ENGLAND v. THOMPSON ET AL.

Case No. 4,487.
{3 Cliff. 271.}[1]

Circuit Court, D. Massachusetts. May Term, 1869.

PATENTS—LICENSEES—LIMITATIONS AS TO TIME AND PLACE OF USE.

1. The provision in a license to use a patented invention on machinery used in tanning was, that the defendants might enlarge their vats, or increase the number by paying an additional patent-fee in the same proportion as that stipulated in the license for the vats constructed at the date thereof. The defendants enlarged their tannery after license, and in the new part made new vats, in twelve of which they used the patented improvements. By the terms of the license the defendants acquired the right to make and use the improvement to the capacity of their tannery, embracing one hundred and sixty-nine bark vats, and containing sixteen thousand seven hundred cubic feet. They did not put the improvement into a third of the vats in their tannery at the date of the license, or use it in vats containing in the aggregate one half the cubic feet authorized. *Held* that the plaintiff could not recover damages for the use of the improvement in the new part, as the defendants had not used the improvement to an extent greater than provided for in the license at the date thereof or greater than the capacity of the tannery before it was enlarged.

2. The defendants were empowered by the license to use the patened improvements up to the date of the expiration of the patent of earlier date. They continued, however, the use of the patented improvements after that time against the protest of the plaintiff. The defendants insisted that they had a right so to continue the use of the improvements covered by the first patent under the provision of the license to the effect that if they wished to continue to use such improvement during what remained of the term of the second letters-patent, after the first had expired, they might do so by paying an additional patent-fee equal to one half the amount agreed to be paid for the term which expired with the older patent, and that the only remedy for the plaintiff was assumpsit to recover the additional patent-fee; but the court *held* otherwise, because (1) the license expired with the term of the first patent; (2) the stipulation in question was only an agreement to grant an extension of the license which the defendants might accept or not; (3) if they elected to refuse the license and did not use the improvement, the plaintiff would have no cause of action. Therefore, if defendants elected to take the license, they must pay the required additional patent-fee before they could acquire the right to use the improvement beyond the term of the first patent.

At law. Trespass on the case for infringement of letters-patent. Certain improvements in machinery used in tanning, and also in the construction of vats used for the same purpose, were invented by the plaintiff prior to May 17, 1831, for which he held letters-patent, issued in due form of law, securing to him the exclusive right and liberty, for the respective terms therein mentioned, to make and use those improvements and vend the same to others to be used; and the evidence, as reported, showed that the plaintiff on that day, by an instrument in writing of that date, authorized and licensed the defendants to make, construct, and use in the tannery then occupied by them, situated at Woburn, in this district, his said "improvements in tanning to the extent and capacity of the present size of their tannery," which then had one hundred and sixty-nine-bark vats, the whole containing sixteen thousand seven hundred cubic feet. Letters-patent for the first-named improvement were granted to the plaintiff on June 19, 1847, and for the other improve-

ment on December 24, 1850 [No. 7,854], as recited in the instrument of license. Provision was made in the license that if the defendants should thereafter extend the size of their tannery "by enlarging or increasing the number of vats," the plaintiff should have the right to demand an additional patent-fee in the same proportion as that charged for the then existing number of vats and their contents. By the terms of the license the plaintiff granted, sold, assigned, and transferred to the defendants the exclusive right and liberty to make, construct, and use his improvement in their tannery for the period of fourteen years from the date of the first patent; but the stipulation in the same instrument was that if the defendants wished to continue the use of the improvements in their tannery for the additional time of three years and six months to the end of the term of the second letters-patent, they should have a right to do so by paying an aditional patent-fee equal to one half the amount agreed to be paid for the license granted as stipulated in the instrument. They did continue to use the improvement described in the second letters-patent for the additional period of three years and six months, but they neglected and refused to pay any additional patent-fee for such use, although the same was duly demanded of them by the plaintiff, who seasonably requested them to take a license for that period, insisting at the same time that they had no right to use the improvement under the license to which reference has been made. He also claimed that they had built a new tannery, and that they were infringing his letters-patent by using the patented improvements in such new tannery. Unable to find redress by other means, the plaintiff brought the present action for damages for the alleged infringement of his patent. The writ was dated April 29, 1867, and the declaration was founded on the patent of December 24, 1850, and the reissued patent December 17, 1864, as extended from the date of the original patent. Infringement

was alleged on January 2, 1865, with the usual allegation claiming damages, both before and after that day, so that damages were claimed as well upon the original as the extended term of the patent. Before the hearing the parties filed a stipulation in writing with the clerk, waiving a jury, and submitting the cause to the court to be heard, as provided in the act of congress upon that subject. 13 Stat. 5. Subsequent to the submission of the cause, the evidence was taken in open court, and was fully reported to the acceptance of both parties.

T. L. Wakefield, for plaintiff.

Converse and Kelly, for defendants.

Before CLIFFORD, Circuit Justice, and LOWELL, District Judge.

