

HOLIDAY AND OTHERS V. MATTHESON AND
OTHERS.

Circuit Court, S. D. New York.

1885.

PATENTS FOR INVENTIONS—UNCONDITIONAL
SALE OF PATENTED ARTICLE IN FOREIGN
COUNTRY—RIGHT OF PURCHASER FROM
VENDEE TO USE OR SELL IN UNITED STATES.

The owner of a patent in the United States for an invention, who has sold the patented article in England without restriction or conditions, cannot treat as an infringer one who has purchased the article in England of the vendee of the patentee, and restrain him from using or selling the article in the United States.

WALLACE, J. This motion for a preliminary injunction raises the question whether the owner of a patent in the United States for an invention, who has sold the patented article in England without restriction or conditions, can treat as an infringer one who has purchased the article in England of a vendee of the patentee, and can restrain him from using or selling the article here. This question has been decided adversely to the complainant in this court upon a motion to punish the defendants for contempt in violating an injunction obtained in a former suit between the parties; and it was held by Judge Wheeler in substance that the sale carried all the rights to the article which the complainants, the vendors, had, including the right to use it or sell it whenever the complainants could do so. *Holiday v. Mattheson*, Op. MS. That decision is controlling upon this motion, but it is proper to add that the reasons upon which it proceeds are satisfactory, and would prevail if the question were an original one between these parties and in this court.

When the owner sells an article without any reservation respecting its use, or the title which is to pass, the purchaser acquires the whole right of the

vendor in the thing sold: the right to use it, to repair it, and to sell it to others; and second purchasers acquire the rights of the seller, and may do with the article whatever the first purchaser could have lawfully done if he had not parted with it. The presumption arising from such a sale is that the vendor intends to part with all his rights in the thing sold, and that the purchaser is to acquire an unqualified property in it; and it would be inconsistent with the presumed understanding of the parties to permit the vendor to retain the power of restricting the purchaser to using the thing bought in a particular way, or in a particular place, for a limited period of time, or from selling his rights to others. It is quite immaterial whether the thing sold is a patented article or not; or whether the vendor is the owner of a patent which gives him a monopoly of its use and sale. If these circumstances happen to concur the legal effect of the transaction is not changed, unless by the conditions of the bargain the monopoly right is impressed upon the thing purchased; and if the vendor sells without reservation or restriction, he parts with his monopoly so far as it can in any way qualify the rights of the purchaser.¹⁸⁶ The purchaser does not acquire any right in the monopoly, but he does acquire the right of unrestricted ownership in the article he buys as against the vendor, including, as an inseparable incident, the right to use and enjoy it, and to transfer his title to others. *Bloomer v. McQuewan*, 14 How. 549; *Goodyear v. Beverly Rubber Co.* 1 Cliff. 348; *Washing-machine Co. v. Earle*, 3 Wall., Jr. 320; *Bloomer v. Millinger*, 1 Wall. 340, 351; *Mitchell v. Hawley*, 16 Wall. 544, 548; *Paper Bag Cases*, 105 U. S. 770; *Day v. Union Rubber Co.* 3 Blatchf. 494; *McKay v. Wooster*, 2 Sawy. 373; *Wilder v. Kent*, 15 FED. REP. 217.

The cases like *Hatch v. Adams*, 22 FED. REP. 434, and *Societe, etc., v. Tilghman's Pat. Sand Blast Co.* 25 L. J. Ch. 1, relied on by the complainants, have

no application to a case like this. When the owner of a patent sells the patented article under circumstances which imply that the purchaser is not to acquire an unqualified property in the thing purchased, as where a license accompanies the transfer, the purchaser's rights are limited to the extent of the monopoly granted to him. Those cases involved the extent of the monopoly acquired in a patented article under a license or territorial right from the owner of the patent, the article having been originally sold under the license.

The motion is denied.

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