

organized and carried on upon different principles, have suggested to creditors the application of the remedy to mining corporations. So far as my knowledge extends, this is the first instance in this state of any attempt to enforce a remedy which could not have been contemplated by the creditors of this or any other mining corporation when the indebtedness was contracted. Should it succeed, it would, in my judgment, place the liability of all stockholders in the vast number of mining corporations in this state upon a basis entirely different from that upon which they supposed they stood at the time they became stockholders, and different from that prescribed by the constitution and statutes of the state. Such a change should only be effected by express legislative action, and made applicable to the future. For a further discussion of the question see the opinion of the district judge cited. 7 Sawy. 31. I am not prepared to say now that an assessment properly levied by the directors of a corporation, under the statute, may not be collected by a personal action, instead of by a sale of stock. I do not think it is necessary to go so far to sustain the order of the district court, of which a review is now sought, and I therefore express no opinion upon that point either way.

I think the order of the district court should be affirmed. It is so ordered, and the petition for review dismissed.

See S. C. 5 FED. REP. 403

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### MATTHEWS v. SPANGENBERG.

(Circuit Court, S. D. New York. December 4, 1882.)

#### PATENT—COMPROMISES WITH INFRINGERS—DAMAGES.

No price is fixed or royalty established where a patentee, in compromising and settling with those who have infringed his patent, varies his price according to the courage or ability to resist of such infringers, or where there are other circumstances showing the absence of a fixed and established fee

*Briesen & Betts*, for complainants.

*Phillip Hathaway*, for defendant.

WALLACE, C. J. The exceptions to the master's report present the single question whether, upon the proofs, the complainant established any damages to which he is entitled by reason of the defendant's infringement of his patent. To prove damages the complainant relied upon showing the license fee received by him for the use of his

invention. The proofs show five instances in which he received compensation for the violation of his patent, but nothing is shown to fix an established royalty for its use.

In March, 1881, the complainant obtained a decree against one Gee, a manufacturer of structures embodying complainant's invention, in which the damages, profits, and costs of suit were settled by agreement of the parties. Subsequently settlements were made with five other infringers who had purchased their structures of Gee. As the master finds: "In each instance the alleged licensee was an infringer, and with the exception of Dickinson suit had been brought against each of them, and the settlement was not only for future use, but included all past damages and a discontinuance of the suits. In only two instances was there any actual payment to the complainant, and a formal license granted to continue the use of the infringing apparatus. Of the remaining three, two settled by surrendering their infringing apparatus to complainant and purchasing others in place thereof from him, and one simply turned over the infringing machine to complainant in settlement of all past damages." In the two instances where there was an exchange of apparatus with the complainant, the apparatus received by the infringers in the exchange embodied other patented inventions of the complainant besides the one in suit. In the instances where there was a money settlement, different amounts were paid by the infringers; one paying \$200, and the other paying \$250.

It is quite impossible from the proof to ascertain what was estimated as the basis of royalty for future use or as damages for previous use, what was allowed for costs, and what by way of compromise. Everything is left to conjecture and speculation, except the fact that there was a recognition of liability to the complainant for the unlawful use of his invention. The master fixed the complainant's damages at a nominal sum. In this there was no error. As was said by Mr. Justice HUNT in *Black v. Munsan*, 14 Blatchf. 268: "No price can be said to be fixed or royalty established where the patentee varies his price according to the courage or ability to resist of the infringer, or where there are other circumstances showing the absence of a fixed and established fee." To the same effect, also, is *Greenleaf v. Yale Lock Manuf'g Co.* 17 Blatchf. 253.

The exceptions are overruled.

## INGALLS and others v. TICE and others.

(Circuit Court, S. D. New York. November 17, 1882.)

## PATENTS FOR INVENTIONS—JURISDICTION—CONTRACT RIGHTS.

Where the validity and use of a patent are admitted, and the rights of the parties depend entirely upon a subsisting contract, the case is not one arising under the patent laws of the United States, and where the requisite diversity of citizenship between the parties does not exist, a circuit court of the United States has no jurisdiction.

*F. H. Angier*, for complainants.

*Kurzman & Yeaman*, for defendants.

WALLACE, C. J. It must be held, upon the authority of *Hartell v. Tilghman*, 99 U. S. 547, that as the defendants admit the validity and use of the complainants' patent, and a subsisting contract is shown governing the rights of the parties in the use of the invention, the case is not one arising under the patent laws of the United States; and the requisite diversity of citizenship between the parties not existing, this court has no jurisdiction. The license under which the defendants are alleged to use the invention, by its express terms, precludes them from contesting the validity of the letters patent, and the controversy which the bill discloses turns wholly on the construction and effect of the agreement of license, and the rights of the parties depend altogether upon common law and equity principles. This conclusion renders it unnecessary to present at length the reasons which lead to the decision of the several other grounds of demurrer taken, but it will suffice, to prevent any misapprehension, to state—

1. I concur with the complainant as to the construction of the condition of the defendants' license, and am of opinion that the patentee had the right to reserve from the operation of the license additional territory; and that, as the patentee, by the terms of her agreement with the complainants, could license no person without their consent, any reservation made by her out of the defendants' territory would inure to the complainants by way of an equitable estoppel.

2. The agreement between the patentee and the complainants did not transfer to the latter the legal title to the patent, and the patentee should therefore have been made a party to the suit.

3. The Dale Tile Manufacturing Company have no community of interest with the other complainants. Their interest in the subject-matter of the controversy is distinct from that of the other complain-