

Again, the board seems to have the understanding that a term used in the tariff act is not susceptible of a trade meaning, unless some one or more articles are bought and sold specifically by that name. In that, again, I think they are in error. I think the contrary is very plainly shown in the case of *Pickhardt v. Merritt*, 132 U. S. 252, 10 Sup. Ct. Rep. 80, which I referred to before. An article may be bought and sold by the specific name which indicates that precise article, and still a group of such articles may be known to trade and commerce by a commercial term, which includes them in a special group, and which still never appears on the face of an invoice or bill of the goods when the articles are described, because they are always described by the same specific name which refers to the particular article. Inasmuch as it is apparent, to my mind at least, that the conclusion which the board reached in this case was influenced by these views, which seem to me not in accordance with those heretofore expressed and laid down by the supreme court, I shall set their decision aside, and direct that the article be classified as manufactures of wool, etc., under section 392.

BRUSH ELECTRIC CO. v. CALIFORNIA ELECTRIC LIGHT CO. et al.

(Circuit Court of Appeals, Ninth Circuit. October 6, 1893.)

No. 54.

1. PATENTS FOR INVENTIONS—LICENSE—RIGHTS OF LICENSEE.

A grant by the owner of a patent of an exclusive license to sell the patented article in a specified territory carries with it an implied authority to join the owner, even against his will, as a party plaintiff, in suits against infringers. *Brush-Swan Electric Light Co. v. Thompson-Houston Electric Co.*, 48 Fed. Rep. 224, approved. 49 Fed. Rep. 73, affirmed.

2. SAME—ASSIGNMENT OF LICENSE.

A licensee cannot divide up his license and assign to third parties all his rights in certain portions of his territory, unless a manifest intent to confer such rights appears in the contract of license; and such intent cannot be inferred merely from the grant to him and his "assigns."

3. SAME.

An attempted assignment by a licensee, without authority, of all his rights in part of his territory, causes no forfeiture of the rights which he acquired by his license, and, as it passes nothing to his assignee, he may still sue for an infringement committed in the assigned territory, and may join his licensor as a party complainant therein.

4. SAME.

The right to so join the licensor is not affected by the fact that the licensee has also joined as a party plaintiff a corporation which is merely its agent, and which is therefore not a necessary party.

5. SAME—ESTOPPEL.

A patent may be assigned before it is actually issued, and where the assignee grants to a third person an exclusive right to sell the patented article in a specified territory, and, after obtaining the patent, treats such grantee as having a valid license, and allows it to acquire an extensive business, he is estopped to deny the validity of the license.

6. SAME—NATURE OF LICENSEE'S RIGHTS.

A grant by the owner of a patent of an exclusive right to sell the patented article within a specified territory excludes the grantor from such territory, and con-

fers upon the grantee a right which he exercises for his own benefit, and therefore he is not merely the agent of the owner, under an agency which may be revoked at any time.

7. SAME—EVIDENCE—OPINIONS OF WITNESSES.

Affidavits by the officers of a licensee corporation that it was "understood" between it and the licensor corporation that both companies should actively prosecute infringers in the licensee's territory, were insufficient to show an agreement by the licensor to allow the use of its name in suits by the licensee; nor was such an agreement shown by the affidavit of a former superintendent of the licensor that it was understood by the officers of that company that it would support the licensee in all legal efforts to defeat infringement; for in both cases the affidavits stated conclusions, merely, and not the facts on which they were based.

Appeal from the Circuit Court of the United States for the Northern District of California.

In Equity. Suit by the Brush Electric Company, the California Electric Light Company, and the San Jose Light & Power Company against the Electric Improvement Company of San Jose, for infringement of a patent. In the circuit court the Brush Electric Company filed a motion to be dismissed from the case, which was denied, (49 Fed. Rep. 73,) and thereupon it took an appeal from the order of denial. A motion was made to dismiss the appeal on the ground that the order was not a final, appealable decree. This motion was also denied. 51 Fed. Rep. 557. The hearing is now upon the merits of the appeal. Affirmed.