CLIFFORD, Circuit Justice. The theory of the plaintiff is that the defendants constructed another tannery, in addition to the one occupied by them at the time the license was executed, and he alleges that they have wrongfully constructed and used his patented improvements in their new tannery, and claims damages on that account. He also claims damages for the use of the same, from the expiration of the first letters-patent to the end of the original term of the second letters-patent, embracing a period of three years and six months, and also from the date of the renewal of the second letters-patent to the date of the writ. Denied as the several claims are by the defendants, they will be separately considered, and also because they are based upon entirely different facts and circumstances.

No question is made as to the validity of the patent, and the defendants virtually admit that they have used the improvements of the plaintiff during the whole period, as alleged in the declaration. Considered in the order adopted at the argument, the first question presented for decision is, whether the defendants have used the patented improvement in any tannery other than the one they occupied at the date of the license. They never had but one license, and they deny that they ever used the patented improvement in any tannery other than the one therein described, and the plaintiff, in the view of the case taken by the court, fails to sustain any such claim. Undoubtedly the defendants enlarged their tannery subsequently to the date of the license, and the evidence shows that they constructed in the new part of the same some twenty-eight or thirty new vats, in twelve of which they used the patented improvements belonging to the plaintiff. Indefinite as the evidence is, it is not possible to give any precise description of the location of the old part of the tannery, except that it bordered upon a brook, which flowed past it, on one side, and that the new part or enlargement was constructed on the opposite side of the stream, some fifty or a hundred feet distant, but it appeared that when the enlargement was made, the engine and beam-house in the old part were moved to a new locality, for the use of both, showing to the satisfaction of the court that what was done by the defendants was properly to be regarded as an enlargement of the old tannery and not as the construction of a new one, as supposed by the plaintiff. When the license was granted, the defendants

had in their tannery one hundred and sixty-nine bark vats, and by the terms of the license they acquired the right to make, construct, and use the patented improvement to the extent and capacity of their tannery, embracing one hundred and sixty-nine bark vats, containing sixteen thousand seven hundred cubic feet, and the provision was, that they might enlarge the vats, or increase the number, by paying an additional patent-fee, in the same proportion as that stipulated in the license for the vats previously constructed, but they never put the improvement into one third part of the vats which were in the tannery at the date of the license, nor did they ever use the improvement in vats containing in the aggregate one half the number of cubic feet, as authorized by the terms of that instrument. Viewed in any light, the first ground of claim set up by the plaintiff is not supported by the evidence.

Authority to make, construct, and use both the patented improvements of the plaintiff was granted to the defendants by the license to June 19, 1861, when the term of the first letters-patent expired but the term of the second letters-patent, as originally granted, extended for three years and six months longer, and the evidence shows to a demonstration, that the defendants continued to use that improvement throughout that entire period without consent or license of the plaintiff, and in spite of his objections and repeated remonstrance. Although informed by the plaintiff that their license had expired, and requested to take a new one, the defendants refused so to do, or in any manner to recognize the right of the plaintiff, insisting that they were still protected in using the improvement under the old license by virtue of the stipulation therein contained, that if they wished to continue to use the improvement in their tannery, for what remained of the term of the second letters-patent, when the term of the first letters-patent expired, they might do so by paying an additional patent-fee, equal to one half the amount agreed to be paid for the term which expired with the term of the first letters-patent, and they still insist that they lawfully continued to use the improvement under that stipulation in the old license, and that the only remedy for the plaintiff is an action of assumpsit to recover the additional patent-fee; but the court is of a different opinion, for several reasons: Because the license expired with the term of the first letters-patent. Because the stipulation in question is but an agreement to grant an extension of the license which the defendants

might take or refuse. Because, if they elected to refuse the license, and did not use the improvement, the plaintiff would have no cause of action, and consequently if they elected to take it, they must pay the required additional patent-fee before they could acquire the right to use the improvement beyond the time of the first letters-patent. Regarded as a license, there is much force in the suggestions of the defendants that the payment of the patent-fee is not a condition precedent to the right to use the improvement, but the stipulation is nothing more than an agreement to grant a license, should the defendants elect to take one, on the conditions therein specified, and when viewed in that light it is clear that the plaintiff is right, and the defendants liable as infringers, as they refused to take the license or to pay the additional patent-fee as stipulated in the old license.

Extended remarks upon the third ground of claim set up by the plaintiff is unnecessary, as the use of the improvement under the extended term of the letters-patent to the date of the bill of complaint is admitted, and as it appears that all right of the defendant to use the improvement under the license had ceased three years and six months before the certificate of renewal took effect. Suggestion was made at the argument that the case is controlled by the rule laid down in the case of Chaffee v. Boston Belting Co., 22 How. [63 U. S.] 222, but it is obvious that the two cases are wholly unlike, as the instrument in this case is a license, and not an assignment, and also because the right of the defendant to use the improvement in question had terminated three years and six months before the certificate of renewal was granted.

Referred to a commissioner to report the actual damages sustained by the plaintiff, subject to the revision of the court, and when the amount of the damages is ascertained the plaintiff to be entitled to judgment.

[1] [Reported by William Henry Clifford, Esq., and here reprinted by permission.]