

DAVIS v. SMITH.

(Circuit Court, D. Massachusetts. March 18, 1884.)

PATENTS FOR INVENTORS—EXPIRATION OF PATENT—DEMURRER.

Demurrer to bill for profits and damages, filed against an infringer one day before the patent expired, sustained, and bill dismissed, with costs; following *Root v. Ry. Co.* 105 U. S. 189, and *Burdell v. Comstock*, 15 FED. REP. 395.

Demurrer to Bill.

Coburn & Thacher, for complainant.

Geo. L. Roberts & Bros., for defendant.

LOWELL, J. This bill, for profits and damages against an infringer of the plaintiff's patent, was filed one day before the patent expired. The defendant demurs for want of equity; and his demurrer must be sustained. No equitable discovery or relief is sought by the bill beyond or different from that which is usual in ordinary patent causes. The plaintiff could not expect the court to grant a restraining order, which must expire before it could, by reasonable diligence, be served, nor was one prayed for. An injunction was impossible for want of time to notify the defendant. The case, therefore, comes within *Root v. Ry. Co.* 105 U. S. 189; *Burdell v. Comstock*, 15 FED. REP. 395; *Betts v. Gallais*, L. R. 10 Eq. 392.

Demurrer sustained. Bill dismissed, with costs.

MATTHEWS v. SPANGENBERG and another.

(Circuit Court, S. D. New York. April 25, 1882.)

1. PATENTS FOR INVENTIONS—EVIDENCE—MOTION TO SUPPRESS.

Where evidence has been taken and filed out of time, but no motion to suppress has been filed, it may be considered.

2. SAME—REISSUE No. 9,028—CLAIMS 5 AND 7 VOID.

Claims 5 and 7 of reissued letters patent No. 9,028, granted January 6, 1880, to John Matthews, for soda-water apparatus, are anticipated by letters patent No. 44,645, granted to A. J. Morse, October 11, 1864, for a syrup fountain.

3. SAME—CLAIMS 4, 6, 8, AND 9 VALID—INFRINGEMENT—DISCLAIMER.

As the parts of the thing patented in the fourth, sixth, eighth, and ninth claims, which have been infringed, are definitely distinguishable from the parts claimed in the fifth and seventh claims, and the latter claims were made by mistake, without any willful default, or intent to defraud or mislead the public, and complainant has not been unreasonably negligent in not entering a disclaimer as to such parts, he may, on entering a disclaimer, maintain a suit for infringement, but without costs.

In Equity.

Arthur v. Briesen, for plaintiff.

Philip Hathaway, for defendants.

WHEELER, J. This suit is brought upon reissued letters patent No. 9,028, dated January 6, 1880, granted to the orator upon the surrender of original letters patent No. 50,255, dated October 3, 1865, for soda-water apparatus. The defense relied upon is that the defendants purchased the apparatus used by them of William Gee, who afterwards settled with the orator; that the patent is void for want of novelty; and that they do not infringe. The original patent is not in evidence.

Some of the defendants' evidence was taken and filed out of time. No motion to suppress it has been filed. The orator objects to its consideration; and the defendants ask that it be considered, or the time extended to cover its taking. As no motion to suppress has been filed, it is allowed to stand and is considered. *Wooster v. Clark*, 9 FED. REP. 854, is relied upon by the orator on this point, but in that case there was a motion to suppress.

The case does not show that the defendants purchased their apparatus of Gee before he settled with the orator, and therefore entirely fails to show that he settled with the orator for the sales to the defendants. They stand by themselves, independently of Gee. *Steam Stone-cutter Co. v. Windsor Manuf'g Co.* 17 Blatchf. C. C. 24. That defense fails for want of proof.

The patent has nine claims. The second and third are not in controversy. Upon all the evidence, it is found that the first claim is not infringed; that the fifth and seventh are anticipated by letters patent No. 44,645, dated October 11, 1864, granted to A. J. Morse, for a syrup fountain; and that the fourth, sixth, eighth, and ninth are not anticipated and have been infringed by the defendants.

The parts of the thing patented in the fourth, sixth, eighth, and ninth claims are definitely distinguishable from the parts claimed in the fifth and seventh claims; and the orator appears to have made the latter claims by mistake, supposing himself to be the original and first inventor of the parts claimed in them, without any willful default, or intent to defraud or mislead the public, and not to have unreasonably neglected to enter a disclaimer of those parts, thus far. Therefore he is entitled to maintain this suit, but without costs, on entering the proper disclaimer. Rev. St. § 4922; *Burdett v. Estey*, 15 Blatchf. C. C. 349.

