Ten Eyck, 2 Johns. Ch. 108; Central Nat. Bank v. Connecticut Mut. Life Ins. Co., 104 U. S. 54, 26 L. ed. 693.) On the other hand, such a rule would work unjustly in many cases, as where the patented feature is of an insignificant part of the machine or article, and it is probably because of its manifest inequity in such cases that the courts have placed upon the complainant the burden of proof. Thus in Garretson v. Clark, 111 U. S. 120, 4 Sup. Ct. 291, 28 L. ed 371, where the patent was for an improvement in a mop-head and the defendant sold mops which contained the patented improvement, but otherwise were the common unpatented article, it would have been unreasonable to permit the complainant to recover the profits on the entire mops, and because he had not given evidence to apportion the profits between the patented features and the other features of the mop the court decided that he had not established any basis for the recovery of profits. The court in that case quoted with approval the proposition stated in the following terms:

"The patentee must in every case give evidence tending to separate or apportion the defendant's profits and the patentee's

damages between the patented features and the unpatented features, and such evidence must be reliable and tangible, and not conjectural and speculative; or he must show by equally reliable and satisfactory evidence that the profits and damages are to be calculated on the whole machine, for the reason that the entire value of the whole machine as a marketable article is properly and legally attributable to the patented feature."

The present is a case where the defendant would not and, as we think, could not have made any profits from manufacturing the holders if it had not used the patented buckle to command a sale for them and upon the facts is within the second branch of the rule stated in *Garretson v. Clark* and within other authorities sanctioning a recovery of the total profits derived from the sale of an infringing article embodying unpatented features when but for the patented features it would not have been a marketable article.

In *Manufacturing Co. v. Cowing*, 105 U. S. 255, 26 L. ed. 987, the court, after adverting to the rule that the profits for which an infringer is liable are to be determined by the advantage which he has derived from using the patented invention beyond those he might have derived in using other instrumentalities open to the public and adequate to enable him to obtain an equally beneficial result, said:

"It does not necessarily follow from this that, where the patent is for one of the constituent parts, and not for the whole of a machine, the profits are to be confined to what can be made by the manufacture and sale of the patented part separately. \* \* \* If the improvement is required to adapt the machine to a particular use, and there is no other way open to the public to supply the demand for that use, then it is clear that the infringer has, by his infringement, secured the advantage of a market he would not otherwise have had, and that the fruits of this advantage are the entire profits he has made in that market. \* \* \* Through their infringement they won the advantage of selling pumps which had upon them the patented improvements. Without it, no such sales would have been effected. The fruits of the advantage they gained by their infringement were, therefore, necessarily the profits they made upon the entire sale."

In *Hurlbut v. Schillinger*, 130 U. S. 456-472, 9 Sup. Ct. 584, 32 L. ed. 101, the court held the infringer liable for the entire profits made by the laying by him of concrete flagging. It is self-evident that concrete flagging would be of more or less value if it were not laid according to the method of the patent which was infringed, but the court said that if it had not been laid that way it would not have been laid at all and that its entire

value as a marketable article was properly and legally attributable to the invention.

In *Crosby Steam Gauge and Valve Co. v. Consolidated Safety-Valve Co.*, 141 U. S. 441-453, 12 Sup. Ct. 49, 35 L. ed. 309, the court held the infringer liable for the entire profit made from making and selling safety-valves containing the patented improvement for the reason that the entire value of the valve as a marketable article was properly and legally attributable to the patented feature.

The rule that the complainant is entitled to the whole profits when it appears that but for the patented feature the machine or article made and sold by the infringer would not have been a marketable commodity was recognized in *Mosher v. Joyce*, 2 C. C. A. 322, 51 Fed. 441, and in *Holmes v. Truman*, 29 U. S. App. 572, 14 C. C. A. 517, 67 Fed. 542.

It is doubtless true that except for the pencil-holder attachment, the buckles would not have been sold; but that circumstance is quite immaterial. The buckles were sold, and therefore the defendant must account for whatever profits were attributable to their sale. It is also immaterial that a spring bearing-plate was superadded to the patented features of the buckle of the defendant, as we are satisfied that the organized device did not derive its commercial value to any appreciable extent from that addition and would have sold as readily without it. We are of the opinion that the master gave too much weight to the circumstance of the destruction by the defendant of some of its books of account and because of its failure to "prove conclusively" all the items of the cost of the manufacture was led to adopt a lower estimate of cost than he otherwise would. The proofs do not warrant the inference that the books were destroyed for any illegitimate purpose. The estimate of the cost made by the complainant's principal witness, in view of his apparent candor and intelligence, commends itself to us as more reliable. In his estimate, however, he places the cost of the brass used at 34 cents, the cost of mounting the articles upon the cards for sale at 10 cents, and omits the cost of forming the blank for the pencil-holder. In respect to these items we regard the estimate of the witnesses of the defendant as more accurate, according to which the cost per gross of the brass was  $43\frac{1}{4}$  cents, the cost of mounting 14 cents, and the cost of forming the pencil-holder 3 cents. Making these corrections, the cost of the pencil-holder and buckle per gross was  $\$1.91\frac{1}{2}$ . Profits should therefore have been allowed to the complainant in the sum of  $\$29,627$ .

We think the defendant's fifth assignment of error is well taken. This relates to the profits allowed upon certain buckles

other than those of the sizes and combination sold with the pencil-holders. They were sold chiefly to the garter and suspender trade and had a short lever attached to the upper end to fasten the buckle to the strap. This was an unpatented feature. It was also open to the defendant to substitute another base-plate for that of the patented combination, and thus make a buckle which would probably have been as useful and as salable. In the buckles of this class the profit resulting from the sales was only such as is measured by the difference in value between the patented combination and others open to use by the defendant. That profit was not satisfactorily established by the evidence.

There should be a decree for the complainant for \$29,627, with interest from the date of the master's report, and to that extent the decree is reversed, with costs to the complainant, and the cause is remitted to the court below, with instructions to modify the decree in conformity with this opinion.

1066. *SESSIONS v. ROMADKA*, 145 U. S. 29, 36 L. ed. 609 (1892).\* \* \*

Cross-appeals from the circuit court of the United States for the eastern district of Wisconsin.

Bill by John H. Sessions against John M. Romadka and others for infringement of a patent. The master to whom the cause was referred, found for complainant in the sum of \$11,455.03; but exceptions to his report were sustained by the court and a decree entered for nominal damages. 21 Fed. 124. Both parties appeal. Reversed.

Statement by Mr. Justice Brown.

This was a bill in equity by the appellant Sessions for the infringement of letters patent No. 128,925, issued July 9, 1872, to Charles A. Taylor, for an improvement in trunks.

The patent included several devices used in the manufacture of trunks: First, a yielding roller to be applied to the outside of the trunk; second, in spring catches to hold the trunk shut; third, in a brace of peculiar construction, applied to the outside of the trunk for the purpose of holding up the lid; and, fourth, in a spring arm for supporting the tray when turned up.

\* \* \*

The only claim which was alleged to have been infringed was the third, which reads as follows:

"(3) The spring catches, I, constructed and applied to the front of the body, as described, in combination with the tongues or hasps, J, on the top, when arranged to operate as set forth."

\* \* \*

After the testimony had been taken the plaintiff entered with the commissioner of patents a disclaimer of all the claims of the patent except the one in suit; and upon the hearing upon



pleadings and proofs the court adjudged the patent to be valid, and that the defendants had infringed, and referred the case to a master to ascertain and report to the court the number of trunk fasteners made, used, and sold by defendants, and the profits which they had received and which had accrued to them since December 12, 1874, from their infringement, together with all damages in excess of such profits sustained by plaintiff and his assignor since that date. Subsequent to the entry of the interlocutory decree, which was opened for that purpose, and pending proceedings before the master, the defendants by leave of the court amended their answer, by alleging that the title to the patent was in the assignee in bankruptcy of one Poinier, who assigned the patent to the plaintiff subsequent to his adjudication in bankruptcy. The bill was also amended by averring that the assignee never accepted title to the patent, but neglected and refused to assert any claim thereto, and that he is now estopped from claiming any title or exercising any dominion over such patent or the invention thereby secured, and is also barred by the provisions of the bankruptcy act requiring suit to be brought within two years after the accruing of any cause of action. In his report, made under the order of the court, the master found that the testimony left no doubt that "at the date of the granting of the patent to Taylor the only known device for accomplishing the results produced by the trunk fastener was the ordinary trunk strap used in conjunction with the simple dowel pin." It seems, therefore, that the profits for which the defendants must account to complainant under the decree of this case are to be found by arriving at the cost of making and applying the strap and dowels, and deducting therefrom the cost of making and applying the infringement trunk fastener manufactured and sold by the defendants.

Figuring upon this basis, the master found that the sum of \$11,455.03 had been saved by the defendants by the manufacture and use of 2,500 gross of fasteners admitted to have been made and used by them, over what it would have cost them to have made and applied the straps and dowels necessary and proper to have been used for the same purpose in lieu of such infringing fasteners. No computation was made of damages, for the reason that the testimony showed that the profits allowed by him largely exceeded any actual damage sustained by the plaintiff. Exceptions were filed by both parties to this report; and a final decree was entered, sustaining the exceptions filed by the defendants to the master's report, vacating and setting aside such report, and decreeing nominal damages for the infringement. 21 Fed. 124. Both parties appealed from this decree to this court.

\* \* \*

Mr. Justice Brown, after stating the facts in the foregoing language, delivered the opinion of the court.

1. Defendants attack the title of the plaintiff to this patent upon the ground that Poinier, who bought the patent of Taylor in 1872, and subsequently, in 1878, sold it to Sessions, had prior to such sale, and in September, 1876, been duly adjudicated a bankrupt in the district court of the United States for the district of New Jersey, and an assignee appointed, in whom, it is claimed, the legal title to the patent vested. It seems, however, that Poinier did not include this patent in his schedule of assets, upon the ground, as he said, of its being unproductive property and of no value. Indeed, all that he seems to have done with the patent was to make a lot of trunk fasteners in 1872, which proved to be failures, and which appear to have been the cause of his insolvency. \* \* \*

While, under the provisions of the bankrupt law, the title to this patent undoubtedly passed to the assignee in bankruptcy of Poinier, it passed subject to an election on his part not to accept it, if, in his opinion, it was worthless, or would prove to be burdensome and unprofitable; and he was entitled to a reasonable time to elect whether he would accept it or not. *File Co. v. Garrett*, 110 U. S. 288, 295, 4 Sup. Ct. 90; *Sparhawk v. Yerkes*, 142 U. S. 1, 12 Sup. Ct. 104; *Amory v. Lawrence*, 3 Cliff. 523, 535.

In this case the assignee had taken a year to wind up the estate, and had given no sign of his wish to assume this property, if indeed he knew of its existence. On being asked with reference to it by the proposed purchaser, he replied that the estate was all settled up, that he had no power to do anything in the matter, and that Poinier was the only one who could give a title. A plainer election not to accept can hardly be imagined. Granting that up to that time he had known nothing about the patent, it was his duty to inquire into the matter, if he had any thought of accepting it, and not to mislead the plaintiff's agent by referring him to the bankrupt as the proper person to apply to. Under the circumstances, plaintiff could do nothing but purchase of Poinier. Bearing in mind that no claim to this property is now made by the assignee, but that his alleged title to it is set up by a third person, who confessedly has no interest in it himself, it is entirely clear that the defendants ought not to prevail as against a purchaser who bought it of the bankrupt after the assignee had disclaimed any interest in it.

Had the existence of this patent been concealed by the bankrupt, or the assignee had discovered it subsequently—after his discharge—and desired to take possession of it for the benefit of the estate, it is possible the bankruptcy court might reopen the case, and vacate the discharge for that purpose. *Clark v.*

Clark, 17 How. 315. But it does not lie in the mouth of an alleged infringer to set up the right of the assignee as against a title from the bankrupt acquired with the consent of such assignee. It is quite evident from the facts stated that this patent, which seems to have been the cause of Poinier's insolvency, was thought to be of little or no value, that the assignee so regarded it, and that its real value was only discovered when the plaintiff had brought to bear upon the manufacture of the device his own skill and enterprise.

[The concluding parts of this case might well have been distributed under preceding headings. They have been retained here to indicate the character of the case as a whole.]

2. Defendants are charged with infringing the third claim of the Taylor patent, which was for a spring fastener, modifications of which are now in almost universal use, as a substitute for the old-fashioned strap and buckle. Upon the hearing in the court below, it was claimed the patent was invalid by reason of the joinder of distinct inventions in the same patent—inventions which, though applicable to the same article, viz., a trunk, do not co-operate in the use of such article. The court below was evidently inclined to this opinion, but permitted the plaintiff to enter a disclaimer of all the claims but the one in suit. Whether these different devices were properly embodied in the same patent or not, we think this was a proper case for a disclaimer, under section 4917. While the language of this section provides for disclaimers "whenever, through inadvertence, accident, or mistake, and without any fraudulent or deceptive intention, a patentee has claimed more than that of which he was the original or first inventor or discoverer," it allows the patentee to "make disclaimer of such parts of the thing patented as he shall not choose to claim or hold by virtue of the patent or assignment, stating therein the extent of his interest in such patent." We think this section broad enough to cover disclaimers made to avoid the effect of having included in the patent more devices than could properly be made the subject of a single patent. The power to disclaim is a beneficial one, and ought not to be denied except where it is resorted to for a fraudulent and deceptive purpose. In *Tuck v. Bramhill*, 6 Blatchf. 95, a disclaimer was allowed by Mr. Justice Blatchford where two or more inventions were covered by a single claim. In *Hailes v. Albany Stove Co.*, 123 U. S. 582, 587, 8 Sup. Ct. Rep. 262, it was said by Mr. Justice Bradley to be "usually and properly employed for the surrender of a separate claim in a patent, or some other distinct and separable matter, which can be excised without mutilating or changing what is left standing.

The only difficulty connected with the question of the dis-

claimer in this case arises from the final sentence of section 4917, that "no such disclaimer shall affect any action pending at the time of its being filed, except so far as may relate to the question of unreasonable neglect or delay in filing it." There is an unfortunate choice of language here which has rendered this sentence very ambiguous and difficult of construction. It was held by Mr. Justice Story in *Reed v. Cutter*, 1 Story 590, 600, that if the disclaimer were filed during the pendency of the suit the plaintiff would not be entitled to the benefit thereof in that suit—a ruling which had also been made in *Wyeth v. Stone*, Id. 273, 294. It was held in *Tuck v. Bramhill*, 6 Blatchf. 95, that the provision meant that a suit pending when a disclaimer is filed is not to be affected by such filing, so as to prevent the plaintiff from recovering in it, unless it appears that the plaintiff unreasonably neglected or delayed to file the disclaimer. And such was also the ruling of Mr. Justice Nelson in *Guyon v. Serrell*, 1 Blatchf. 244, and in *Hall v. Wiles*, 2 Blatchf. 194, 198. We think that section 4917 ought to be read in connection with section 4922, providing that the patentee may maintain a suit at law or in equity for the infringement of any part of the thing patented, notwithstanding the specifications may embrace more than that of which the patentee was the first inventor or discoverer; but, in every such case in which a judgment or decree shall be rendered for the plaintiff, no costs shall be recovered, unless the proper disclaimer has been entered at the patent office before the commencement of the suit. This was practically the construction given to corresponding sections of the act of 1837 by this court in *Smith v. Nichols*, 21 Wall. 112, and of the Revised Statutes in *Dunbar v. Meyers*, 94 U. S. 187, 193. Under section 4922 the effect of delaying a disclaimer until after the commencement of the suit goes only to the recovery of costs. We adhere to that construction. Congress, having in the Revised Statutes adopted the language used in the act of 1837, must be considered to have adopted also the construction given by this court to this sentence, and made it a part of the enactment.