H. P. Bowie, for appellant.

There is no implied authority in any license contract under the patent laws of the United States, vesting absolutely in the licensee the right to use the name of the owner of the patent to restrain infringements in a territory covered by the license.

The monopoly granted to the patentee is created by act of congress. It differs in its nature from all other monopolies, and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes. To enable any one to sue in his own name for an infringement of patent rights, he must have the entire and unqualified monopoly which is conferred by the statute upon the patentee, and which consists in the exclusive right, or an undivided interest in the exclusive right, to the entire United States, or to a specified portion thereof, to manufacture, use, and vend, and to authorize others to manufacture, use, and vend, the patented invention. Any right short of this is a mere license. The legal title to the monopoly remains in the patentee, and he alone can maintain an action to restrain an infringement upon his patent rights.

In equity, as at law, the title remains in the owner of the patent. Any rights of the licensee must be enforced through or in the name of the owner of the patent; perhaps, if necessary to protect the rights of all parties, joining the licensee with him as a plaintiff. *Gayler v. Wilder*, 10 How. 477; *Waterman v. Mackenzie*, 138 U. S. 252, 11 Sup. Ct. Rep. 384; *Paper Bag Cases*, 105 U. S. 767; *Birdsell v. Shaliol*, 112 U. S. 485, 5 Sup. Ct. Rep. 244; *Oliiver v. Chemical Works*, 109 U. S. 82, 3 Sup. Ct. Rep. 61; *Littlefield v. Perry*, 21 Wall. 205; *Bogart v. Hinds*, 25 Fed. Rep. 485; *Cottle v. Kremenetz*, Id. 495; *Clement Manuf'g Co. v. Upson & Hart Co.*, 40 Fed. Rep. 473; *Game-well Fire Alarm Tel. Co. v. City of Brooklyn*, 14 Fed. Rep. 255.

Where the patentee is the infringer, the licensee may sue him in equity, and enjoin in such action the infringement. *Littlefield v. Perry*, *supra*, 223.

The thing attempted here by the California and San Jose Companies is not merely to use the name of the patentee or owner of the patent, as was done

at common law by the assignee of a chose in action. There the whole cause of action or beneficial interest was in the assignee, the assignor holding only the naked legal title, having nothing at stake but costs, and the use of his name as the plaintiff being a mere formality. Here the licensee's right forms but an insignificant fractional portion of the patentee's estate, to wit, to use and sell within a restricted area; the Brush Company still having the right to manufacture everywhere, and to sell and use everywhere, except in the restricted territory covered by the license, if such it be, to the California Electric Light Company. Hence an action by the Brush Company, or in the name of the Brush Company, puts into controversy its own interest, its own right, its monopoly privileges, in and to which, confessedly, the licensee has no right, claim, or title.

A court of equity cannot compel a party to stand against his will as a complainant in an action where his own interests and rights are involved, because another claims it to be for that other's interest that he shall do so. No authority can be found for such a proceeding. The bill filed in this case involves in the adjudication prayed for the whole interest of the Brush Company in the patent in question, including the exclusive right of that company "to make" within the territory in which the San Jose Company claims a license to use and sell. A judgment for the defendant upon this bill would bar any further proceedings by the Brush Company for the protection of its interests under the letters patent in question.

Under the ruling in *Littlefield v. Perry*, 21 Wall. 223, the head of equity jurisprudence to which the question relates is that of trustee and *cestui que trust*. Where a trustee is a necessary party to an action, he must either appear or be brought in by process. If he refuses to bring an action upon the request of the beneficiary, the latter may sue in his stead, making the trustee party defendant. It would be very unnecessary to make him a party defendant, and bring him in by process, if, by merely naming him as plaintiff, the court is vested with jurisdiction to bind him by a decree. The settled practice of chancery is against thrusting a party into an action as plaintiff against his will. *Perry, Trusts*, § 886; 2 *Lewin, Trusts*, § 853; 1 *Daniell, Ch. Pr.* 183, note; *Morgan v. Railway Co.*, 15 Fed. Rep. 56, 57. *Et vide* *Lube, Eq.* (2d Amer. Ed.) 189; *Rob. Pat.* § 1099.