On filing a certified copy from the patent-office of the record of a disclaimer by the orator of what is claimed in the fifth and seventh claims, let a decree be entered that the fourth, sixth, eighth, and ninth claims of the patent are valid, that the defendants have infringed, and for an injunction and an account, without costs.

SMITH v. STANDARD LAUNDRY MACHINERY Co. and others.

(Circuit Court, S. D. New York. February 22, 1882.)

PATENT—INFRINGEMENT—BREACH OF CONTRACT OF LICENSE—JURISDICTION OF CIRCUIT COURT.

Where the owner of a patent grants an exclusive license to a corporation to make and sell the article patented during the term of the patent, requiring sales to be returned monthly and license fees to be paid monthly, and retains the right to terminate by written notice the license, on failure to make returns and payments for three consecutive months, after due service of notice of the termination of the license for failure to make returns, an action for infringement, in which the corporation sets up in its answer that the license was not lawfully terminated, and that it had not sold any of the patented articles, and was not making and selling them, involves a question of infringement, and is cognizable in a federal court, although the parties are citizens of the same state. *Wilson v. Sanford*, 10 How. 99, and *Hartell v. Tilghman*, 99 U. S. 547, distinguished.

In Equity.

H. G. Atwater, for plaintiff.

J. Palmer, for defendants.

WHEELER, J. There are two of these cases, brought upon numerous patents described in the respective bills of complaint, and they have been heard together upon the bills, answers, replications, and plaintiff's proofs. The plaintiff, by written agreement, dated July 1, 1874, granted an exclusive license to the Standard Laundry Machinery Company, alone and singly, to manufacture and sell laundry machinery embodying the improvements patented, to the end of the terms of the patents, the company to make return to the plaintiff of all sales made during each month, on the first of the following month, and to pay, as a license fee, on or before the tenth of the following month, a sum equal to 8 per cent. of the gross sales of power machinery, and 4 per cent. of the gross sales of hand machinery, so sold. There was a clause in the agreement providing that the plaintiff might terminate the license by serving a written notice upon the company, on failure to make the returns and payments for three consecutive months. May 13, 1879, the plaintiff served notice of termination of the license. The defendants continued to use the patented inventions, and the plaintiff brought these suits for infringements after the notice. The parties are citizens of the same state, so that this court has no jurisdiction except under the patent laws. The defendants insist that those laws give no jurisdiction to decide upon the construction or continuance of the agreement for a license, and that the question of infringement depends wholly upon the agreement, and rest the case here wholly upon this question of jurisdiction. The contract of license itself provides a mode for its own termination; and the plaintiff's case shows that it was terminated in that mode. The defendants do not rest their cases upon the question whether the contract was terminated or not, but, while they insist

that it was not lawfully terminated, answer "that they have not sold any machines embodying the invention for which the complainant has obtained letters patent, as alleged in the complaint, and that defendants are not now manufacturing and selling the said machines." This raises a question of infringement, arising solely under the patent laws of the United States, of which the United States courts alone have jurisdiction, without reference to citizenship. The decision of the question of the termination of the license might obviate this question of infringement, and it might not; or, rather, it might furnish a mode of determining whether there was any infringement, and it might leave that question to be determined otherwise. If the license was not ended, the acts charged, if done, would not constitute an infringement; if ended, the question would remain whether the acts were done. The question of infringement would always be in the case until decision. This is different from *Wilson v. Sandford*, 10 How. 99, and *Hartell v. Tilghman*, 99 U. S. 547, relied upon by defendants. In each of those cases, as treated by the court, there was but one question made between the parties to be decided at all, and that was a question of contract. Neither of those cases seems to control this, and this does seem to involve a controversy of which this court has jurisdiction.

Let there be a decree for an injunction and an account, according to the prayer of the bill, with costs.

SMITH v. STANDARD LAUNDRY MACHINERY Co.

(Circuit Court, S. D. New York. January 1, 1883.)

PATENTS FOR INVENTIONS—INFRINGEMENT BY CORPORATION—PERSONAL LIABILITY OF PRESIDENT WHO SWEARS TO ANSWER—WANT OF SERVICE.

Where, in an action against a corporation for the infringement of a patent, the president, who is named as one of the defendants, but not personally served, owns all the stock, and swears to and signs the answer, a general appearance being entered in the suit for the defendants without naming them, he is personally liable.

On Exceptions to the Master's Report. The facts appear in the opinion.

H. G. Atwater, for complainant.

Justus Palmer, for defendant.