3. The essential feature of the Taylor patent consists of a plate attached to the body of the trunk, which contains a socket and hinged catch, and a double-acting spring, whose function is to hold the catch either open or shut, and a tang fastened to the lid, which, as the lid is closed, drops into the socket hole in the catch, which when closed, holds the lid firmly in place. It also acts as a dowel to keep the cover from racking.  
\* \* \*

There are none of these patents which contain the peculiar combination of the Taylor device; none which, had Taylor known of them, would have suggested his own invention. While his de-

vice is somewhat crude, as compared with the improved styles of trunk fasteners now in use, it contains the underlying principle of all of them. In short, we find no difficulty in holding that there is patentable novelty in the Taylor fastener, and that it is not anticipated by any of the devices put in evidence. If there were any doubt of this, in view of the fact that Taylor seems to have been the first to invent a practical trunk fastener to take the place of the old-fashioned strap and buckle, and that, improved upon, as it undoubtedly has been, it has completely taken the place of the earlier devices, we should be inclined to resolve this doubt in favor of the patentee.

4. The question of infringement is not so easy, as the Romadka patent, under which the defendants manufacture, approximates more closely to the ordinary form of the spring lock than does the Taylor patent. The difference between the two patents, however, is more in their outward appearance than in their substantial features. Both resemble the spring lock in having a rigid tang with a notch in it to receive a catch actuated by a spring, and in being self-locking, if the catch be closed when the tang enters the socket. Both differ from it in the fact that the device may be unlocked without the aid of a key by a simple motion of the finger, and hence is not designed to protect against unauthorized opening. The essential features of each are the same. Both have a rigid tang attached to the cover of the trunk—in the Taylor patent, with a hole in it; and in the Romadka patent, with a notch to receive the catch. Both have a socket attached to the body of the trunk, containing a hinged catch actuated by a spring which fits into the hole or notch in the tang. In the Taylor patent the catch is held open and shut by a flat spring, and operates at right angles to the plane of the trunk. In the Romadka device the catch is held by a wire spring and is moved sideways or parallel with the plane of the trunk by a slight projection at the side of the socket. Both are identical in principle, operation, and design, though the trunk fasteners now in ordinary use resemble the Taylor more than the Romadka patent. In view of the fact that Taylor was a pioneer in the art of making a practical metallic trunk fastener, and invented a principle which has gone into almost universal use in this country, we think he is entitled to a liberal construction of his claim, and that the Romadka device, containing, as it does, all the elements of his combination, should be held an infringement, though there are superficial dissimilarities in their construction.

5. It only remains to consider the question of damages. Before the invention of these fasteners, straps and buckles were universally used to hold the lid of the trunk fast to the body,

in aid of the lock, and dowels appear to have been in common use to prevent a lateral movement of the lid. Trunks with straps to support the lock were considered imperfect and unserviceable, and the dowels had become a recognized necessity, except where strength and durability were of no consequence. In this connection the master allowed the difference between the cost of trunk fasteners and the straps, buckles, and dowels previously in use for the same purpose; and the court overruled the measure of damages thus adopted, and entered a decree for nominal damages only.

It seems the defendants did not manufacture these fasteners for sale, but did manufacture them for use on the trunks made and sold by them. Obviously, their profits upon the entire trunk would not be a proper measure of damages, since the fasteners were only an inconsiderable part of the trunk, and profits upon the entire article are only allowable where such article is wholly the invention of the patentee, or where its entire value is properly and legally attributable to the patented feature. *Seymour v. McCormick*, 16 How. 480; *Mowry v. Whitney*, 14 Wall. 620; *Littlefield v. Perry*, 21 Wall. 205; *Garretson v. Clark*, 111 U. S. 120, 4 Sup. Ct. 291. This court has, however, repeatedly held that, in estimating damages in the absence of a royalty, it is proper to consider the savings of the defendant in the use of the patented device over what was known and in general use for the same purpose anterior to the date of the patent. Thus, in *Mowry v. Whitney*, 14 Wall. 620, 649, it was said by Mr. Justice Strong that "it is the additional advantage the defendant derived from the process—advantage beyond what he had without it—for which he must account." In that case the master reported the difference between the cost of certain car wheels and the price for which they were sold as the profits realized by the defendant; thus charging him the profit obtained from the entire wheel, instead of that resulting from the use of the patentee's invention in a part of the manufacture. It was held not to be a legitimate construction of the findings that the benefit which the defendant derived from the use of the complainant's invention was equal to the aggregate of profits he obtained from the manufacture and sale of the wheels as entireties, after they had been completed, but that the question to be determined was, what advantage did the defendant derive from using the complainant's invention, over what he had in using other processes then open to the public, and adequate to enable him to obtain an equally beneficial result? The same principle was applied in the *Case of the Cawood Patent*, 94 U. S. 695, 710, in which the defendant made use of an infringing swage block for the purpose of reforming the ends of railroad rails which had become ex-

foliated by wear; and it was held that the gain in mending these rails by the use of the plaintiff's device, compared with the cost of mending on the common anvil, and the saving in fuel and labor, were the proper measure of damages. "They had the choice of repairing them on the common anvil or on the complainant's machine. By selecting the latter, they saved a large part of what they must have expended in the use of the former. To that extent they had a positive advantage, growing out of their invasion of complainant's patent." The subject is also fully considered in the case of *Tilghman v. Proctor*, 125 U. S. 136, 8 Sup. Ct. 894, in which it was held that the plaintiff may, instead of damages, recover the amount of gains and profits the defendants have made by the use of his invention, over what they would have had in using other means then open to the public, and adequate to enable them to obtain an equally beneficial result. The patent in this case was for a process of manufacturing fat acids and glycerine from fatty bodies by the action of water at a high temperature and pressure. In his report of damages the master found that the complainant derived no profit from the invention otherwise than by granting licenses to others to use the same; but that the defendant had derived large profits and savings by the use of the plaintiff's patented process, which plaintiff sought to recover in the suit. It was held by this court that when a bill in equity is filed by the owner against the infringers of a patent, the plaintiff is entitled to recover the amount of gains and profits the defendant has made by the use of his invention—not those he might reasonably have made, but those which he did make; or, in other words, the fruits of the advantage which he derived from the use of that invention, over what he would have had in using other means then open to the public, and adequate to enable him to obtain an equally beneficial result.

An analogous rule was applied in *Williams v. Railroad Co.*, 18 Blatchf. 181, 185, wherein the patent was for an improvement in locomotive lamps, which enabled the burning of kerosene instead of lard oil in locomotive headlights. The defendant used a number of the patented lamps on its locomotives, and it was held that its profits were the difference between the cost of the kerosene which it burned and the lard oil which it would have had to burn in lieu thereof but for the use of the plaintiff's lamps. "The statute," said Mr. Justice Blatchford (Rev. Stat. § 4921), "expressly gives to the plaintiff, on a recovery in a suit in equity for an infringement, 'the profits' to be accounted for by the defendant. \* \* \* The defendant made its election when it infringed and subjected itself to a suit in equity, and the plaintiff is entitled to the result of the choice he made

of suing in equity and not at law. The plaintiff made his inventions for the purpose of enabling anyone using them to successfully burn kerosene oil in lamps for locomotive headlights, and to obtain the full advantage of its great light-producing capacity. The defendant used them for that purpose and with that result, and must pay the profits or savings made thereby."

We see no reason why this measure of damages should not be applied to this case. The only argument to the contrary is that the instances in which this court has applied this rule are confined to those wherein the defendant has made use of the complainant's invention in the operation and conduct of his business, and that it ought not to be extended to cases in which the defendant manufactures and sells the devices. Without questioning at this time the soundness of this contention, we think this case falls within the former rather than within the latter category. The defendants do not manufacture and sell trunk fasteners as such, but they do make and use them in the business of manufacturing trunks, and the difference between such use of them and the use of the old-fashioned strap and buckle represents their profits. If the defendants manufactured and sold trunk fasteners to be attached to trunks by their vendees, it might be justly claimed that they did not use them; but, if they manufacture them solely to be attached to trunks made and sold by themselves, it is none the less a use of them than if they had used the trunk to which they were attached for their own purposes. If, to put an analogous case, a person made a business of manufacturing and selling steam engines to which he attached a patented lubricator, it could hardly be claimed that he was a manufacturer and seller of lubricators; but he would clearly be liable as a user of them.

In such a case it makes no difference whether their general business has been conducted at a profit or loss, or whether they have derived an additional profit from the sale of trunks equipped with this device over those not so equipped, although the presumption would be, from the saving made by them in the use of this device, that an additional profit upon the sale of the trunks was made, unless it were shown that the use of this device in some way resulted in a diminution of profits upon the entire manufacture. As was said in the *Cawood Patent*, 94 U. S. 695, 710: "If their general business was unprofitable, it was the less so in consequence of their use of the plaintiff's property. They gained, therefore, to the extent that they saved themselves from loss. In settling an account between a patentee and an infringer of the patent, the question is not what profits the latter has made in his business, or from his manner of conducting it, but what advantage has he derived from his use of the pat-



ented invention?" See, also, *Tilghman v. Proctor*, 125 U. S. 136, 8 Sup. Ct. 894.

The master apparently computed the profits received by the defendants from the infringement upon the basis of the interlocutory decree referring the case to him to ascertain and report the number of fasteners made and used by the defendants, and the gains, profits, and advantages they received from the infringement, etc.; and as, in the view we have taken of this case, there was nothing inequitable in this measure of damages, we see no reason for disturbing the report of the master in that particular.

6. Further objection is made to a recovery of profits in this case upon the ground of a non-compliance with the requirements of Rev. Stat. § 4900, in failing "to give sufficient notice to the public that the same" (that is, the article) "is patented, either by affixing thereon the word 'Patented,' together with the day and year the patent was granted, or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is inclosed, a label containing the like notice; and in any suit for infringement, by the party failing so to mark, no damages shall be recovered by the plaintiff except on proof that the defendant was duly notified of the infringement, and continued, after such notice, to make, use, or vend the article so patented." The averment of the bill in this connection is "that great numbers of trunk catches containing and embodying the said invention \* \* \* have been manufactured by your orator and the previous owners of said letters patent, which said catches were marked with the word 'patent,' and with the year and day of the month of the date of said letters patent; that the public generally have acknowledged the validity of said letters-patent, and have generally acquiesced in the right aforesaid of your orator." It appears that the plaintiff did stamp upon the larger sizes the fact and the date of the patent, but that he failed to affix such stamp to the smaller sizes on account of the difficulty of marking them in such way that the mark would be legible when the catches were japanned or tinned. It is not altogether clear that the stamp could not have been made upon the smaller sizes; but, in a doubtful case, something must be left to the judgment of the patentee, who appears in his case to have complied with the alternative provision of the act, in affixing a label to the packages in which the fasteners were shipped and sold. He testified in this connection that, with the two small sizes, it was impracticable to cast the stamp upon the castings, but that he always marked the packages "Patented." The fact that this device was patented could hardly have escaped the notice of Romadka, since the earliest fasteners made under the pat-

ent, which were manufactured and sold by Poinier, were duly stamped, and Romadka had dealt with him, bought bags of him, and said to Sessions that he could have bought the patent for a low price. Although there is an averment in the answer that the defendants have no knowledge or information save from said bill of complaint, whether the catches were marked with the word "Patented," etc., and therefore deny the same, there is no denial of their knowledge that the Taylor device was patented; and in view of the fact that all letters patent are recorded, with their specifications, in the patent office, a record which is notice to all the world, it is not an unreasonable requirement that the defendant, who relies upon a want of knowledge upon his part of the actual existence of the patent, should aver the same in his answer, that the plaintiff may be duly advised of the defense. *Rubber Co. v. Goodyear*, 9 Wall. 788, 801; *Allen v. Deacon*, 10 Sawy. 210, 21 Fed. 122.

7. A further point is made that the plaintiff is not entitled to recover for any profits accrued prior to September 12, 1876, when Poinier was adjudicated a bankrupt; that any right of action which he then possessed passed to his assignee, and so long as it remained in his hands, became subject to the statutory limitation of two years, within which, by Rev. Stat. § 5057, the assignee is bound to institute suit. It is insisted that, if he abandoned the claims against third parties for infringement, he abandoned them subject to the limitation of two years within which he was himself obliged to bring suit, and that Poinier himself, and the plaintiff, his assignee, took them subject to that limitation. In this connection the defendant relies upon the case of *Kenyon v. Wrisley*, 147 Mass. 476, 18 N. E. 227. In this case the assignee abandoned to the bankrupt the right to sue upon a promissory note which he considered worthless, and the plaintiff brought suit upon the same nine years after the adjudication and assignment. It was held that the plaintiff had no right to recover; but the decision was placed upon the express ground that the assignee did not elect to abandon the claim, and did not consent to a suit upon it by the plaintiff until after his right of action was barred by the statute, and it was held that, as the right of suit upon the note was barred while in the hands of the assignee, it was not revived by the election of the assignee to abandon it to the plaintiff. In *Gifford v. Helms*, 98 U. S. 248, and in *Wisner v. Brown*, 122 U. S. 214, 7 Sup. Ct. 1156, it was held by this court that purchasers of property from an assignee in bankruptcy could not maintain a suit in equity against third persons claiming adverse interests in such property if, at the time of the purchase from the assignee, his right of action was, under the bankruptcy act, barred by the lapse of time.

In *Greene v. Taylor*, 132 U. S. 415, 443, 10 Sup. Ct. 138, the court went a step further, and held that if, at the time of the purchase from the assignee, the statute had begun to run against the claim or right in the hands of such assignee, the purchaser took the right subject to the statutory limitation, and to the consequence that when sufficient additional time should have run against it in the hands of the purchaser to make up the entire two years the claim or right would be wholly barred. "No initiation of a new period of limitation, under any statute, begins to run in favor of the purchaser at the time of his purchase, whether the two years wholly elapsed, or only a part thereof elapsed, while the claim was owned by the assignee." We are of opinion, however, that this rule does not apply where the assignee, before the expiration of the statutory time, elects to abandon the property to the bankrupt. In such case the abandonment relates back to the commencement of the proceedings in bankruptcy, and the title stands as if no assignment had been made. Such abandonment is not so much a transfer of an existing interest in the assignee as an election on his part to treat the assignment as having never included that claim. We do not find it necessary to express an opinion whether the same rule would apply if, as held in *Kenyon v. Wrisley*, the statutory limitation were a bar to an action by the assignee when the abandonment was made.

In the case under consideration, Poinier was adjudicated a bankrupt September 12, 1876, the assignee was appointed October 17, 1876, and the abandonment took place, according to the testimony of Mr. Shepard, early in June, 1878, less than two years from the time the cause of action accrued to the assignee. As Poinier recovered the right to sue infringers by abandonment from the assignee before that right had become barred by the statute in his hands, we think he should be considered as receiving it unaffected by the statute, and that he and the plaintiff, his assignee, were entitled to bring this suit as if the assignment had not been made.

The decree of the court below is therefore reversed, and the case remanded, with directions to enter a decree upon the basis of the master's report.

1067. GARRETSON v. CLARK, 111 U. S. 120, 28 L. ed 371 (1884).\* \* \*

Field, J.:

In this case the court below sustained the plaintiff's patents, adjudged that the defendants were infringers, and directed a reference to a master, to ascertain and report the profits and gains made by the defendants. The master reported that no proof was presented to him that they had made any profit, or that the

plaintiffs had suffered any damages. The court sustained the report, and the decree allowed the plaintiffs only nominal damages. From this decree the appeal is taken. *Garretson v. Clark*, 15 Blatchf. 70.

The patent was for an improvement in the construction of mop-heads, which may be described, with sufficient accuracy, as an improvement in the method of moving and securing in place the movable jam or clamp of a mop-head. With the exception of this mode of clamping, mop-heads like the plaintiff's had been in use time out of mind. Before the master, the plaintiff proved the cost of his mop-heads, and the price at which they were sold, and claimed the right to recover the difference as his damages. This rule was rejected; and, no other evidence of damages being offered, the master reported as stated. When a patent is for an improvement, and not for an entirely new machine or contrivance, the patentee must show in what particulars his improvement has added to the usefulness of the machine or contrivance. He must separate its results distinctly from those of the other parts, so that the benefits derived from it may be distinctly seen and appreciated. The rule on this head is aptly stated by Mr. Justice Blatchford in the court below: "The patentee," he says, "must in every case give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural or speculative; or he must show, by equally reliable and satisfactory evidence, that the profits and damages are to be calculated on the whole machine, for the reason that the entire value of the whole machine, as a marketable article, is properly and legally attributable to the patented feature." The plaintiff complied with neither part of this rule. He produced no evidence to apportion the profits or damages between the improvement constituting the patented feature and the other features of the mop. His evidence went only to show the cost of the whole mop, and the price at which it was sold. And, of course, it could not be pretended that the entire value of the mop-head was attributable to the feature patented. So the whole case ended, the rule was not followed, and the decree is therefore affirmed.