The owner of the patent right, having a substantial interest in the subject-matter of this suit, distinct from the interest of his licensee, cannot be subjected to the jurisdiction of this court in respect of that interest, at the mere will of such licensee, and without his own voluntary appearance, or some process of the court duly served on him, requiring his appearance, however advantageous to the special interest of such licensee it may be that such jurisdiction should be taken.

The solicitors of the California Electric Light Company and of the San Jose Light & Power Company, by joining the Brush Company as a party complainant to this bill, and by assuming to sign the bill as solicitors also of the Brush Company, conclusively commit the Brush Company to every averment of the bill, and conclusively authorize this court to adjudicate accordingly. To say that such authority to the solicitors of the California Company is to be implied from the nature of the transaction between the parties is only to beg the question. An inquiry into the nature of the transaction requires a construction of the contract, a determination of its obligation, express or implied, absolute or conditional, and then, if the authority is proved, an enforcement of the contract; but this is an adjudication of the rights of the parties to the contract, and a complete exercise of the jurisdiction of the court over the Brush Company. Clearly, such jurisdiction cannot be exercised, unless the Brush Company has been in some way subjected to the power of the court. The question, therefore, comes to this: Can the Brush Company be subjected to

the judicial power of this court as a party complainant because the solicitor of the California Company and the San Jose Company chooses to insert its name in the bill as such party?

Were the Brush Company named a defendant in the case, the court could not acquire jurisdiction over it without voluntary appearance or compulsory process; much less does the mere naming of the Brush Company as a co-complainant confer such jurisdiction.

Process is the test of jurisdiction. *Case v. Humphrey*, 6 Conn. 139; *Cole Silver Min. Co. v. Virginia & Gold Hill Water Co.*, 1 Sawy. 470.

Even had the Brush Company expressly covenanted that it would join the California Company and the San Jose Company as a co-complainant, and had thereafter refused, while it might be liable upon its covenant, the covenant would not relieve this court from issuing its process if it desired to subject the Brush Company to its jurisdiction against its consent. We know of no authority contrary to this contention. No authority, express or implied, absolute or conditional, has been shown from the Brush Company to the San Jose Company, authorizing, empowering, or directing it to join the Brush Company with it as a co-complainant in this action. There has been no undertaking on the part of the Brush Company shown to allow either the California Company or the San Jose Company to use its name in any way in any infringement suits, and the solicitor's authority even to make a party plaintiff *pro forma* must be special. 1 Daniell, Ch. Pr. 309. No authority contrary to this contention can be shown.

A licensee has no implied power to and cannot compel the owner of the patent to join with him in a suit in equity for an infringement of the patented invention; nor can the licensee, without the consent of the owner, use his name in such suit, even where the owner has covenanted to bring or to join in bringing suit. If he refuses, the remedy is, we submit, by action against him in the proper forum, either to compel specific performance, or to obtain a decree permitting the use of his name, or by action at law to recover damages for the breach of the covenant.

Covenants by the patentee licensor to protect the licensee against infringements, to maintain actions in support of the patent right, to defend all attacks made by competing, senior, or other patents, are of frequent occurrence in written licenses.

Where such covenant, clause, or stipulation is omitted from the license by the parties, it cannot be supplied by the court; the license itself being the measure of the licensee's rights. *McKay v. Smith*, 29 Fed. Rep. 295; *Emerson v. Hubbard*, 34 Fed. Rep. 327; *Ingalls v. Tice*, 14 Fed. Rep. 297; *National Rubber Co. v. Boston Rubber Shoe Co.*, 41 Fed. Rep. 50.

Even in a written license, where there is a covenant to sue infringers, the owner of the patent is not bound to protect the licensee against those who claim under adverse patents, nor does he warrant against them. *Jackson v. Allen*, 120 Mass. 77.