WHEELER, J. This cause has now been heard upon the exceptions to the master's report. These exceptions relate principally to the liability of the defendant Lewis at all personally. The grounds of the exception to his liability at all are that he was not so made a party individually that any decree for relief could be made against him, and that the allegations of the bill were not sufficient to be the foun-

dation for charging him personally. The bill was brought upon several patents. In the statements of parties the defendants are described as the "Standard Laundry Machinery Company," a corporation; William G. Lewis, president of said company; and Channing W. Littlefield, secretary of said company. A subpoena was prayed, directed to the Standard Laundry Machinery Company, William G. Lewis, and Channing W. Littlefield, defendants. A subpoena was so issued, but was not served upon Lewis. A solicitor of the court appeared for the defendants without naming them. An answer was filed, stated to be the answer of the defendants, without naming them, and was signed by the solicitor as solicitor and counsel for the defendants, without naming them. The answer was sworn to by Lewis as one of the defendants, the affidavit at the foot stated that he was one of the defendants, and he signed it by his individual name.

The appearance of the solicitor for the defendants would of itself alone be an appearance only for defendants who had in some manner been served with process. They only were at the time, in fact, defendants. On that appearance the bill could not have been taken *pro confesso* as against Lewis. The subpoena, if it had been served, however, would only have required him to appear and answer the bill. An answer to a bill is made in person. When Lewis answered this bill he became personally, by his own act, a party to the cause made by the bill. He then became a defendant in court. The appearance for the defendants stood as an appearance for him as one of them, and he was before the court as a party. The bill, after stating the patents, and the exclusive rights of the oratrix to the inventions therein described, alleged that the defendant the Standard Laundry Machinery Company had and the defendants William G. Lewis and Channing W. Littlefield, as the agents and officers of said company, had, with full knowledge of the rights of the oratrix, made and vended machines embodying the invention.

One interrogatory, which Lewis, by note at the foot of the bill, was required to answer, asked how many machines embodying the invention had been sold by the defendants or any of them, and the prayer was that the defendants might answer the premises and be decreed to account for and pay over all profits, and damages in addition. That Lewis was an officer or agent of a corporation would give him no right to infringe the oratrix's patents, or to withhold the fruits of infringement from her, and the statement of that relation in connection with the charge of infringement would not, in legal effect, qualify the charge. Under that allegation, and an interrogatory pointing to him as a defendant charged by it, and required to answer in respect to the charge, and a prayer for relief on account of it, he was not only bound to answer as a party, but as a party from whom relief was sought by decree against him personally. His own testimony before the master shows that he owned the whole capital stock of the defendant corporation; and the report of the master shows

that he has used the corporation solely for himself, for the purpose of appearing to be an officer of it, and that its property has been, in fact, his.

The correctness of this finding has been questioned; but as there was testimony tending to establish it, and as it was involved with the question of the liability of the respective defendants in the accounting sent to the master, and he does not appear to have acted in any manner improperly or unfairly, his finding cannot, with propriety, be disturbed here. *Bridges v. Sheldon*, 18 Blatchf. C. C. 295, 507; S. C. 7 FED. REP. 34. On this finding, Lewis, if an officer or agent, was such for himself, and all he received in such pretended capacity he received for himself. An infringer is liable to account for the profits of the infringement to the owner of the patent, because they are the avails of the property of the owner in the hands of the infringer, which he has no right to detain from the owner. Lewis, and he alone, has these profits, which are avails of the property of the oratrix in his hands, and which he has no right to detain from her. The pretext of doing business in the name of the corporation is too flimsy to shield him from accounting for them. During a part of the time for which the account has been taken he did this business in the name of an individual, for the reason that the corporation had been enjoined. This was equally unavailing to protect him from liability.

Exceptions overruled.

COLGATE v. WESTERN UNION TEL. CO.

(*Circuit Court, S. D. New York. April 4, 1884.*)

APPLICATION FOR A REHEARING—LACHES OF APPLICANT.

An application for a rehearing, based on alleged newly-discovered evidence, must be denied when it appears that the existence of such evidence was known to the applicant or his counsel at the time of the former trial, and that the evidence was not then produced.

Motion for Rehearing.

Betts, Atterbury & Betts, for complainant; *Wm. D. Shipman* and *Frederick H. Betts*, of counsel.

Porter, Lowrey, Soren & Stone, for defendant; *Geo. Gifford* and *Wm. C. Witter*, of counsel.

WALLACE, J. This is an application by the defendant for a rehearing in a cause heard in November, 1878, and in which an interlocutory decree was entered in December, 1878, adjudging the validity of the complainant's letters patent, and the infringement thereof by the defendant, and that complainant recover the profits of the defendant derived by such infringement. In January, 1879, the complain-