1068. *RUDE v. WESTCOTT*, 130 U. S. 152, 32 L. ed. 888 (1889).\* \* \*

Mr. Justice Field, after stating the facts as above, delivered the opinion of the court.

The defendants below, appellants here, seek a reversal of the decree of the circuit court upon several grounds, and, among others, these: (1) That the complainants have not established a title in themselves to the patents; and (2) that they have not

proved any damages for the infringement of the claims of the patentee. The first of these grounds rests upon the supposed effect of the assignment executed by the patentee to the complainants on the 6th of October, 1874. The instrument in its words of transfer is amply full and expressive to convey to them his entire interest in and title to not only the patents then issued, but also any renewals or extensions thereof. His language is: "I, the said Hiram Moore, do hereby assign, sell and set over unto the said Charles W. West and John M. Westcott the entire right, title, and interest in and to the letters patent aforesaid, and in and to the invention and improvements represented, shown, or described therein, including any renewal, reissue, or extension thereof, the same to be held and enjoyed by the said West and Westcott, and their legal representatives, as fully and entirely as the same would have been held and enjoyed by me had this assignment and sale not been made, to the full end of any term or terms for which the letters patent aforesaid, or either of them, have been, or hereafter may be, granted, reissued, renewed or extended." Nothing could add to the force of this language. The concluding provision, that the net profits arising from sales, royalties, or settlements, or other source, are to be divided between the parties to the assignment so as to give the patentee one-fourth thereof, does not, in any respect, modify or limit the absolute transfer of title. It is a provision by which the consideration for the transfer is to be paid to the grantor out of the net profits made. It reserves to him no control over the patents or their use or disposal, or any power to interfere with the management of the business growing out of their ownership. The clause appointing the assignees attorneys of the grantor, with authority to use his name whenever they deem proper in such management, does not restrict in any way the power of the assignees after the transfer of the property. It was inserted, perhaps, from overcaution, but it was unnecessary. The assignees were under no obligation to consult him in the management of the property. Their own interests were a sufficient guaranty of a judicious exercise of their power of disposition. The assignment of Westcott to Kinsey and Morris does speak of an interest possessed by him in the patent, but it explains what that interest is, viz., one-half part of the net profits from the patents, arising from sales, royalties, or settlements, or other source, and it refers to the original assignment of the patentee to West and Westcott. It follows that the contention of the defendants that the complainants have not established their title to the patents is not sustained. The complainants do not hold the property as trustees for the benefit of the patentee; they are only trustees

for him of one-fourth of the profits which may be received by them. *Tilghman v. Proctor*, 125 U. S. 136, 143, 8 Sup. Ct. 894.

The second ground of the appellants is, we think, well taken. The master reported in his first report that the complainants waived all claim for profits arising from the manufacture, use and sale of the patented machines, and relied upon the proofs as establishing such a fixed royalty or license fee as would furnish a criterion by which to estimate complainants' damages; and, proceeding upon that view, he found from two instances, and perhaps a third instance, in which a specified sum had been paid for the use of the machines, or for the privilege of making and selling them, that the complainants had suffered damages on each one-horse machine used by the defendants of one dollar, and on each two-horse machine used by them of two dollars. One of the instances relied upon was that of the Wayne Agricultural Company, which had paid the sums named for the use of the machines for four years. It is not clear when the payment was made, but it would seem that it was made in part under a threat of suit, and in part as the result of an arbitration after litigation on the subject had been commenced, and to avoid future litigation. It is clear that a payment of any sum in settlement of a claim for an alleged infringement cannot be taken as a standard to measure the value of the improvements patented, in determining the damages sustained by the owners of the patent in other cases of infringement. Many considerations other than the value of the improvements patented may induce the payment in such cases. The avoidance of the risk and expense of litigation will always be a potential motive for a settlement. The second instance relied upon is that of a corporation by the name of P. P. Mast & Co., which had obtained a license to manufacture grain drills and seeders at Springfield, Ohio, and to sell the same within the United States, upon an agreement to pay one dollar for every one-horse drill or seeder and two dollars for every two-horse drill, provided that if the fee were paid upon the days designated for semi-annual returns, or within ten days thereafter, a reduction of 50 per cent. should be made from the fee. The corporation soon afterwards changed its feeding device, and thus did not infringe, and it settled for a portion of the fees; but it does not appear what they were. It is plain, without regard to the settlement had, that an agreement of this kind, where the charge may be fixed at the pleasure of the owner of the patent, cannot be received as evidence of the value of the improvements patented so as to bind others having no such agreement. The third instance is that of an alleged license to English & Over. The complainant Westcott testifies that they continued to pay as long as they were in partnership; but how

much, or how long that partnership continued, does not appear. And Mr. Over, a member of that firm, does not recollect that it ever took a license. Westcott also testifies that no other persons or corporations than those mentioned ever took any licenses from them under the patents sued upon.

It is undoubtedly true that where there has been such a number of sales by a patentee of licenses to make, use and sell his patents as to establish a regular price for a license, that price may be taken as a measure of damages against infringers. That rule was established in *Seymour v. McCormick*, 16 How. 480, and affirmed in *Corporation v. Ransom*, 23 How. 487; *Packet Co. v. Sickles*, 19 Wall. 611, 617; *Birdsall v. Coolidge*, 93 U. S. 64; and *Root v. Railway Co.*, 105 U. S. 189, 197. Sales of licenses, made at periods years apart, will not establish any rule on the subject and determine the value of the patent. Like sales of ordinary goods, they must be common, that is, of frequent occurrence, to establish such a market price for the article that it may be assumed to express, with reference to all similar articles, their salable value at the place designated. In order that a royalty may be accepted as a measure of damages against an infringer, who is a stranger to the license establishing it, it must be paid or secured before the infringement complained of; it must be paid by such a number of persons as to indicate a general acquiescence in its reasonableness by those who have occasion to use the invention; and it must be uniform at the places where the licenses are issued. Tested by these conditions, the sums paid in the instances mentioned, upon which the master relied, cannot be regarded as evidence of the value to the defendants of the invention patented. The court below so treated them, and held that without further evidence the complainants would be entitled only to nominal damages, and remanded the case to the master to take further evidence. He did so, but in his second report he stated that the additional evidence did not strengthen the proofs previously made in support of the claim that complainants had established a license fee or royalty which furnished a criterion by which to estimate the damages. He therefore proceeded to estimate the value of the claim or combination patented to the defendants, who had used it in violation of the complainant's rights, and for that purpose took the opinions of different persons on the subject. Of the witnesses produced by the complainants, it does not appear that any ever manufactured or used the patented machines. One of the principal witnesses stated that he had never read the patent, had never seen a drill made like that described, had no experience in the matter of licenses, and that he placed his estimate of the value of the claim patented at what he considered would be a fair recom-

pense to the inventor. The estimates of all the witnesses of the complainants were merely conjectural; that is, were made without having knowledge of any saving secured either in the cost of the machine or in the labor required for its use, they simply stating that they considered that the amounts named by them would be a reasonable and fair royalty or license fee for the patented drill. Naturally estimates founded upon supposed but not known benefits were widely apart, varying from three to six dollars for a two-horse drill, and half those sums for a single-horse drill. On the other hand, witnesses produced by the defendants, who had examined, and some of whom had used, the patented drills, stated that they did not consider them of any more utility than other seeding drills in use, and that they did not bring any greater price in the market. The master does not appear to have given weight to the judgment of any of the witnesses, but concluded, though by what process of reasoning is not perceived, that 75 cents on each one-horse drill, and double that sum on each two-horse drill, would be the proper amount to allow; and as he had found, though upon testimony equally loose and insufficient, that there were 1,000 one-horse drills, and an equal number of two-horse drills, he reported that the complainants were entitled to \$2,250 as damages. The court was not satisfied with his conclusion, and, without stating the ground of its action, ordered the amount to be reduced to \$1,800, as damages which the plaintiff should recover, besides costs, and \$1.50 fee for the master, sustaining the exceptions to the report so far as it was inconsistent with that decree, and in other respects overruling them.

The action of the court is subject to the same objection as the report of the master. The ruling that a royalty was established, as made in the first report, had been repudiated by it, and no evidence of the value of the invention to the defendants was adduced except the conjectural estimates stated; and they furnished no satisfactory basis for any damages, much less data which authorized the specific finding made as to the damages for each drill used. Opinions not founded on knowledge were of no value. Conclusions from such opinions were at best mere guesses. By the decision rendered a settled rule of law was violated, that actual, not speculative, damages must be shown, and by clear and definite proof, to warrant a recovery for the infringement of a patent. As was said long ago by this court: "Actual damages must be calculated, not imagined, and an arithmetical calculation cannot be made without certain data on which to make it." *Corporation v. Ransom*, 23 How. 487, 488. There was no question in this case of damages arising from lost sales, or injurious competition, for no machines had been manu-



factured and put on the market by the patentee, or by the complainants, his assignees. No legal ground being shown for the recovery of specific damages for the alleged infringement of the patents, the decree must be reversed, and the cause remanded, with directions to enter a decree for the complainants for nominal damages; and it is so ordered.

1069. *McCREARY v. PENNSYLVANIA CANAL CO.*, 141 U. S. 459, 35 L. ed. 817 (1891).\* \* \*

Bill in equity by John McCreary against the Pennsylvania Canal Company. There was a decree for plaintiff, on a master's report, for costs only, from which he appeals. Judgment affirmed.

Statement by Brown, J.:

This was a bill in equity for the infringement of letters-patent No. 129,844, issued July 23, 1872, and reissued as No. 5,630, October 28, 1873, to the appellant John McCreary for an "improvement in coupling and steering apparatus." \* \* \*

Brown, J.:

About three months prior to the patent in suit, and on April 16, 1872, another patent, numbered 125,684, was issued to Elijah and John McCreary for "an improvement in steering devices for canal-boats," etc., which covered a similar coupling together of boats, barges, and scows by means of a vertical groove formed in the overhanging stern guard or bumper of the forward boat, which groove was entered by the cut-water of the rear boat, a chain being used for connecting the boats, which chain was so connected with a train of gear-wheels placed in the rear boat as to enable both boats to be steered by means of a windlass. \* \* \*

One of the main difficulties in the assessment of damages in this case arises from the fact that the two patents, the first one of which is not included in this bill, describe a system of coupling together two boats by means of chains and a centering device much the same, differing from each other only in two particulars. \* \* \*

The master found, however, in this connection, that complainant was not entitled, upon the proofs, to recover from the defendant as its profits from the use of his "improvement" the entire savings in freight accruing from the shipping of coal in the infringing coupled boats in place of single boats, but was restricted to such as were attributable solely to the improvement.

There is no doubt of the general principle that in estimating the profits the defendant has made by the use of the plaintiff's device, where such device is a mere improvement upon what was known before, and was open to the defendant to use, the

plaintiff is limited to such profits as have arisen from the use of the improvement over what the defendant might have made by the use of that or other devices without such improvements. This is a familiar doctrine, announced by this court in a number of cases. *Seymour v. McCormick*, 16 How. 480; *Mowry v. Whitney*, 14 Wall. 620; *Littlefield v. Perry*, 21 Wall. 205; *Elizabeth v. Pavement Co.*, 97 U. S. 126; *Garretson v. Clark*, 111 U. S. 120, 4 Sup. Ct. 291.

The important question in this connection is whether, in considering what was already known, and open to the defendant to use, we are to include the device shown in patent numbered 125,684, issued to Elijah and John McCreary about three months before the patent in suit. There were other methods of connecting vessels in train, such as were disclosed in the British patent to Taylor of 1846; the British patent to Bourne of 1857; the patent to McCreary of 1860, constructed and put into use upon a coupled boat called "The Experiment;" the British patent to Bartholomew of 1862; and the American patent to Stackpole of 1866; but none of these seem to have been adapted to defendant's use with any advantage over single boats, because, as the master found, "their construction was such that a rudder could not be applied to the forward boat." He found, further, that "these prior boats were in other respects inferior to the machines of complainant's patent, but their fatal defect for defendant's purposes was this inability to apply a rudder to the forward boat, which was therefore unmanageable when separated from its mate."

There is nothing, however, to show that the device described in the patent of April 16, 1872, to the McCrearys was not an operative device, and, if it were open to the defendant to use, the plaintiff, in this action, would be limited in his recovery to the profits which the defendant made by the use of the improvement described in the second patent over the device shown in the earlier patent. This improvement, as before stated, consisted principally in substituting for the projecting cut-water and notch described in the earlier patent a chain attached at both ends to one boat, and at its center to a central point upon the adjacent end of the other boat. No attempt was made to distinguish or separate the profits arising from this improvement, the testimony being directed only to showing the profits defendant made by the use of coupled boats in the place of single boats. There was evidence tending strongly to show that the transportation of coal in double boats was more economically effected than in single boats, but none that the second patent was superior to the first. Indeed, the plaintiff admitted in his argument that the patent of April 16th described a plan of coupling and steering

very little inferior to that described in the patent sued upon, and that, if defendant had pirated that invention instead of this, the same result in profits or savings would have been realized. Plaintiff, however, contended in this connection that in determining the state of the art, or what was open to the defendant to use, the invention disclosed in the earlier patent to the McCrearys should not have been considered, as this patent was also owned by John McCreary, the plaintiff, by assignment of Elijah's interest to him before the reissue sued upon was granted; and hence that defendant had no more right to use this invention than the other. Had this earlier patent also been made the basis of suit in this case, this position would have been impregnable; but the question here is not whether the defendant had in fact the right to use this patent, but whether, so far as this particular case is concerned, it had not that right. To hold that it had not is to assume that the plaintiff owned the earlier patent, that it was a valid patent, and that defendant had infringed it. This was a question that could not be raised upon an assessment of damages in this case. It is true, the plaintiff claims to be the sole owner of this patent, that it described an invention both novel and useful, and that defendant had appropriated this device as well as the one set forth in the patent in suit; but these were issues which could only be determined upon a bill framed for this purpose, and could not be made the subject of contest in a collateral proceeding. For the purposes of this suit the master was bound to assume that this patent was open to the defendant, otherwise he might be led into inquiries entirely foreign to the subject of his investigation. \* \* \*

The case of *Seymour v. McCormick*, 16 How. 480, while not exactly in point, is somewhat analogous to the one under consideration. This was an action at common law to recover damages for the infringement of certain improvements in reaping-machines. There were three patents issued, in 1834, 1845, and 1847. The earliest of these patents had expired. The first count charged an infringement of the patent of 1845; the second that of 1847. The plaintiff, to avoid delay, consented to go to trial on the second count only, which was for an improvement upon prior patents, consisting chiefly in giving to the raker of the grain a convenient seat upon the machine. The court permitted the jury to assess the damages as for the infringement of the entire machine, defendant insisting that he was liable only for the damages occasioned by the infringement of the improvement; in other words, that the plaintiff had the right to recover as great damages for the infringement of the patent set forth in the second count, as if he had proceeded upon both counts and shown infringement of all the patents claimed. The case was

removed to this court by writ of error, and the plaintiff in error argued that for the purposes of that suit the defendant had a perfectly lawful right to use the machine described in the patent of 1834 (which had, in fact, become public property), and the improvements in the patent of 1845, and a large portion of those included in that of 1847. These covered the whole of the improved reaper, except what related to the seat, and its combination with the reel. He further claimed that, as the plaintiff had decided not to proceed on his patent of 1845, that was, in effect, public property; that by waiving any right to proceed upon the first claim of his patent of 1847 he had limited himself to the seat, combined with the reel, and that the ruling of the court allowed the plaintiff damages to as great an extent as if the trial had been in a suit upon the old patents of 1834, and 1845, and upon the first claim of that of 1847 as well as the second, and was therefore erroneous. It seems that the defendant ought to attack the validity of the patent of 1845, but the evidence was ruled out; still the plaintiff was allowed to recover for the profits of the part of the machine covered by this patent, as if it had been included in the patent of 1847. This court adopted the reasoning of the plaintiff in error, reversed the judgment of the court below, and held that the plaintiff should be limited in his recovery to the damages occasioned by the infringement of the second claim of the patent of 1847. "The jury," said Mr. Justice Grier in the opinion of the court, "gave a verdict for nearly double the amount demanded for the use of three several patents, in a suit where the defendant was charged with violating one only, and that for an improvement of small importance when compared with the whole machine."