The rule which gives the patentee, by virtue of his ownership of the patent, control over all litigation wherein his patent, monopoly, rights, and franchise are involved or may be jeopardized, is a rule intended for his protection. Any rule short of this would place him entirely at the mercy of careless or dishonest licensees, of collusive litigation, of judgments against him, suffered by default, or it may be by fraud. Such power in the licensee would be simply ruinous to the owner of the patent. This is well indicated in *Brush-Swan Electric Light Co. v. Thomson-Houston Electric Co.*, 48 Fed. Rep. 224.

In the court below, and in the written brief filed by the learned solicitors of the California Company, it was admitted that there is no implied covenant that the licensor will protect the licensee against infringers by instituting

suits; but it was insisted that there was an implied covenant giving the licensee the right to use the name of the licensor in bringing suit, on the ground that the licensee cannot protect himself in any other way. The answer, however, to this, is that, if the licensor is not bound to protect his licensee, the latter cannot compel him indirectly to do so by using his name without his consent; and it were idle to concede, as the California Company does, that the Brush Company controls the litigation of its patent, (for it is admitted that it need not protect the licensee against infringers by instituting suits to that end unless it sees fit to do so,) if, on the other hand, the control of such litigation is nevertheless vested in the licensee, and which control it virtually would have and exercise under this implied power here claimed, to use the licensor's name in infringement suits without its consent.

Furthermore, we have shown that, if the licensee desires protection, he can stipulate for it. The owner of the patent is then to determine upon what terms it shall be granted. The exclusive licensee, under the authorities, is but at best a mere licensee, which simply means that he is licensed to do certain acts, which, if done by a stranger, would constitute the latter a trespasser. *Heap v. Hartley*, 42 Ch. Div. 461, (1889.) But there is a wide difference between the privilege of trespassing on the patent, and the right to control litigation of the patent right, to the monopoly in and to which the licensee has no claim or title. Under the decision in *Littlefield v. Perry*, as cited above, the relation of the owner of the patent to his licensee is held to be that of trustee and *cestui que trust*, and under the well-established doctrine of equity jurisprudence with reference to trusts, where the trustee refuses to institute a suit for the benefit of his beneficiary, and the latter claims the right to have such litigation begun, the *cestui que trust* can himself bring the suit in his own name, alleging the reason why, and making the trustee a defendant. In this way the rights of the *cestui que trust* are as effectually protected as though the trustee were party plaintiff; and the federal courts have held that in such a case the question of jurisdiction, as affected by residence, will be determined by looking to the relations of the parties in controversy, without regard to their positions on the record. Hence a trustee, made defendant merely because he declines to sue, will be treated as plaintiff in settling the question of jurisdiction. *Railroad Co. v. Ketchum*, 101 U. S. 289.

But this practice rests upon the power of the court to deal with those who are brought within its jurisdiction. If a trustee thus named is a necessary party, and is out of the jurisdiction, and is not before the court by appearance or process, the case cannot proceed. *Morgan v. Railway Co.*, 15 Fed. Rep. 55. It would be a very unnecessary trouble to make a party defendant, and bring him in by process, if by merely naming him as a plaintiff the court is invested with jurisdiction over him, and power to bind him by its decree. There is no practice in chancery of bringing a trustee in as plaintiff against his will. This has been attempted here by the California Company and by the San Jose Company, and that extraordinary power invoked and claimed by those two companies over the Brush Company, who is, if a trustee of a licensee, not merely such, but has rights of its own, outside of, separate, and distinct from, its licensee, and amounting to the ownership of the entire legal title to the franchise, the whole of which is imperiled by a litigation over which it not only has no control, but in respect of which it has not even been consulted, much less has it consented to bring or join in bringing. This is an attempt to deprive the patentee of his property without due process of law, and is a violation of the constitution of the United States.

