them was to manufacture and sell the machines, it was stipulated that the other should be entitled to a royalty of $10 only upon each machine. While I am of opinion that these facts constitute competent evidence against the plaintiff in respect to the value of the invention, being in the nature of admissions, I do not agree with counsel for defendants that the plaintiff is concluded thereby, since sales were not made in such numbers and at such uniform prices as to constitute an established license fee.

Exceptions overruled, and judgment on report for the several amounts therein named for the respective cases.

HATCH *v.* ADAMS.[1]

(Circuit Court, E. D. Pennsylvania. October 20, 1884.

PATENTS FOR INVENTIONS—RIGHTS ACQUIRED BY PURCHASE FROM TERRITORIAL ASSIGNEE.

A purchaser of patented articles from a territorial assignee of the patent does not acquire the right to sell the articles, in the course of trade, outside the territory granted to his vendor.

Final Hearing.

This was a bill filed by O. L. Hatch, the owner of a patent for improvement in spring bed-bottoms, and Elmer H. Grey & Co., to whom he had given an exclusive license in certain territory, against W. J. Adams, a dealer in bed-bottoms, who was selling such patented improvement within said territory. The case was argued upon the following facts, a statement of which was by agreement filed in lieu of an answer and proofs. William B. Hatch was the inventor of an improvement in spring bed-bottoms, the right to which was secured by reissued letters patent No. 9,576. By various assignments the title to said letters patent became vested in C. L. Stillman. On August 1, 1881, Stillman assigned to Mrs. Nellie C. Hedley his right, title, and interest in said invention for, to, and in the state of New York. On June 28, 1882, Stillman assigned to the complainant, O. L. Hatch, all his right, title, and interest in said letters patent. On September 5, 1883, Nellie C. Hedley granted to Francis A. Hall the exclusive license and right to make, use, and sell said improvement within the following designated places, viz.: to manufacture in the city of New York or Brooklyn, and sell in the state of New York and elsewhere. On April 1, 1884, O. L. Hatch granted to Elmer H. Grey & Co., complainants, the exclusive right to make, sell, and vend said improvement within the territory comprising the states of Penn-

[1] Reported by Albert B. Guilbert, Esq., of the Philadelphia bar.

sylvania, New Jersey, Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Florida, Alabama, Mississippi, Louisiana, Georgia, Tennessee, and the District of Columbia. The respondent, William J. Adams, was a dealer in bed-bottoms in Philadelphia, and, in the course of his business, purchased from Francis A. Hall, in New York, bed-bottoms containing the patented improvement. These bed-bottoms Adams brought to Philadelphia and sold in the course of his business to dealers in the latter city. To restrain such sales the present bill was filed.

Frank P. Prichard, for complainant.

The act of July 8, 1870, (section 4898, Rev. St.,) gives to patentees the right to convey exclusive rights to the patent to the whole or any specified parts of the United States. This act is rendered nugatory and its intention frustrated if purchasers from a territorial assignee may sell outside the territory of the vendor, since it would prevent the patentee, after granting the right for one territory, from conferring *exclusive* rights for other territory. The circuit court decisions relied upon by respondent were all cases of *use*, not *sale in the market*, by the purchaser of the patented article, and when the question was presented to the supreme court of the United States in *Adams* v. *Burke*, 17 Wall. 453, that court held that the purchaser of a single article might *use* it outside the territory, because a distinction had been established between a use and a sale in a number of cases in which it had been held that the sale of a patented article, *for use in the ordinary affairs of life*, withdrew it from the monopoly of the patent, but the sale of a right to *sell the article* was the conveyance of a portion of the franchise. See *Bloomer* v. *McQuewan*, 14 How. 539; *Wilson* v. *Rousseau*, 4 How. 646; *Chaffee* v. *Belting Co.* 22 How. 217; *Bloomer* v. *Millinger*, 1 Wall. 340; *Mitchell* v. *Hawley*, 16 Wall. 544. The principle thus established is conclusive in favor of complainant. If the purchaser of an article for *use* may use it anywhere, because he buys, not a portion of the franchise, but a single article, which he thereby withdraws from the market and consequently from the monopoly, it follows that a purchaser *for sale in the trade* may not use it outside the prescribed territory, because he would be thereby attempting to use a portion of the franchise not granted to the assignee, and, instead of withdrawing the article from the monopoly, attempting to reap the benefit of the monopoly.

Warren G. Griffith, for respondents.

The assignment of the right, title, and interest of a patentee in a patent for a specified territory, gives to the assignee every right which the patentee could have himself exercised within the territory, including the right to sell to any person, and for any purpose, and to convey a good title to the article sold, which thereby becomes withdrawn from the monopoly, as if sold by the patentee. See *Bloomer* v. *McQuewan*, 14 How. 539; *Adams* v. *Burke*, 4 Fisher, 392; *McKay* v. *Wooster*, 2 Sawy. 373; *Paper Bag Cases*, 105 U. S. 771; Sim. Pat.

195; Walk. Pat. § 288. In *Bloomer* v. *McQuewan*, Chief Justice TANEY says:

"And when the machine passes to the hands of the purchaser, it is no longer within the limits of the monopoly. It passes outside of it, and is no longer under the protection of the act of congress. * * * The implement or machine becomes his private, individual property, not protected by the laws of the United States."

The opinions of the circuit courts in *Adams* v. *Burke* and *McKay* v. *Wooster* cover the case of a sale, as well as of a use, and should be followed by this court. It is true that in *Adams* v. *Burke* the supreme court recognized the fact that a distinction might exist between use and sale, and in affirming the judgment deemed it only necessary to say that the article could be used in another territory, but they expressed no disapproval of the opinion of Judge SHEPLEY on the question of sale. In *McKay* v. *Wooster* the bill prayed for an injunction to restrain the use *and sale* of the article. The question of the right to sell was elaborately discussed in the opinion of the circuit court, and the injunction was refused. This case was affirmed by the supreme court, without argument, 11 days after the decision in *Adams* v. *Burke*, and the fact that no opinion was filed, indicates that the opinion of the circuit court was approved. This case decides the question here at issue in favor of the respondent.

MCKENNAN, J. This case involves a single question, to-wit: Has a purchaser of patented articles from a grantee of an exclusive right to manufacture and sell under the patent in a specified part of the United States, the right to sell the articles in the course of trade, outside the designated limits covered by the grant to his vendor? In the absence of authority to the contrary, we would feel constrained to answer this question in the negative. While the patent act secures to an inventor the exclusive right to manufacture, use, and sell his invention, it authorizes him to divide up his monopoly into territorial parcels, and so to grant to others an exclusive right under the patent to the whole or a specified part of the United States. Undoubtedly, the grantee would take and hold the right conveyed subject to the limitations of the grant, and hence he could not lawfully exercise it outside of the territorial limits to which he was restricted. It would be illogical, then, to assume that he could confer upon a vendee a privilege with which he was not invested, and which he could not exercise himself. It has been held, however, that an unrestricted sale of a patented article carries with it the right to its unlimited use. But the reason upon which this rule rests involves a plain distinction between the right to use and the right to manufacture and sell an invention, and is inapplicable to their definition. In *Adams* v. *Burke*, 17 Wall. 455, Mr. Justice MILLER thus explains the import and scope of the decisions on the subject:

"We have repeatedly held that where a person had purchased a patented machine of the patentee or his assignee, this purchase carried with it the right