If plaintiff be unable to recover damages for the infringement of a patent originally included in a suit, but upon which he elects not to proceed, it is difficult to see how he can recover for the infringement of one not made the basis of any action at all. It is true that the combination of the earlier patent in this case is substantially contained in the later. If it be identical with it, or only a colorable variation from it, the second patent would be void, as a patentee cannot take out two patents for the same invention. *James v. Campbell*, 104 U. S. 356. If it be for a different device, then plaintiff could not recover damages for its infringement without making it the basis of suit.

We think, therefore, that for the purposes of this suit the earlier patent must be deemed open to the defendant, and no damages having been proved for the infringement of the improvement under the later patent, considered separately, the finding of the court below was correct.

We do not wish to be understood as expressing an opinion

whether, if there had been an earlier patent for coupling vessels outstanding at the date of this infringement, and owned by a third person, defendant could claim that the device described in such patent was open to it. In such case it might, perhaps, be held that the plaintiff was entitled to stand upon the prima facie validity of the earlier patent, and that presumptively the defendant would be bound to pay a royalty to the patentee, and, having elected to make use of the plaintiff's invention, would be bound to pay a like royalty to him. This question, however, is not presented in the case under consideration.

The decree of the court below must be affirmed.

Bradley and Gray, JJ., were not present at the argument, and took no part in the decision of this case.

1070. YESBERA v. HARDESTY MFG. CO., 166 Fed. 120, 92 C. C. A. 46 (1908, Sixth Circuit).\* \* \*

Before Lurton, Severens, and Richards, Circuit Judges.

Severens, Circuit Judge:

These are cross-appeals taken from the final decree of the Circuit Court in a patent case which has been twice before this court, first on appeal from a decree dismissing the bill on demurrer, upon the ground that the patent was invalid, 111 Fed. 386, 49 C. C. A. 397, when the decree was reversed, and again on appeal from a decree dismissing the bill at the hearing on pleadings and proofs on the same ground as before, 133 Fed. 916, 67 C. C. A. 210, when the patent was held valid and the decree reversed. The cause was remanded with directions to enter a decree for the complainant, and an ascertainment of the profits and damages to which the complainant was held entitled in consequence of the infringement of which the defendant was adjudged guilty. The decree which we ordered was entered, and a reference to the master to take an account of profits and damages was included in the decree. The result of the reference was a report from the master filed May 28, 1907, and a supplemental and final report filed June 7, 1907, from which it appears that the master found the complainant entitled to recover profits in the amount of \$2,673.42, but nothing for damages. Exceptions to the report were taken by each of the parties, all of which were overruled by the court, as was also a motion made by the complainant, upon the provision of the statute in that regard, for an increase of the sum which should be found due by the court for damages. A decree was passed conforming to the master's report. The complainant's contentions are, in substance, that the court below erred in that it did not decree an adequate sum for profits; that the court erred in allowing an excessive commission to defendant's agents for making sales; and that the court erred

in now allowing the complainant substantial damages, and in not awarding an increase thereof. The defendant complains that the court allowed any profits whatever to be recovered. The contention of the defendant is related to that of the complainant that the allowance for profits was too small; and they make but one topic.

By the order of reference, the defendant, his attorneys, agents, clerks, etc., were directed to attend before the master, and to produce before him such account or business books, papers, vouchers, and documents as the master should require. It appears from the master's report that upon the opening of the proceedings before him the master, on motion of counsel for the complainant, ordered the defendant to produce the books and papers mentioned in the court's order. The order not being complied with, a subpoena duces tecum issued directed to the defendant requiring him to appear forthwith and bring with him "all books, papers, and cards and written records then existing, involving in any wise automatic stools made and sold in infringement of the complainant's patent." The defendant did not appear, but instead his bookkeeper came, and produced a package of account cards, and a statement of sales, all relating to sales made during the first ten months of 1904; and he testified that these were all the records they had of the infringing sales, and that they could find no records going back of 1904. The infringement complained of extended from the year 1898 to the end of 1904. This suit was begun on April 12, 1899. And, there being no restraining order against him, the defendant continued the business until the final decree was pronounced by this court sustaining the patent. Notwithstanding the representations made and sworn to by the defendant and his bookkeeper that the account cards produced as above showed all the sales made during the ten months of 1904, and that they amounted to only 565 stools, the complainant's counsel was able from these and other sources to prove that during that year there had been actual sales to the number of 1,171, and the master so finds, adding that "there may have been a much greater number of such stools made and sold in 1904 and each of the preceding years, but, on account of the nonproduction of the books and accounts of defendant or other satisfactory evidence, no accurate statement can be made by the master." It is evident that the master believed, what no one else could help believing, that the defendant's books, if produced, would prove what number of stools the defendant had sold, or that, if no record of any kind had been kept, it must have been for the purpose of concealment and making the proof of the extent of the infringement difficult, if not impossible. It was shown by those in the employment of the defendant, among them a bookkeeper,

that books had been kept, but were lost or had been destroyed; but no one testifies how or when they could have been lost or destroyed. The guarded and vague replies of the defendant and his bookkeeper to questions put to them in regard to the books and records kept in the business must have been unsatisfactory to the master, for though in his first report he was charitable enough to say that he was not disposed to charge them with dishonesty, yet in his final report he says:

“Since the filing of my draft report, I have reread all the testimony and reconsidered it. At the time I filed the report, I was desirous of arriving at a conclusion that would not reflect upon the honesty and integrity of witnesses, but I am now forced to the conclusion that the books, cards, and records that would be the best evidence of the number of automatic stools sold and the prices received have been willfully withheld. Mr. Ellsworth, the bookkeeper, protests that he does not know of any destruction of such evidence, and very adroitly avoids an opinion as to the whereabouts of the books; but I am convinced, and so find, that if he does not know where these documents are, he knows the name of the person who does know, and that their production was possible at any time during the inquest as to profits, if Mr. Yesbera had so ordered.”

And if the books had not been lost or destroyed, in proof of which there was nothing but the vague suggestions of these witnesses, no one who reads this record could fail to agree with the master in his final conclusion. The master's report of the proceeding before him fills 230 or more pages of the printed record, and shows a long but unavailing endeavor to elicit from the defendant the proof which would have made it easily possible for the master to make a right and just report upon the subject of the reference. It may be that more stringent measures might have been taken to enforce the order of the court, if, as the master believed, the defendant had the control of the missing books and records. But the defendant can not complain of that. His failure or refusal to produce the most satisfactory evidence leaves his case exposed to the presumption that if produced it would tell against him, and compels the court to rely on the less definite and certain evidence which the record may supply. This is a rule by which the courts are governed. If they fail to observe it, the rights of parties may utterly fail of protection.

Authority for these views is found in many decisions. In *Rubber Company v. Goodyear*, 9 Wall. 788, 19 L. ed. 566, the manner of doing business by the infringer is described by the court at 9 Wall. 802, 19 L. ed. 570, where it is said:

“The Providence Company manufactured articles covered and not covered by the patent in question. No separate account was

kept as to their respective cost and profit. The business as to both was so intermingled and confused that approximate results only were possible; and these were attainable by but one process."

And the process approved was based upon the assumption that the profits on the patented articles were the same as those on the unpatented articles. There was no proof that they were exactly the same, but that afforded the best basis for an approximation that could be found in the record. Then (9 Wall. 803, 19 L. ed. 571) the court, by Mr. Justice Swayne, referring to the defendant's contention that there should be a deduction of the profits on unpatented articles, said:

"He (the master) refused to allow the profits due to elements not patented which entered into the composition of the patented articles. There may be cases in which such an allowance would be proper. This is not one of them. The manner in which the books of the Providence Company were kept renders such an account impossible as to the business done in their name. The conduct of the defendants in this respect has not been such as to commend them to the favor of a court of equity. Under the circumstances, every doubt and difficulty should be resolved against them. The allowance was properly denied"—citing *Lupton v. White*, 15 Ves. 432, and other cases.

*Lupton v. White* was also cited as one of the authorities on which Chancellor Kent affirmed the same principle in *Hart v. Ten Eyck*, 2 Johns. Ch. 62, 108. We have applied it to cases of accounting for profits in patent infringements in which there had been inequitable conduct in the management of the infringer's business or in withholding the evidence in his control which would most certainly prove the extent of his infringement. *P. P. Mast & Co. v. Superior Drill Co.*, 154 Fed. 45, 57, 83 C. C. A. 157; *Brennan & Co. v. Dowagiac Mfg. Co.* (C. C. A.) 162 Fed. 472; *Dowagiac Mfg. Co. v. Superior Drill Co.* (C. C. A.) 162 Fed. 479. To the same point is *Wales v. Waterbury*, 101 Fed. 126, 41 C. C. A. 250, of the second circuit, a patent case. Other cases decided upon the same principle are cited in *Brennan & Co. v. Dowagiac Mfg. Co.*, *supra*.

Of course if, in the absence of the better proof, there is still nothing of substance left on which the court can lay hold, there is no help, and the plaintiff must endure his loss. In the present case, however, there was evidence from which the number of stools sold and the profits made could be estimated with a degree of probability which would approximate the true amounts, and, if the master had fixed upon some seemingly safe minimum, there would have been some approach to justice, and really more indulgence to the defendant than he was entitled to have. Mr. Milner,



the former president of the complainant, testified that about April 1, 1899, he was in the office of the defendant, and the bookkeeper showed him the order book, indicating the number of stools then sold since August, 1898, when the defendant commenced the business, and found it to be between 6,000 and 7,000. This would indicate a rate of at least 9,000 per annum. There was evidence tending to show that the number of sales made was increasing rather than diminishing during the continuance of the infringement, which was more than five years. Three employes of the defendant who had been engaged, two of them at least, nearly the whole time of the infringement, in the manufacture of these stools, testified that they could give an approximate estimate of the number which passed through their hands, and the number given by one of these two witnesses for five years was 31,768, and that by the other for five years and three months was 32,134. A third witness worked about half the time, and was engaged in finishing and striping the stools; and his estimate of those passing through his hands for this half the time was 15,557. In the circumstances it would seem that this was the only available testimony which the complaint could supply. Counsel for defendant denounces it as wild, reckless, and altogether unreliable proof, hardly worth considering. But the defendant could have easily refuted it by producing his books if he had been so minded, and these the complainant was ready to accept. We think the master erred in declining to regard the testimony which the complainant adduced in regard to the extent of the sales. It seems to us the kind of evidence which the rule accepts, where the better evidence is suppressed or destroyed by the defendant. There was sufficient evidence of the cost of production and making sales, and of the prices at which they were sold.

Counsel for defendant states that he "has felt that the presence or absence of defendant's records was immaterial until such time as the complainant had, under the well-settled rules in cases of this character, produced some evidence as to whether it was entitled to recover anything at all." But this opinion, whatever might be its effect upon the recovery of punitive damages, could not relieve the party from his obligation to comply with the order of the court to produce his books or lessen the effect of his withholding the best evidence upon the right of the other party to produce the best obtainable. The view of counsel above expressed seems to have been entertained throughout, and perhaps the defendant's conduct may be in part explained by it. While we do not doubt its sincerity, we are bound to say that we think it an entirely erroneous opinion.

Counsel relies upon the case of *Garretson v. Clark*, 111 U. S.

120, 4 Sup. Ct. 291, 28 L. ed. 371, to support the conclusion which he states as follows:

“The action of the court in rendering judgment against defendant for any amount whatever, in the total absence of any evidence even tending to show that the defendant has made any profits growing out of his use of the patented invention, as distinguished from that part of the device which belonged to the public, was clearly erroneous and should be reversed.”

The unanimity with which infringers seek the shelter of that case is something remarkable. But it is a misconception to suppose that it has any application to a case like this, as must be seen upon a due consideration of it. It was a case founded on patents for improvements “in the method of moving and securing in place the movable jaw or clamp of a mop-head,” as Mr. Justice Field puts it. To be more precise, it was for the provision of a nut to be connected with the collar if the movable clamp and adapted to move up or down on the threaded shank of the handle. And, as the learned justice says, “with the exception of this mode of clamping, mop-heads like the plaintiff’s had been in use time out of mind.” Then he proceeds to state the rule so often cited:

“When a patent is for an improvement, and not for an entirely new machine or contrivance, the patentee must show in what particulars his improvement has added to the usefulness of the machine or contrivance. He must separate its results distinctly from those of the other parts, so that the benefits derived from it may be distinctly seen and appreciated. The rule on this head is aptly stated by Mr. Justice Blatchford in the court below: ‘The patentee,’ he says, ‘must in every case give evidence tending to separate or apportion the defendant’s profits and the patentee’s damages between the patented feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural or speculative; or he must show, by equally reliable and satisfactory evidence, that the profits and damages are to be calculated on the whole machine, for the reason that the entire value of the whole machine, as a marketable article, is properly and legally attributable to the patented feature.’”

Thus it is seen that what he is speaking of is a patent for an improvement, and not of an entirely new machine or contrivance, and its application to the latter is further excluded when he speaks of the apportionment “between the patented feature and the unpatented features.” Now when we remember that there are two classes of patents, one for simple elements, and another for combinations of elements, and the distinguishing characteristics of the two classes, it is readily seen how impossible it is to apply this language to the other class of patents than those of the class specified. In a combination patent there are no un-

patented features in the sense that they are separable from patented ones, and no one of the elements is patented. They may all be old and not patentable at all unless there is some new combination of them. The point to be emphasized is that the law looks not at the elements or factors of an invented combination as a subject for a patent, but only to the combination itself as a unit distinct from its parts, and in such case there could be no comparison of patented and unpatented parts.

On the other hand, an improvement presupposes something already existing and which would remain if the improvement were to be taken off. In such a case there would be little difficulty in finding the value of the former structure, if it had any, and comparing it with the improvement added; and of course the difference would be the value of the improvement. Such a case was *Garretson v. Clark*. Another good illustration is the case of the harvester improved by the driver's seat, in *Seymour v. McCormick*, 16 How. 480, 14 L. ed. 1024, to which we referred in a former discussion of this subject. By parity of reasoning, if the combination were in itself but part of the structure in which it is located, the question would be upon a comparison of the value of the other parts without the patented combination and the value of all the parts assembled in a structure. This distinction was referred to by us in the case of *Brennan & Co. v. Dowagiac Mfg. Co.* (C. C. A.) 162 Fed. 475. But it was not new. It was distinctly implied, if not expressed in *Garretson v. Clark*. It had been made the basis of decision by Judge Wheeler in *Ruggles v. Eddy*, 2 Ban. & A. 627, Fed. Cas. No. 12,116; by Judge Shipman in *Zane v. Peck* (C. C.) 13 Fed. 475, distinguishing *Garretson v. Clark*; by Judge Colt in *Fifield v. Whittemore* (C. C.) 33 Fed. 835, and by Judge Wales in *Creamer v. Bowers* (C. C.) 35 Fed. 206. It seems to us that this distinction would, if attended to go, go far toward relieving the embarrassment which has sometimes been encountered from the assumption that the rule laid down in *Garretson v. Clark* applies to the infringement of patents of all descriptions.

In the case at bar, the object of the invention was to provide a seat in front of the counter, which, when not in use by customers, would automatically rise up to the counter in front of it, and which could be easily moved back to its place by the hand when wanted for use; and it was patented as for a combination of all the parts of a counterseat assembled in the manner described in the specifications and claims. And the master was right in so construing our former opinion in this case. And it follows that all discussion founded upon the idea that Milner's invention consisted merely of the provision of the spring D and the rest "d" is without profit and misleading. It is true that we said in the opin-

ion, reported in *A. R. Milner Seating Co. v. Yesbera*, 133 Fed. 916, 67 C. C. A. 210, that "the controversy in respect to the validity of the patent seems to be narrowed to the provision, and particularly to the location of the spring D and the rest 'd'." And so it was. But the novelty of every combination must depend in large measure upon the novelty of the elements of which it is made up and each is, and must be, a co-operating element whose characteristics affect the other associated elements. A new element makes a new whole, and it was for the purpose of demonstrating the novelty of the stool that the observation cited was made. And the pointing out of the particular novel feature of one or more of the factors should not have misled any one into the supposition that we regarded the invention as one consisting wholly of these features, and that only those were infringed and to be considered in the estimate of damages or profits.

We think the cross-appeal of the defendant below should be dismissed with costs, and that on the appeal of the complainant the decree of the court below should be reversed and the cause remanded, with costs to the complainant. It remains to be determined what judgment should be directed to be entered in the court below. From the testimony of the defendant's employes in regard to the sales during the last five years of the infringement, and the testimony of Milner in regard to the period prior thereto, and the findings of the master in regard to the comparative number of sales in each of the several years, we conclude that a reasonably safe estimate of the number of sales made by the defendant during the whole period would be that there were at least 36,000. The master finds that the profits amounted to 36 cents on each stool. From the evidence we judge that justice was much tempered by this finding; but we shall let it pass, because of the latitude which the law accords to the master in respect to findings of fact. The result is that the complainant is entitled to recover as profits the sum of \$12,960, to which is to be added a sum resulting from the correction of an error next to be considered.

The complainant urges that, whereas the master allowed 33 1-3 per cent. for agent's commissions on sales, the testimony fairly showed that not more than 25 per cent. was actually paid. The testimony upon this subject was the oral evidence of the defendant himself, who left his books behind. His testimony, first and last, ranged from 15 per cent. to 33 1-3. We can not help thinking that, in the circumstances of this case, the master can not be justified in this finding by the rule before adverted to. The allowance was excessive and must be reduced. We agree with the contention of counsel for the complainant that not more than 25 per cent. should have been allowed. The result of this reduc-

tion of expenses would be to increase the profits by 8 1-3 per cent. of the price for which the stools were sold. It is fair to assume that the expense of selling, if otherwise than on commission, would be about the same as if by agents so paid. Ordinary business economies would indicate this. From the findings of the master we conclude that the sale price was about \$1.70, of which 8 1-3 per cent. is 14.25 cents. This, multiplied by the number of stools sold, amounts to \$5,130. The sum of these totals, \$12,960 and \$5,130, is \$18,090.

Then as to the subject of damages. The master found that none were proved. The foundation of the claim in that regard is that the complainant's selling price was \$2 for each stool of the common size, and about \$2.25 for the larger. To the extent of a price of \$1.70, the complainant has already been compensated in profits. It might probably be conceded that the plaintiff could have made and sold the stools which the defendant made and sold. But it does not follow that it could have sold them at the price of \$2 and \$2.25. We can not assume that the price would have made no difference to purchasers, nor can we assume that any definite number of the purchasers would have bought at the complainant's prices. And with respect to the complainant's contention that it was compelled to sell its own stools at a lower price by the defendant's competition, how can we know from anything appearing in this record that it could have sold them at a higher price than the defendant did, or how much concession below that it was obliged to make in order to sell its own? Let it be assumed that the complainant could have made and sold the same stools as the defendant did and at the same price, for, as we have said, we can not assume that it could have sold them for more. What has the plaintiff lost? The master has found what the cost of production was, and he has done this, not upon proof of the actual cost to the defendant, but upon the basis of reasonable or probable cost, and this he must have done with due regard to the defendant's facilities, and these are not shown to have been inferior to those of the complainant. And this is the basis upon which the master estimated the profits, and we have allowed them. It is easy enough to state theoretically what should be allowed as profits and what as damages, but in many cases it is practically a difficult matter to draw the line between them, and the present is one of such cases. The law certainly does not permit the duplicating the same elements of damages (we use that term in its generic sense) upon both grounds for recovery, and, when they have been allowed upon one ground, the court should be careful to see that they are not given upon the other. In fine, we are not able to construct out of the material in this case an independent ground on which a recovery for damages can

be based. If there had been no award of profits, we should have found less difficulty in respect to damages. Since the statute permits only an increase of the damages found, and not of profits, it follows that the complainant's motion in that regard falls to the ground.

The decree must be reversed, with costs, and the cause remanded with direction to enter a decree for the complainant in the sum of \$18,090, with interest from the date of the filing of the master's final report.

1071. BRENNAN v. DOWAGIAC MFG. CO., 162 Fed. 472, 89 C. C. A. 392 (1908, Sixth Circuit).\* \* \*

Before Lurton, Severens, and Richards, Circuit Judges.

Severens, Circuit Judge:

This case comes here on an appeal and a cross-appeal from a decree rendered by the court below on an accounting for profits and damages sustained by the plaintiff, the appellant in the second of the above entitlings, resulting from the infringement of letters-patent No. 446,230, granted to Hoyt February 10, 1891. The patent was sustained in respect to the claims relied upon by this court at the original hearing in 1903 (127 Fed. 143, 62 C. C. A. 257, reaffirming a like decision made in the case of Same Plaintiff v. McSherry Mfg. Co., 101 Fed. 716, 41 C. C. A. 627). We expressed the opinion that the patent embodied a highly meritorious invention, and, finding that the defendant had infringed it, decreed accordingly and remanded the cause for an accounting for the profits and damages accruing from the infringement, which appeared to have been going on for several years. The court below, on entering the decree directed by this court, ordered a reference to the master to take proofs and report in the matter of profits and damages. The proceedings before the master were very much protracted, and a large volume of evidence taken, much of which the court below thought was useless; all which, to counsel, seemingly had some bearing upon the subject, was brought in. The result is that the master has reported, and the court has decreed, that the plaintiff is not entitled to recover anything beyond nominal damages. This seems an untoward ending of an apparently good cause. Congress has exercised much solicitude in securing to patentees the reward which it bestows for useful inventions. It has awarded a remedy for the profits made by an infringer, as well as the damages sustained by the patentee; and it has further provided that, in cases where the court thinks the facts warrant it, the actual damages may be increased to the extent of threefold. Rev. Stat. §§4919, 4921 (U. S. Comp. St. 1901, pp. 3394, 3395); Walker on Patents (4th Ed.) § 468.

The question we have to consider is whether the result is such as the law and the circumstances require. The master made an elaborate report, especially in regard to the law which he conceived to be applicable. With regard to the facts he states that, in response to an order made by him for a report in respect of the matter of the accounting, the usual course of proceeding (2 Bates Fed. Eq. Pro. § 759), the defendant reported, and its chief officer testified:

"That during the infringing period, in addition to the manufacture of shoe grain drills, it was engaged in the manufacture of numerous other agricultural implements and farm machinery; that the cost of production of the infringing shoe grain drills was so interwoven and intermingled with the cost of manufacture of said other farm implements and machinery that it would be impossible to separate the one from the other; that it kept no separate cost account or expense record as to its shoe grain drill business, and it would be an impossibility for any one to ascertain from its books the profits, if any, derived from the sale of the shoe grain drills which employed complainant's device."

He thereupon further reports as follows:

"No statement of profits or loss being produced by the defendant, the complainant placed its own expert, Mr. Hart, at work upon the defendant's books, and he has produced, and filed as a part of his deposition, a statement showing that during the infringing period, viz., from August, 1894, to March, 1903, the defendant manufactured and sold 9,406 shoe grain drills, embodying complainant's patent for the gross sum of \$504,094.26, and upon which it realized a net profit of \$16,992.55. The methods employed by complainant's expert in arriving at his results have been criticised by defendant's counsel, and they have endeavored to point out many fundamental errors in his work. The defendant, however, not only declined to undertake this task when urged so to do, but has absolutely failed to indicate any other method than that pursued by Mr. Hart which would have arrived at a more nearly exact result; nor has it undertaken to have its books reviewed by its own expert, for the purpose of showing that the profits indicated are excessive. Absolute mathematical exactness in work of this character is not to be expected. I am of the opinion that the method pursued by the expert was in the main correct, that his work was carefully and honestly performed, and that from the evidence presented we must accept his result, viz., \$16,992.55, as the net profit accruing to defendant from the sale of infringing shoe grain drills during the period of the accounting."

With respect to profits, he states the contentions made before him by the parties thus:

"The complainant claims that it is entitled to the entire profits thus derived, and bases its contention, as I understand it, on two grounds: (a) That the Hoyt patent is not a patent for a portion of a grain drill only, but embraces the machine in its entirety. (b) That, if the patent should be construed as not sufficiently broad to cover the entire machine, then it is of such paramount importance that the entire market value of the grain drill is legally and properly attributable to the addition of complainant's patented features. Both of these propositions are strongly controverted by the defendant, and they contend that the complainant, having failed to give evidence tending to apportion the profit derived from the whole grain drill and that derived from the use of the infringing device, is entitled to recover only nominal damages."

He then proceeds to discuss the law touching the recovery of profits, and upon his conclusion of law in that regard, that the plaintiff was bound to distinguish the extent to which the Hoyt invention enhanced the profits made by the defendant in the manufacture and sale of the infringing drills, and his further statement that the plaintiff had failed to do this, he reported that there could be only a nominal recovery. The master seems to have appreciated the injustice of this result, for he says:

"That defendant derived some advantage from the use of complainant's device is evidenced by its prolonged infringement. That complainant should not be compensated for the appropriation of its property does not accord with our ideas of justice. To award the entire profits would be to disregard the law and the evidence as I find it; and, no satisfactory basis for an apportionment of the profits being indicated, the complainant is relegated to nominal damages, which I fix at the sum of \$1."

And, as some atonement, he finds at the conclusion of his report as follows:

"Being of the opinion that defendant has profited by the infringement, but that the means of ascertaining the quantum are not presented by the record, I find that all items properly taxable as costs should be paid by it."

The fundamental proposition on which the report in respect to the profits rests is that the whole of Hoyt's invention and patent resides in the spring pressure device and does not extend to other parts of the drill. From this he concludes that only this particular of the drill can be considered in estimating the profits, and that all the other parts might be lawfully made and sold by the defendant without any responsibility to the plaintiff. This is a specious argument; but it is not in accord with the established principles of law regarding patents on claims for combinations of several elements, and, when applied to this case, results in a radi-



cal error. The claims of the patent in suit are not restricted to single things, but some of them—the first, for instance—include the several elements which go to make up the seeding part of a drill, in combination. It covers them all as one whole. Every one is made material by including it in the combination. The spring devices are not thereby patented. For the purposes of the claim and the patent thereon, they are on the same footing with all the other parts of the drill, however, old and common they may be. Any one might make and sell each and every part, or any lesser or larger combination of such parts, including the spring device, without infringing the patent, provided, of course, they are not intended to contribute to the making up of the entire combination covered by the patent. But one part in a combination is no more patented than another. All in association are patented.

The parts of a drill consist of a carrier, a seed box or reservoir, and the seeding apparatus. It is to the latter that the attention of inventors has been principally directed. The carrier and the seed box are old and simple. Of them it is enough to say that no one appears in this case to have any patent on them. It is pertinent to cite what was said by Mr. Justice Grier in *Seymour v. McCormick*, 16 How., at page 488, 14 L. ed., at page 1024:

“It must be apparent to the most superficial observer of the immense variety of patents issued every day that there can not, in the nature of things, be any one rule of damages which will apply equally to all cases. The mode of ascertaining actual damages must necessarily depend on the peculiar nature of the monopoly granted.”

The case here is not a patent for an improvement upon another article, which does not cover that other article, but only the improvement made upon it. The patentee can not in such case extend his invention over the thing improved, if the latter is patented. If not, he may appropriate it, as others of the public may. The distinction is well illustrated by the improvement of the harvester by adding a driver's seat to an otherwise complete harvester in *Seymour v. McCormick*, 16 How. 480, 14 L. ed. 1024. When, therefore, the defendant sold one of the plaintiff's machines; he sold that which in all its associated parts was covered by the patent; and a Dowagiac drill, without the Hoyt patented combinations, would be but the fragment of a drill and have no distinctive character. The invention was not an addition to an otherwise complete machine.

In the cases of *Elizabeth v. Pavement Company*, 97 U. S. 126, 24 L. ed. 1000, and *Hurlbut v. Schillinger*, 130 U. S. 456, 9 Sup. Ct. 584, 32 L. ed. 1011, no doubt the material employed, the blocks, the sand, the gravel, the cement could have been put down

in the usual way in some other fashion and have been of some value as a pavement, but not to the extent of excellence that one laid according to the patent would have been. Indeed, the records in both those cases show that former patents had taught how this might be done. But the patents then before the court did not adopt some earlier method of paving and then add an improvement, but they pointed out a new way of organizing the materials, which was to be substituted for the old way; and the court held in each case that the owner of the patent was entitled to recover the profits made by building the pavement in the new way. In the latter of those cases Mr. Justice Blatchford, who formulated the rule laid down in *Garretson v. Clark*, 111 U. S. 120, 4 Sup. Ct. 291, 28 L. ed. 371, delivered the opinion, and cited that case. He evidently regarded the language employed in the second alternative of the rule there stated as the statement of a broad principle, which would be applicable to cases not covered by the first.

We therefore think that the plaintiff was entitled to recover the profits made on the infringing machines. But this is not the only ground on which a decree for those profits should be justly awarded to the plaintiff. The case is not one where the defendant has inadvertently infringed the rights of the patentee. On the contrary, the trespass has been with full knowledge of the plaintiff's patent, which it knew was presumptively valid. It has made and sold these infringing drills with a purpose to imitate the patentee's construction. If it made any profits in this business, which were attributable to any contribution of its own, it has mingled them with the profits due to the plaintiff. It took no precaution for distinguishing the profits, and took such a course as to make them indistinguishable by any means which the plaintiff could pursue; and it now declares that it can not itself distinguish them, and rests its defense upon the impossibility of showing the actual portion of the profits to which the plaintiff is entitled. This is the infringer's refuge, and in so many cases renders fruitless the patentee's right to redress for an undoubted wrong. In *Docker v. Somes*, 2 Myl. & Keene, 674, Lord Chancellor Brougham, when confronted with such a defense in a case involving an accounting by a trustee, said:

"When did a court of justice, whether administered according to the rules of equity or law, ever listen to a wrongdoer's argument to stay the arm of justice grounded on the steps he himself had successfully taken to prevent his iniquity from being traced? Rather, let me ask, when did any wrongdoer ever yet possess the hardihood to plead in aid of his escape from justice the extreme difficulties he had contrived to throw in the way of pursuit and detection, saying, 'You had better not make the attempt, for you

will find I have made the search very troublesome?' The answer is, 'The court will try.'"

In the present case the infringer's conduct has been such as to preclude the belief that it has derived no advantage from the use of the plaintiff's invention, as the master well said. In these circumstances, upon whom is the burden of loss to fall? We think the law answers this question by declaring that it shall rest upon the wrongdoer, who has so confused his own with that of another that neither can be distinguished. It is a bitter response for the court to say to the innocent party, "You have failed to make the necessary proof to enable us to decide how much of these profits are your own;" for the party knows, and the court must see, that such a requirement is impossible to be complied with. The proper remedy to be applied in such cases is that stated by Chancellor Kent in *Hart v. Ten Eyck*, 2 Johns. Ch. (N. Y.) 62, 108, where he said:

"The rule of law and equity is strict and severe on such occasion. If a party having charge of the property of others so confounds it with his own that the line of distinction can not be traced, all the inconveniences of the confusion is thrown upon the party who produces it, and it is for him to distinguish his own property or lose it."

This, also, was a case of an accounting by a trustee. And in a proceeding against an infringer for profits, the defendant may not inaptly be regarded as a trustee *de son tort*. *Wales v. Waterbury*, *infra*. And see also *Wyllie v. Ellice*, 6 Hare, 505; *Bailey v. Bailey*, 67 Vt. 494, 32 Atl. 470, 48 Am. St. 826. As was said on a former occasion, the obligation cast on the party causing the confusion can not be less when, instead of being intrusted with the possession of property, he takes possession of it wrongfully. *P. P. Mast & Co. v. Superior Drill Co.*, 154 Fed. 45, 57, 83 C. C. A. 157. The rule is of general application. It is stated with equal emphasis by Mr. Justice Strong in *The Idaho*, 93 U. S. 575, 586, 23 L. ed. 978, where *Hart v. Ten Eyck* was cited as authority for it. In *Wales v. Waterbury*, 101 Fed. 126, 41 C. C. A. 250, it was invoked by the Court of Appeals for the second circuit as applicable to the accounting for profits in a patent cause, as it was also by this court in the above cited cause of *P. P. Mast & Co. v. Superior Drill Co.* The rule has been recognized by this court in several cases, among them *Smith v. Township of Au Gres*, 150 Fed. 257, 80 C. C. A. 145, 9 L. R. A. (N. S.) 876, and *Smith v. Mottley*, 150 Fed. 266, 80 C. C. A. 154, in which last case we referred to a number of cases in other jurisdictions as well as our own.

We do not by any means impugn the general rules laid down in *Garretson v. Clark*, 111 U. S. 120, 4 Sup. Ct. 291, 28 L. ed. 371,

and the cases which have followed it, one of which is that, when the infringement consists in the making or using of articles improved by his own invention, the plaintiff must prove the extent of the enhancement of profits by the use of his own, as distinguished from those due to the article improved. But we are of opinion that the circumstances of this case, first, in that in the patented combination no other invention inheres, and that the combinations are not for improvements merely, but substitutes for essential congeries in a drill, and, secondly, that the infringement has been so conducted as to render a distinction of profits impossible, are controlled by principles quite independent of those involved in *Garretson v. Clark*, and that the plaintiff was entitled to a decree for the profits of the sales of the infringing drills. There is in this case no such real hardship as should shock the conscience of the court. The defendant loses nothing of importance but the profits which it made in the infringing business. It sometimes used some improvements of its own, but we are satisfied that they were of trifling value.

The master, for the purpose of this inquiry, made extensive reference to other kinds of drills and their relative satisfaction to the public, the numbers of each that were sold in the territory where this infringing took place as compared with the sales of the plaintiff's drills, and seems to suppose that this had a bearing upon the question he had before him in regard to the profits to which the plaintiff was entitled. But we do not perceive its relevancy. What the plaintiff was seeking, and what the master was trying to find out, was the actual profits on the particular drills which contained the plaintiff's invention and which were made or sold by the defendant. What other drills the defendant made or sold, or what other drills were sold of other makes by other parties, was a wholly irrelevant matter. So the comparative number of its own drills which the plaintiff was able to sell in competition in the same territory, or whether it sold any at all, was a wholly indifferent matter. A patentee may withhold the exploiting of his patent in a particular territory, or he may not be able at the time to extend his business therein. But this gives no right to an infringer to invade the territory and anticipate the sales which the patentee might make when he should desire and be able to carry his invention there for a profit which is legitimately his own. But this, while it might be an answer to the suggestions made by the master, is not relevant to such a proceeding as this. The fact that the owner of a patent does not exercise his right, or can not at the time do so to the full, gives no license to another, and the latter is liable for infringement, to the same extent as if the owner were exercising his right to the utmost. The owner has the same right as he has to any other

property, which he may put to use or not as he chooses; and in such case the rule always is that, if a stranger without right seizes and uses it, he is bound to pay for such use, and it is no answer for him to say that the owner was doing nothing with it. If it be true, as has often been declared, that the exclusive right of a patentee is property, for the protection of which the public faith is pledged, it should have the same immunity from invasion, and its violation should be attended with the same consequences as in the case of other species of property. *Wilson v. Rousseau*, 4 How. 646, 674, 11 L. ed 1141; *Grant v. Raymond*, 6 Pet. 218, 241, 8 L. ed 376; *Bement v. National Harrow Co.*, 186 U. S. 70, 88, 22 Sup. Ct. 747, 46 L. ed. 1058; *Heaton-Peninsular Co. v. Eureka Specialty Co.*, 77 Fed. 288, 25 C. C. A. 267, 35 L. R. A. 728, 46 U. S. App. 146.

This patent and the Packham patent, which is the subject of another decision made concurrently with this (*Dowagiac Manufacturing Co. v. Superior Drill Co.*, 162 Fed. 479) relate to one of the most important kinds of machinery employed in one of the great industries of the country—that of seeding grain. At the time when their infringement was going on, we are satisfied, from the records in the cases, the Hoyt shoe drill and the Peckham disc drill were leading implements in the work of seeding grain in a wide extent of territory and have had their value attested by the numerous infringements which the patents have suffered. They may to some extent have since then been improved upon, and their value diminished by the progress which has taken place in most of the mechanic arts, and the time for reaping the reward for their inventions is spent. But this only enhances the obligation of the courts to find a way, if it be possible, to redress the wrongs done by those who have been willing to gather the fruit into their own basket. There is some evidence in the record which bears upon the subject of damages; but as we infer from the discussion in the appellant's brief, the claim for damages, as distinct from profits, is not intended to be urged, we do not consider that subject.

The decree should be reversed, with the costs of this court, and a decree entered for the complainant in the sum of \$16,992.55, with interest from the date of filing the master's report.

There is a cross-appeal, on which the individual defendants assigned error because, as they say, there is no proof that they personally infringed. This is an objection which should have been advanced at the original hearing. It was then decreed that these individual defendants infringed the patent. But it was not determined to what extent the several defendants infringed. It not being shown that these individuals personally interfered with the infringement, or otherwise than as corporate officials, w

think they should be charged with nominal damages of \$1 only; and it is ordered that the decree as to those defendants be modified accordingly. The defendants Brennan & Co. on the cross-appeal assign as error that the court below should not have awarded the costs of suit against them. If the decree upon the merits were sustained, it would seem that taxing the costs of the suit to the defendant, the decree having been in its favor, was erroneous. It is, however, to be reversed, and the motive which led the court to charge the defendants with costs no longer avails. But the difficulty we encounter is that, while the introduction of some of the testimony seemed to the court below useless and unnecessary, the record made on this appeal does not show to what part of the testimony this criticism of the court was directed, nor furnish us the means of distinguishing between what was pertinent to the inquiry before the master and what was not. If counsel intended to press this objection here, they should have seen to it that the record should contain the data needed to decide it.

We see no alternative but to overrule it, and in this report affirm the decree of the circuit court.

**1072. WESTINGHOUSE ET AL v. NEW YORK AIR-BRAKE CO.,** 140 Fed. 545, 72 C. C. A. 61 (1905, Second Circuit).\* \* \*

Before Wallace, Lacombe and Townsend, circuit judges.

Wallace, Circuit Judge:

Both parties have appealed from the decree in this cause, and their appeals present the single question of the amount of the recovery to which the complainants are entitled in consequence of the infringement by the defendant of the complainants' patent No. 376,837 for an improvement in automatic air-brake mechanism, known as the "quick-action" triple valve. The patent contains six claims, and the interlocutory decree adjudged that three of these claims were valid and had been infringed by the defendant, and ordered a perpetual injunction, together with an accounting of profits and damages. Upon the accounting before the master he found that during the period of infringement—from November, 1890, to December, 1893—the defendant had sold 18,107 infringing "quick-action triple valves in connection with car equipments." He also found, in substance, that the invention covered by the infringed claims was one of dominating importance in the trade in air-brake equipments for railroad trains, and practically controlled the market for such equipments during the period of infringement, superseding all older kinds of equipments, and rendering it impossible for the defendant to have made any sales, or any profit from the sales of such equipments, if it had not made and sold the patented apparatus. He found that the

profits derived by the defendant from the sale of train equipments in connection with the patented quick-action valve were the sum of \$49,533. He also found that the sales of the defendant diverted an equal number of sales of train equipments from the complainants, upon which the complainants would have realized a profit of \$193,978, and that the complainants were entitled to that amount as damages caused by the infringement. Exceptions to the master's report were filed by the defendant and were heard before Judge Wheeler. He sustained the exceptions, and recommitted the report to the master "for the purpose of making a computation of profits and damages based upon the sales by the defendant of the quick-action valves of the patent only, separated from those upon the complete equipments." The master interpreted Judge Wheeler's decision as meaning only that the accounting was to be confined to the complainants' profits and damages based upon the sales of the "triple-valve structure, dissociated from the accessories necessary to constitute a train equipment." Upon this theory the master in his supplementary report found that the profits made by the defendant upon these sales were \$36,945, and that the damages sustained by the complainants by loss of profits on diverted sales were \$128,737. Exceptions were filed to the supplementary report, but these were not heard by Judge Wheeler, and, being overruled by the court below, the complainants were by the final decree in the cause awarded the recovery thus reported.

We fully agree with the conclusions of Judge Wheeler. And his concise opinion, rendered in deciding the exceptions to the master's original report, so clearly expresses the reasons why the complainants should be confined to a recovery of profits made by the defendant and profits diverted from the complainants upon the quick-action triple valve only that we should not attempt to add to his opinion, were it not that it seems desirable to repeat some of the rules measuring the recovery in patent causes for infringement, which, though perfectly well settled, seem to be frequently ignored upon accountings in such causes. The voluminous record upon the accounting in this cause, with its mass of opinion evidence and other testimony having no bearing upon the real issue, illustrates the needless expense and waste of time often incurred from disregarding the plain and simple rule that:

"Where the infringement is confined to a part of the thing sold, the recovery must be limited accordingly." *Philp v. Nock*, 17 Wall. 460, 462, 21 L. ed. 679.

The complete automatic air-brake equipment, which was manufactured and sold by the competing parties, comprises 17 distinct parts and includes, among others, the triple valve, the quick-action auxiliary of the triple valve, the brake cylinder, the

auxiliary reservoir, pressure-retaining valves, hose couplings, etc. The quick-action triple valve of the patent is a triple valve with an auxiliary device, which may be either structurally incorporated into it or attached to it. The triple valve is an independent device, and operates to perform its assigned functions in the air-brake system, whether the quick-action attachment is present or not, and whether the attachment, when it is present, operates or does not. The plain triple valve was used satisfactorily for many years before the quick action attachment was devised, and is still used satisfactorily without such attachment. Every modern air-brake equipment contains the plain triple valve whether or not it contains in addition some form of quick-action attachment. It provides for a partial or graduated application and removal of the brakes to stop the train or release it in the ordinary movements of slowing, stopping, and starting, and for an emergency application when it seems necessary to stop the train suddenly. An air-brake system which does not provide for the graduated application would be so seriously disadvantageous that it would not be used. The quick-action attachment is for emergency applications. It is seldom brought into action. A very capable engineer while with the New York Central Railroad Company used it only three or four times during two years, and during two years when he was driving trains on the New England Railroad used it only once. It is not needed upon short trains, like ordinary passenger trains, but upon long freight trains it is an important auxiliary to the triple valve, as without it the time consumed by the progressive operation of the brakes upon the first car and the last car, and the consequent slack motion, subjects the cars at the further end to violent shock and liability of breakage. Mr. Westinghouse testified for the complainants as follows:

“Car equipments fitted for passenger train service could probably have been sold without the quick-action triple valve, as such brakes were in successful use at the time of the invention of the quick-action valve. Few freight-car brakes, however, could have been sold after the exhibition of the train fitted with the quick-action brakes made in accordance with the patent in suit. Since then the Westinghouse Brake Company have sold but very few automatic brakes for use upon passenger or freight trains, and they have not sold or offered for sale automatic brakes for use upon freight or passenger cars since defendants were enjoined in this suit. \* \* \* If, however, it should be contended that the automatic valve in the quick-action brake possesses some commercial value, I can think of no better measure of this value than the relative number of sets of brakes of each kind that have been sold (by the Westinghouse Air Brake Company)



since January 1, 1888, up to November, 1893, the date of the injunction in the present suit." He testified to sales of 18,450 of ordinary triple valves and 239,500 of the quick-action triple valves.

The quick-action triple valve of the patent in suit was not the only quick-action valve which was in commercial use during the period of infringement. The quick-action valve devised by Geo. A. Boyden, and the quick-action valve of the prior patent to Westinghouse, No. 360,070, were also in use, about 10,000 having been sold. The Boyden Brake Company and the Lansberg Brake Company were competitors of the complainants and the defendant. The quick-action valve of the patent is an improvement upon the quick-action triple valve of patent No. 360,070, and embodies the invention of that patent. In the present suit the complainants sought for an injunction and an accounting because of the infringement of that patent by the defendant; but, as to that patent, it was decided that the defendant had not infringed, and the bill, so far as it was founded upon that patent, was dismissed.

The decree appealed from, in sanctioning the findings of the master, allows the complainants a recovery, not only for the profits realized by the defendant in making and selling quick-action triple valves upon which the device of the patent in suit is only an improvement, but also those realized from making and selling the ordinary triple valve, without which the quick-action attachment would be comparatively valueless, and which the defendant and the public generally were free to make and sell; and it allows the complainants damages for lost profits which the complainants could have made upon similar sales if the defendant had not been a competitor. And the complainants, not content with this, now insist by their appeal that the defendant is accountable for the profits realized by the defendant and those lost by the complainants on the entire equipment employed in the automatic air-brake system and sold together with the patented attachment by the defendant, upon the theory that the defendant could not have sold any automatic air-brake equipments except with the patented attachment.

The proofs show that there was comparatively little demand by railroad companies for complete automatic air-brake equipments that were not provided with quick-action triple valves during the period of the infringement. But it is clear that the quick action attachment was one of secondary importance in automatic brake equipments. It is apparent that the complainants could not have sold any of the patented valves if there had not been embodied in them the devices of the quick-action triple valve of the earlier Westinghouse patent, or equivalent devices such as the defendant and the Boyden Brake Company employed in their

quick-action valves, and which did not infringe the earlier patent.

The general rule governing recoveries in infringement cases is stated, quoting Judge Blatchford (15 Blatchf. (U. S.) 70, Fed. Cas. No. 5,248), in *Garretson v. Clark*, 111 U. S. 120, 4 Sup. Ct. 291, 28 L. ed. 371, in the following language:

"The patentee must in every case give evidence tending to separate or apportion the defendant's profits and the patentee's damages between the patented features and the unpatented features, and such evidence must be reliable and tangible, and not conjectural and speculative; or he must show by equally reliable and satisfactory evidence that the profits and damages are to be calculated on the whole machine, for the reason that the entire value of the whole machine as a marketable article is properly and legally attributable to the patented feature."

Referring to the first branch of this rule, this court said in *Wales v. Waterbury Manufacturing Co.*, 101 Fed. 126, 41 C. C. A. 250:

"This has always been the rule, and it is manifestly a just one upon principle; but it is often difficult of practical application, and the courts have sometimes applied it so that it has not produced an equitable result. In many cases, where it is obvious that the patented invention has contributed a great part of the profits realized from selling the infringing article or apparatus embodying unpatented features, it is practically impossible for the complainant to establish affirmatively the proportionate part."

Referring to the theory that an infringer is a trustee *ex maleficio*, and the rule that a trustee who has confused the profits made by the use of a trust property with those made from his own property, and commingled them so that they can not be segregated, must account for the whole, this court in that case also said:

"Such a rule would work unjustly in many cases, as where the patented feature is of an insignificant part of a machine or article; and it is probably because of its manifest inequity in such cases that the courts have placed upon the complainant the burden of proof."

The adjudications in which the latter branch of the rule in *Garretson v. Clark* has been applied are cited in *Wales v. Waterbury Manufacturing Co.*, and any further reference to them is unnecessary. In all of them, in which the question was as to the basis of profits upon sales, the rule applied was that the profits upon the whole machine or article were allowable only when, but for the patented feature, the machine or article sold by the infringer would not have commanded a market.

The question whether a machine would or would not have been marketable without the patented part is of course a ques-

tion of fact, but it is one which depends largely upon opinion evidence. The most satisfactory evidence upon the question is that which is afforded by the nature and intrinsic value of the improvement which it introduces into the art or industry in which the machine is employed. In *Wales v. Waterbury Manufacturing Co.* the unpatented part "was useless, and derived its whole value from the patented part." In *Manufacturing Co. v. Cowing*, 105 U. S. 256, 26 L. ed. 987, "for the new and special purpose in view the old pump was useless without the improvement." In *Hurlbut v. Schillinger*, 130 U. S. 456, 9 Sup. Ct. 584, 32 L. ed. 1011, where the patent was for an improvement in a concrete pavement, "the invention of Schillinger was a very valuable one," and "the defendant's concrete flagging derived its entire value from the use of the plaintiff's invention." In *Crosby Valve Co. v. Safety Valve Co.*, 141 U. S. 441, 12 Sup. Ct. 49, 35 L. ed. 809, where the invention of Richardson's patent was held to have given the entire value as a marketable article to the infringing valves, the patent was for a safety valve compared with which the prior art presented likenesses "only as the anatomy of a corpse resembles that of a living being." When the patented improvement is one of subordinate importance, or the value of the machine as a whole depends more upon the presence of the unpatented parts, a finding that the marketable value of the whole has been created by the patented part can seldom be correct.

Whether in the present case the whole equipment, or only the triple valve, is to be regarded as the marketable article within the meaning of the last branch of the rule, is, in the view, which we take, a question which need not be considered.

Inasmuch as the complainants did not attempt to separate or apportion the defendant's profits and their own damages between the patented and the unpatented features of the quick-action triple valve, it was incumbent upon them to prove that the entire value of the defendant's quick-action valve as a marketable article was properly and legally attributable to the patented features. What they did prove, and all they proved, was that purchasers of triple valves generally demanded some form of quick-action valves, and that, except to a very limited extent, purchasers could not be found for valves without these features. This falls short of proof that only the patented form could supply the demand, and does not meet the requirements of the second branch of the rule.

As has been already suggested, the cases are exceedingly rare in which the whole marketable value of a machine, or of a collection of devices, can in reason be attributable to a patented feature which embraces merely an improvement in one of its

parts. Marketable value is ordinarily the result of various conditions independent of the normal value of the machine itself, and the contribution which the patented part gives to marketable value is necessarily dependent more or less upon these conditions. Enterprise, exploitation, and business methods in introducing and marketing the thing are generally as important a factor in its intrinsic value. The effect of the control of the market, whether by lawful or illegal endeavors, in fixing the marketable value of many products, is shown by what has been accomplished by some of the so-called "trusts" of the day. Where that part of the thing is of such paramount importance that it really creates the value of the whole, the doctrine that the value of the monopoly of the part is measured by the marketable value of the whole may reasonably be applied, notwithstanding the marketable value of the whole may from extraneous causes be out of all proportion to its normal value. But, where that part of the thing is relatively an unimportant factor in the normal value of the whole, the application of the doctrine is likely to lead to inequitable results. The present case is an illustration. The defendant, and other competitors of the complainant's saw there was an opportunity to create a demand for new air-brake apparatus which should have the quick-action feature, and they undertook to produce such apparatus and stimulate the demand. Such apparatus embodied many inventions, some of which were and some of which were not open to public use. The defendant, supposing it had produced apparatus which would not infringe any outstanding patents, bent its efforts to exploit that kind of apparatus and discourage the sale of all others, and thus the defendant largely contributed to the marketable value of that kind of apparatus. It now appears that its apparatus did infringe one of the outstanding patents. It may turn out that it infringes some of the others, as the complainants claimed when they sued the defendant for infringing their earlier patent. It does not seem equitable that, because the defendant appropriated certain parts in that apparatus which belonged to the complainants, it should be charged with appropriating the whole marketable value of the apparatus. The theory that it did appropriate the whole value is inconsistent and quite irreconcilable with the original theory of the action and the claim of the complainants that they were entitled to profits and damages because the defendant had appropriated certain other parts that belonged to them.

The case is not one where the patented quick-action valve created the market which defendant supplied. We have no wish to belittle the contribution made by the patented invention to the automatic air-brake art, but we cannot ignore the fact that before

the invention of the patent in suit Mr. Boyden had supplied the devices which met the needs of railroads and which were in all respects satisfactory. Referring to this device, the Supreme Court said in *Westinghouse v. Boyden Power Brake Co.*, 170 U. S. 572, 18 Sup. Ct. 724, 42 L. ed. 1136: "It solved at once, and in the simplest manner, the problem of quick-action, whereas the Westinghouse patent [his earlier patent No. 360,070] did not prove to be a success until certain additions had been incorporated into it." And that the patented invention was not of dominating importance in controlling the market for automatic air-brake apparatus is apparent from the fact that the defendant, when it was enjoined in the present action from using the invention, introduced a substitute which enabled it to retain the market for its own apparatus which complainants have never asserted to infringe the patent.

We are constrained to the conclusion that because there was no satisfactory proof apportioning the profits of the patented attachment as distinguished from those of the entire equipment, or as distinguished from those of the triple valve itself, the decree below was erroneous and should be reduced to merely a nominal recovery.

The decree is reversed, with costs of this court, and with instructions to the court below to modify the decree conformably with this opinion.

#### On Rehearing.

Per Curiam:

So far as this application for a rehearing proceeds upon considerations which were urged, but did not convince us, at the original hearing, as none of them were overlooked, it is not justified by the rules of practice. So far as it proceeds upon errors of fact pointed out in the opinion of the court, the application is justified by the rules of practice, and would present meritorious reasons for a rehearing if these errors were in respect to matters which had any serious influence upon the decision.

The court certainly did not overlook the contention for the appellants that the patented attachment created a new market for automatic air-brake equipments which practically precluded the sale of such equipments in which the attachment was not a part. As the complainants had given no evidence whatever of the profits made by the defendant by the manufacture and sale of the attachments or of their own loss of profits through sales of attachments diverted from them by the defendant, necessarily they were not entitled to a recovery within the rule announced in *Garretson v. Clark*, 111 U. S. 120, 4 Sup. Ct. 291, 28 L. ed. 371, and in other adjudications to the same effect, unless their evidence showed that the defendant's sales of equip-

ments were wholly attributable to the presence of the attachment as one of the parts thereof. Our decision went upon the ground that, notwithstanding there was satisfactory evidence in the proofs that the quick-action attachment was so desirable that there would have been only a limited sale for the other parts without it, there was no satisfactory evidence that the defendant could not have made any sales without it, and none to show how many of the defendant's sales were due solely to the presence of the attachment. The testimony of Mr. Vilas that there was no market for the other parts without the quick-action attachment, as well as other testimony for the complainants to the same effect, was effectually refuted by the evidence of the sales made during the period of infringement by the complainants themselves. It appeared that during this period the sales made by the complainants of equipment without the patented attachment were 18,450, and their sales of equipments with the patented attachment were 239,500. From all that appears, the complainants could have sold a large number of equipments without the attachment if they had tried to do so; and, if it could be assumed that they could not have sold a larger number, it would not follow that the defendant could not have sold a larger proportionate number. Unless the court was at liberty to find that because complainants' sales during the period of infringement were in the proportion of about 13 equipments having the attachment to 1 without it the defendant's sales must have borne the same ratio, and that consequently 13 out of every 14 sales made by the defendant must have been attributable to the presence of the attachment, there was no adequate basis for the recovery. This would have been mere conjecture.

The court fell into an error of fact in stating that Boyden had supplied equivalent apparatus for the patented attachment before the latter was invented by Mr. Westinghouse. The fact was as stated in another part of the opinion. Boyden's quick-action valve was in use during the period of infringement, but, as it was not open to the use of the defendant because it had been patented by Boyden, the fact was not mentioned as constituting a bar to recovery. The circumstance that it was in use was adverted to in the opinion merely for the purpose of indicating that the invention of the patent in suit was not one which created the market which the defendant supplied. Mr. Westinghouse was undoubtedly the inventor of the quick-action attachment, and it is not open to doubt that this was an exceedingly valuable invention. While the complainants were entitled to all the profits which they lost and all the profits which the defendant realized by the latter's sales upon this attachment, there was no basis for a recovery, because the proofs did not show what these profits were, and the assumed basis that all

the profits made by the defendant and lost by the complainants through sales by the defendant of the entire apparatus of which the patented apparatus was a part were recoverable, because without the latter there would have been no market for the other parts, was not justified by the proofs.

The application is denied.

1073. ELIZABETH v. PAVEMENT CO., 97 U. S. 126, 24 L. ed. 1000 (1877).\* \* \*

The next subject for consideration is the form and principles of the decree rendered by the court below. The bill prayed a decree for damages and profits; but, as it was filed before the passage of the act of July 8, 1870, which first authorized courts of equity to allow damages in addition to profits, the court below correctly held that a decree for profits alone could be rendered. It is unnecessary here to enter into the general question of profits recoverable in equity by a patentee. The subject, as a whole, is surrounded with many difficulties, which the courts have not yet succeeded in overcoming. But one thing may be affirmed with reasonable confidence, that, if an infringer of a patent has realized no profit from the use of the invention, he cannot be called upon to respond for profits; the patentee, in such case, is left to his remedy for damages. It is also clear that a patentee is entitled to recover the profits that have been actually realized from the use of his invention, although, from other causes, the general business of the defendant, in which the invention is employed, may not have resulted in profits—as where it is shown that the use of his invention produced a definite saving in the process of a manufacture. *Mowry v. Whitney*, 14 Wall. 434; *Cawood Patent*, 94 U. S. 695. On the contrary, though the defendant's general business be ever so profitable, if the use of the invention has not contributed to the profits, none can be recovered. The same result would seem to follow where it is impossible to show the profitable effect of using the invention upon the business results of the party infringing. It may be added, that, where no profits are shown to have accrued, a court of equity cannot give a decree for profits, by way of damages, or as a punishment for the infringement. *Livingston v. Woodworth*, 15 How. 559. But when the entire profit of a business or undertaking results from the use of the invention, the patentee will be entitled to recover the entire profits, if he elects that remedy. And in such a case, the defendant will not be allowed to diminish the show of profits by putting in unconscionable claims for personal services or other inequitable deductions. *Rubber Co. v. Goodyear*, 9 Wall. 788. These general propositions will hardly admit of dispute; and they will

furnish us some guide in deciding the questions raised in this case.

Only the defendants have appealed; and the errors assigned by them on this branch of the case are the following—

1st, "The court erred in decreeing that the complainants do recover of the defendants, the city of Elizabeth and George W. Tubbs, the sums set forth in the decree, because the master did not find that said defendants had made any profits, which failure to find was not excepted to by complainants, and because no proof was offered by complainants of any profits whatever made by said defendants."

2d, "The court erred in finding that the profits received by the defendants were the fruits of the use of the devices described and claimed in the first and second claims of the Nicholson patent—there being no proof of any advantage derived by the defendants from such use of the Nicholson devices—or was incident to the use of the devices of the Brocklebank & Trainer patent. The failure to specifically show such profits makes the recovery nominal."

3d, "The court erred in decreeing the whole amount of profits made by the New Jersey Wood-Paving Company in the construction of the pavements referred to in the master's report. Whereas, if any profits ought to have been decreed, they should have been confined to the amount of the license for a royalty which the complainants had been accustomed to receive, and were bound by the terms of their title to accept, from any party constructing such pavement in New Jersey."

We will consider these assignments in order.

The first seems to be well taken. The party who made the profit by the construction of the pavement in question was the New Jersey Wood-Paving Company. The city of Elizabeth made no profit at all. It paid the same for putting down the pavement in question that it was paying to the defendant in error for putting down the Nicholson pavement proper; namely, \$4.50. per square yard. It made itself liable to damages, undoubtedly, for using the patented pavement of Nicholson; but damages are not sought, or, at least, are not recoverable, in this suit. Profits only, as such, can be recovered therein. The very first evidence which the appellees offered before the master was, the contracts made between the city and the other defendants for the construction of the pavement; and these contracts show the fact that the city was to pay the price named, and that any benefit to be derived from the construction of the pavement was to be enjoyed by the contractors.

It is insisted that the defendants, by answering jointly, admitting that they were jointly co-operating in laying the pavement, precluded themselves from making this defense. We



do not think so. That admission is not inconsistent with the actual facts of the case, to wit, that this co-operation consisted of a contract for having the pavement made, on one side, and a contract to make it, on the other; and is by no means conclusive as to which party realized profit from the transactions. The complainants themselves, by their own evidence, showed that the contractors and not the city realized it.

The appellant, Tubbs, is in the same predicament with the city. Several of the contracts were made in his name, it is true; but they were made in behalf of the New Jersey Wood-Paving Company, for whose use and benefit the contracts were made and completed. Tubbs only received a salary for his superintendence.

The next assignment of error, based on the hypothesis that the profits received by the defendants were not the fruits of the use of Nicholson's invention, appears to us destitute of foundation. This matter is so fully and ably presented in the opinion of the Circuit Court as to require but little discussion from us. The Nicholson pavement was a complete thing, consisting of a certain combination of elements. The defendants used it as such—the whole of it. If they superadded the addition made to it by Brocklebank & Trainer, they failed to show that such addition contributed to the profits realized. The burden of proof was on them to do this. The evidence, if it shows anything, tends to prove that the addition diminished the profits instead of increasing them; but it could not have had much influence either way, inasmuch as the evidence shows that the profit made on this pavement was about the same as that made on the pavement of Nicholson, without the improvement. The appellants, however, obtained an allowance of nearly \$14,000 for the royalty paid by them for the use of the Brocklebank & Trainer patent. This allowance went so far in diminution of the profits recovered.

Equally without foundation is the position taken by the appellants, that other pavements, approaching in resemblance to that of Nicholson, were open to the public, and that the specific difference between those pavements and Nicholson's was small, and that, therefore, the Nicholson patent was entitled to only a small portion of the profits realized. Nicholson's pavement, as before said, was a complete combination in itself, differing from every other pavement. The parts were so correlated to each other, from bottom to top, that it required them all, put together as he put them, to make the complete whole, and to produce the desired result. The foundation impervious to moisture, the blocks arranged in rows, the narrow strips between them for the purposes designated, the filling over those strips, cemented together, as shown by the patent—all were required. Thus combined and arranged, they made a new thing, like a

new chemical compound. It was this thing, and not another, that the people wanted and required. It was this that the appellants used, and, by using, made their profit, and prevented the appellee from making it. It is not the case of a profit derived from the construction of an old pavement together with a superadded profit derived from adding thereto an improvement made by Nicholson, but of an entire profit derived from the construction of his pavement as an entirety. A separation of distinct profit derived from Brocklebank & Trainer's improvement, if any such profit was made, might have been shown; but, as before stated, the appellants failed to show that any such distinct profit was realized.

We have looked over the various items claimed by the appellants by way of reduction of profits, and disallowed by the master and by the court below, and we are satisfied with the result which they reached. The gross profits of the work over actual expenses for material and labor were conceded to be \$123,610.78. The total deductions claimed before the master amounted to \$139,875.63, which would have been considerably more than sufficient to absorb the whole profits. The master and the court allowed deductions to the amount of \$48,618.62, which reduced the profits to \$74,992.16, for which amount the decree was rendered. The deductions overruled and disallowed amounted to \$91,257.85. Of these, \$31,111.92 was a profit of twenty per cent. which the appellants claimed they had a right to add to the actual cost of lumber and other materials and labor. It is only necessary to state the claim to show its preposterousness. Other items were one of \$7,000 for salaries, and another of \$3,000 for rent, for a period of time that occurred after the work was completed. Another item was one of \$2,675.09 for the cost of a dock which the parties built on their own land; and another of \$25,000, paid for an interest in the Brocklebank & Trainer patent. As the appellants still hold these properties, we cannot well conceive what the purchase of them has to do in this account. They also claim \$15,241.33 for that amount abated from the assessments of some of their stockholders who owned lands along the streets paved. As this was a gratuity which they made to themselves, they cannot claim a deduction for it here. The last item was \$6,572.75, claimed to have been profits made upon other work, which were allowed to be included in these contracts. As this is not explained in any satisfactory way, we think the master did right in rejecting it.

We are entirely satisfied with the disposition made of these various items, and with the correctness of the decree, so far as the statement of the account is concerned.

But the appellants assign a third error. They insist that the appellee, as assignor of the Nicholson patent for the State of

New Jersey (which was the ground of its title), was entitled to recover only thirty-one cents per square yard in any event—being limited to that charge for the use of the patent by the terms of the assignment; sixteen cents of which was to be paid to the proprietors, and fifteen to be retained by the appellee.

This matter is quite satisfactorily disposed of in the opinion of the court below. The stipulation was between third parties, and the appellants have no concern in it. It only applied, by its terms, to cases where, by reason of the decisions of the courts, or otherwise, it should be found impracticable for the appellees to obtain contracts for laying the pavement in any town or city, or where the work of constructing pavements should be required by law to be let under public lettings, open to general competition. The object was to secure as extensive a use of the pavement as possible, as thereby the emoluments of the proprietors would be increased. But the assignment gave to the appellee the exclusive right in the patent for the State of New Jersey. It did not prohibit the appellee from constructing the pavements itself, if it could obtain contracts for doing so, and making thereby any profit it could. There was no obstacle to its doing this in the city of Elizabeth. On the contrary, it did obtain from the city large contracts, and would have obtained more if the appellants had not interfered. There is nothing in this state of things which entitles the latter, after making large profits from the use of the invention, to refuse to respond therefor. It is not for them to say that the hands of the appellee are tied by its contract with its grantor. This would be to take advantage of their own wrong. Whatever bearing the stipulation in the assignment may have on the measure of damages, in an action at law, it affords no defense to the appellants when called upon to account for the profits which they have wrongfully made by pirating the invention.

We think there is no error in the decree of the Circuit Court, except in making the city of Elizabeth and George W. Tubbs accountable for the profits. As to them a decree for injunction only to prevent them from constructing the pavement during the term of the patent, should have been rendered; which, of course, cannot now be made. As to the New Jersey Wood-Paving Company, the decree was in all respects correct. A decree for costs in the court below should be awarded against all the defendants.

1074. BECKWITH v. MALLEABLE IRON RANGE CO., 195 Fed. 291 (C. C. Wisconsin, 1912, Patent No. 787,425).\* \* \*

Sanborn, District Judge:

This matter comes up on a certificate of the master for instructions in respect to a patent accounting, for infringement of a patent sustained in (C. C.) 174 Fed. 1001; (C. C. A.) 189 Fed. 74. \* \* \*

(1) The patent device in question is a reservoir for a kitchen range. The range and reservoir may be sold or used either jointly or separately, as may be preferred. Being an improvement to a device, as distinguished from an improved device, the case falls within the first rule laid down in *Garretson v. Clark*, 111 U. S. 120, 4 Sup. Ct. 291, 28 L. ed. 371, where it is held:

“Where a patent is for an improvement, and not for an entirely new machine or contrivance, the patentee must show in what particulars his improvement has added to the usefulness of the machine or contrivance. He must separate its results distinctly from those of the other parts, so that the benefits derived from it may be distinctly seen and appreciated. The rule on this head is aptly stated by Mr. Justice Blatchford in the court below: ‘The patentee,’ he says, ‘must in every case give evidence tending to separate or apportion the defendant’s profits and the patentee’s damages between the patented feature and the unpatented features, and such evidence must be reliable and tangible, and not conjectural or speculative.’”

*Garretson v. Clark* expresses the cardinal rule of patent accountings, and the case has been universally followed. It has been cited with approval by federal courts over 60 times, in the following among other cases: *Keystone Mfg. Co. v. Adams*, 151 U. S. 139, 147, 14 Sup. Ct. 295, 38 L. ed. 103; *McCreary v. Pennsylvania Canal Co.*, 114 U. S. 459, 12 Sup. Ct. 40, 40 L. ed. 35; *Westinghouse v. N. Y. Air Brake Co.*, 140 Fed. 545, 72 C. C. A. 61; *Elgin Wind-Power & Pump Co. v. Nichols*, 105 Fed. 780, 45 C. C. A. 49 (7th Circuit); *Brown v. Lanyon Zinc Co.*, 179 Fed. 309, 102 C. C. A. 497. By this rule the complainant has the burden of proof as to profits and damages, except as to improvements of patented devices or processes made by defendant.

Other forms of reservoir ranges were well known at the time the infringement commenced, and complainant is entitled to the value of whatever he added to the art; that is, to the difference between his improved reservoir and any other which was open to the public, or to the defendant, April 18, 1905, when notice of infringement was given. If by the use of the patent defendant made profits, using as the standard of comparison any such other reservoir so open to it, they belong to complainant. If there was no profit, then whatever saving there may have been

in appropriating the patent over any other such device likewise may be recovered by way of profits. This adoption of a prior device as a standard of comparison in case of a separable improvement is the rule adopted in *McCreary v. Pennsylvania Canal Co.*, 141 U. S. 459, 463, 12 Sup. Ct. 40, 35 L. ed. 817; *Brown v. Lanyon Zinc Co.*, 179 Fed. 309, 102 C. C. A. 497; *American Street Flushing Machine Co. v. St. Louis Street F. M. Co.*, (C. C. A.) 192 Fed. 121, and *Columbia Wire Co. v. Kokomo Steel & Wire Co.*, 194 Fed. 108, 114 C. C. A. —, in this circuit.

(2) The master issued a summons to defendant, in substance like that in 3 *Foster's Federal Practice*, 2264, requiring it to render a sworn statement of account in writing showing the following information:

- (a) Number of ranges made or sold during the infringing period, which contained the infringing reservoir.
- (b) Names of purchasers.
- (c) Dates of sales.
- (d) Price received.
- (e) Gains and profits made thereon.

The defendant was also required to specify in the account the following items:

- (1) Whole number of infringing ranges made.
- (2) Names and addresses of purchasers, date, number bought, and a complete description of the ranges so sold.
- (3) Selling price of range without reservoir.  
Selling price of reservoir without range, "together with the other elements of claim 11 of said patent."  
Discount to purchasers.  
Freight allowed to purchasers.  
Rebate or credit allowed to purchaser.  
Net amount received for range.  
Net amount received for reservoir.
- (4) Itemized manufacturer's cost of range.  
Itemized cost of labor.  
Itemized cost for material.  
Itemized cost of reservoirs for material.  
Itemized cost of reservoirs for labor.  
Itemized cost of contact plates and attachments for material, same for labor.
- (5) Cost and expense of sale of range with infringing reservoir.
- (6) Entire profits on each sale of range with infringing reservoir.
- (7) Same on account of use of patented features.
- (8) Gains by use of infringing reservoir over the style formerly made by defendant.  
Saving by use of same over the style formerly made.
- (9) Sale price of range without reservoir.  
Same of range with reservoir.

Actual cost of range without reservoir.

Same of range with reservoir.

(10) Produce all books and vouchers showing cost of labor and cost of material, especially day books, journals, ledgers, order books, blotters and cash books used during the infringing period.

Produce all such books and papers on which said data were originally entered. \* \* \*

It appears from the account presented, and an affidavit of a public accountant, that defendant's clerks cannot be conveniently spared from their regular work to prepare the accounting; that it took the accountant 13 days to find the number of ranges with reservoirs sold, which was 46,797; and that it would take about four months, and cost about \$1,820, to procure all the information required by the summons. It further appears by the sworn statement of January 9, 1912, that defendant kept its books in the usual method of keeping the account books of a manufacturing concern, where many different articles are produced for sale.

Notwithstanding the settled rule of *Garretson v. Clark*, complainant contends that the burden of preparing the account was properly put upon defendant by the summons, no matter what the expense may be, and without reference to the weight which such account may have as evidence, or to the question of costs. His position is that equity rule 79, requiring parties to make accounts, applies to patent cases. This rule reads as follows:

"All parties accounting before a master shall bring in their respective accounts in the form of debtor and creditor; and any of the other parties, who shall not be satisfied with the accounts so brought in shall be at liberty to examine the accounting party viva voce, or upon interrogatories, in the master's office, or by deposition, as the master shall direct."

It would appear from an examination of many cases of patent accounting that equity rule 79 has been entirely ignored, although it is common practice for a master to require various reports and statements from both parties. The rule is nearly a literal copy of one of the rules of the English Chancery adopted in 1828, before patent accountings were known. From the language used one would infer that it was intended to apply only to cases of accounts where one party owes money to another and where the burden is upon the debtor. It would not seem to fit a patent accounting where the burden is on the creditor. In view both of the practice and the language and history of the rule it may be laid on one side as entirely inapplicable. To follow its provisions in patent cases would shift the burden of proof from the plaintiff to the defendant, and thus run counter to the settled rule of all the federal courts.

Goss Printing Co. v. Scott (C. C.) 148 Fed. 393, is cited for complainant; but in that case the decree itself, a copy of which was produced on the hearing of this matter, required the defendant to bring in an account substantially in conformity with rule 79.

While the defendant cannot be compelled to assume the burden of proving complainant's case for him, the master may at any time call for such reports, accountings, and statements from defendant, or its officers or employes, as may in his judgment aid or expedite the result, and which will not entail any undue burden of expense or interference with defendant's business.

The master's summons should be quashed, and the accounting proceed as the master may direct.

**1075. AMERICAN SULPHITE PULP CO. v. DE GRASSE PAPER CO., 193 Fed. 653, (C. C. A.) (1912, Second Circuit).\* \* \***

Before Lacombe, Ward, and Noyes, Circuit Judges.

Lacombe, Circuit Judge (after stating the facts as above):

Upon the accounting complainant began by introducing some testimony apparently directed to showing profits by defendant; but it soon abandoned that line of proof, and concedes here that no profits were shown. The only question is as to damages, and the only damages sought to be proved are such as might result from deprivation of license fees which complainant could have obtained for defendant's digesters, if the latter had admitted the validity of the patent and obtained complainant's consent to lining them with its material, instead of proceeding to line them without consent and in infringement of the patent.

The master found that complainant had "failed to prove an established license fee at the time defendant commenced to infringe"—in 1903. That finding is correct and fully warranted by the testimony.

He found as a conclusion of law that complainant was entitled only to nominal damages. This conclusion was reached upon the theory that unless a uniform rate of license fee, or at least a uniform rate for the particular period during which defendant's infringement began, can be shown, nothing at all can be recovered. We do not agree in this conclusion. The patent had a career of vicissitudes. Sometimes it was held valid, sometimes void. In consequence the owner could not always get the same license fee. There was quite a variance between the fees paid in tribute to the patent. Nevertheless the owner was constantly seeking to derive profit from the patent by selling licenses under it. These licenses were not yearly ones. They ran each for the full unexpired term of the patent. The size of the digesters and other circumstances made this the most

satisfactory sort of license. The owner uniformly insisted on getting some license fee, and uniformly succeeded in getting one, except in the case of infringers like defendant whom it prosecuted. Licenses for the lining of over 200 digesters were sold. In the case of two of these licensees there were peculiar circumstances which indicate that the rates they paid should not be considered as a basis for fixing a rate to others. They will be referred to later. At first the amount of fees was fixed upon what is called the tonnage basis, but later, and before defendant's infringement began, they were calculated upon the cubic foot. Leaving the two licensees above referred to out of consideration, the lowest rate of license fee charged and collected down to the time when infringement began seems to have been 86 cents per cubic foot. Upon such a state of facts we are of the opinion that an infringer should be held to have damaged the owner to the extent of what such infringer would have had to pay for a license at the lowest rate for which licenses had been issued, had he not infringed but conceded the validity of the patent at the outset. An owner may not announce some fixed rate, and then constantly depart from it for one reason or another, and at the same time insist that an infringer shall pay this rate, which the owner finds it impossible to collect from all others who use his improvement. It would be reasonable to assume that, had the infringer put the owner to an election either to abate from his announced rate or to undertake an infringement suit, such owner would have been willing to accept a rate as low as he had already accepted from others who possibly had put him to a like election in their cases. But it is a very different thing to hold that where there is a lowest limit below which the owner has never gone, preferring to bring suit rather than accept so little, an infringer may appropriate the invention feeling assured that, because all licensees have not paid at exactly the same rate, he will never have to pay anything. Such a rule seems to us to be most inequitable, and the one indicated above is certainly fair to both sides.

The precise question has apparently not been presented to the courts, but we do not find in the decisions of the Supreme Court which have been referred to on the briefs anything which would preclude the adoption of the rule above suggested.

In *Seymour v. McCormick*, 57 U. S. 480, 14 L. ed. 1024, the court says:

"If any person could use the invention or discovery by paying what a jury might suppose to be the fair value of a license, it is plain that competition would destroy the whole value of the monopoly."

Using as an illustration a patented turnout in a railroad, the court says :



“It was the interest of the patentee that all railroads should use his invention, provided they paid him the price of his license. The only actual damage which the patentee has suffered in such a case (infringement) is the nonpayment of the price which he has put on his license. There may be cases, as where the thing has been used for but a short time where the jury should find less than that sum; and there may be cases where from some peculiar circumstance the patentee may show actual damage to a larger amount. Where an inventor finds it profitable to exercise his monopoly by selling licenses to make or use his improvement, he has himself fixed the average of his actual damage, when his invention has been used without his license.”

In *Packet Company v. Sickles*, 86 U. S. 611, 22 L. ed. 203, evidence was given by defendants that the plaintiffs had sold a great many licenses for the use of the patent on steamboats, that the patent fees were numerous and ranged from \$250 to \$1,500 for the use of the patent during its existence, and that, although they had produced evidence of all the sales made of licenses for the use of the patent on steamboats. During its existence, the fee in no case exceeded the latter sum. Notwithstanding this testimony, which seems to have been uncontradicted, the verdict and judgment was for \$11,333, with interest from the commencement of the suit. The court said:

“The defendants in various form prayed the court to instruct the jury that the measure of damages was the established rate for the license to use the invention, as ascertained by the sales made by plaintiffs of such license to others. If this was the true rule of estimating the damage, the bill of exceptions shows that a sufficient number of such licenses and the prices at which they were granted were in evidence to enable the jury to apply the principle to the case before them. And we are of the opinion that this was the sound rule. In such case nothing can be more reasonable than that the price fixed by the patentee for the use of his invention, in his dealings with others, and submitted to by them before using it, should govern.”

In *Rude v. Westcott*, 130 U. S. 152, 9 Sup. Ct. 463, 32 L. ed. 888, where the court held that enough was not shown to establish a rate of license which could be used as a measure of damages, there were “two instances, and perhaps a third instance, in which a specified sum had been paid for the use of the machines or for the privilege of making and selling them.” There was nothing to show that license fees had been paid by such a number of persons as to indicate a general acquiescence in their reasonableness.

There is nothing in the other cases cited to call for special notice, and we find nothing in the frequent statement that an “established rate” cannot be proved except by showing uniform-

ity, to preclude the adoption of the rule above indicated, which to us seems reasonable and equitable.

As to the rates paid for license fees the record is as follows: The master reported a schedule of the so-called "straight" licenses, testified to by complainant's witness, its president, George W. Russell, from the books, to have been granted by complainant, based upon the cubical contents of the digesters, issued prior to the date the infringement by defendant began. There are eight of them, the rate varying from 86 cents to \$1.35 per cubic foot. Besides these, there was proved in the same way by the same witness, called as defendant's witness, 72 licenses (including the eight). The first 8 of these 72 granted years before defendant's infringement were "for services rendered," and need not be considered. The tabulation printed in the record which contains these 72 does not state as does the tabulation of the 8 what was the unit of charge in each case, and we cannot make the calculations ourselves. Defendant's counsel called attention to some of them, giving the calculations, and stating that in several instances the rate was less than 86 cents per cubic foot. It may probably be assumed that, if there were others less than 86 cents, he would have referred to them also, so it will be sufficient to examine those to which he so referred.

A group including Nos. 33 to 43, inclusive, shows a rate in some instances as low as 19 cents, in other instances 15 cents. It appears, however, that all the licenses in this group were owned or controlled by the International Paper Company. The brother of the president of complainant company, William A. Russell, in his lifetime controlled that company, and was also the chief person concerned in organizing the International Paper Company. He had promised on behalf of the pulp company, before the paper company was formed not to bring suit against it for infringements of this patent. After William A. Russell's death in 1899, the International Paper Company claimed that the right to use the Pulp Company's patents should have been transferred to the Paper Company with his other interests in the paper and pulp business. There was a controversy between the two companies which was finally settled by the Paper Company paying a lump sum of \$20,000, and taking, among other things, licenses covering all the mills it owned or controlled. Under these circumstances, the rate charged these mills should not be taken as a criterion by which to determine the rate of license fee charged by complainant for the use of its patented improvement.

In the case of No. 56, West Virginia Pulp & Paper Company, the rate figured on (\$10,000 for 27,840 cubic feet) is stated to be about 36 cents. According to Russell's statement, a mistake was made when the gross sum of \$10,000 was charged for a li-