There is no warrant in the decisions of any court for the exercise of such an extraordinary jurisdiction involved in this attempt of the California Com-

pany and of the San Jose Company to compel the Brush Company to stand as complainant in a chancery suit against its will, where its own rights are involved, and in which rights, admittedly, the other two complainants have no interest. The power granted by the statute to the circuit courts is to try patent suits according to the practice and principles of courts of equity, and all the principles of that jurisdiction undoubtedly apply.

The case of *Morgan v. Railway Co.*, 15 Fed. Rep. 55, lays down the broad principle that, when a *cestui que trust* comes into court with the allegation that his trustee has wrongfully refused to sue, there is an issue between him and the trustee which the court can settle only by having jurisdiction of the trustee. The same principle must apply whether the trustee be named plaintiff or defendant. To name him plaintiff without his consent can give the court no more jurisdiction to settle this question than to name him defendant without service or appearance. Hence, even conceding the California Company and the San Jose Company to be the licensees of the Brush Company, they have no implied vested right under any license to control the litigation of the patent right in the manner here attempted, by using the name of the Brush Company as a complainant with them in this action.

On the argument of this motion in the court below, the counsel for the California Company relied upon the following cases: *Wilson v. Chickering*, 14 Fed. Rep. 917; *Goodyear v. Bishop*, 2 Fish. Pat. Cas. 96; Walk. Pat. par. 400; 8 Rob. Pat. par. 938, p. 125; *Brush-Swan Electric Light Co. v. Thomson-Houston Electric Co.*, 48 Fed. Rep. 224.

Wilson v. Chickering, 14 Fed. Rep. 917. This was an action by licensee against infringer of patent for pianoforte pedals. There was a demurrer for nonjoinder of patentee, and the demurrer was sustained. Complainant claimed to be an assignee of an exclusive right to manufacture and sell. The court (Judge LOWELL) says: "He [plaintiff] has not then a statutory right to proceed alone, and I consider that the general rules of equity pleading would make the patentee a proper party to the cause." Further on the court says that the patentee is not a necessary party, his reason for this opinion being that the licensee is the only party entitled to damages. This, therefore, may have been an action at law for damages, and the discussion by Judge LOWELL of any questions not necessarily involved in that action entitles his opinion on such subjects to no weight as authority. What clearly was in Judge LOWELL's mind in regard to the right of licensee to sue was that, in case the patentee could not be brought into court, the case might proceed without him between the licensee and the infringer. His opinion as to the right of the licensee in equity to use the patentee's name in an action is *obiter dictum*, and a matter of conjecture. "Perhaps he may have that right," says the judge. This decision was made nine years ago, before the rule had been so firmly fixed that the patentee is a necessary party. In view of the decision in *Waterman v. Mackenzie*, Judge LOWELL would hardly suggest now that a suit could be brought by the licensee alone against a stranger.

Goodyear v. Bishop, 2 Fish. Pat. Cas. It does not appear distinctly from the report of this case whether the suit was originally brought by the patentee or not, and it may have been so brought.

8 Rob. Pat. par. 938. In this paragraph there is a statement to the effect that it is a part of the implied agreement between the licensor and licensee that the former will protect the latter against invasion of his rights, by instituting the necessary proceedings, but the licensee's right to sue, if the owner of the monopoly refuses, is by the same paragraph, and in the same sentence, limited to actions at law for damages. *Wilson v. Chickering, supra*, is furthermore the only authority cited by Robinson. By reference to Walk. Pat. par. 400, it will be observed that no authority, beyond the *ipse dixit* of the author, sustains the proposition he there lays down.

The principal reliance, however, of counsel on the other side, and of the circuit judge, is the case of *Brush-Swan Electric Light Co. v. Thomson-Houston Electric Co.*, 48 Fed. Rep. 225. That was an action to restrain an infringement. The bill alleges that the Brush-Swan Company is vested with the exclusive license and agency throughout a specified territory to sell the patented improvement of the Brush Company. These two companies are the complainants. The Thompson-Houston Company is the defendant, and the bill charges the defendant with an infringement of the Brush patent within the territory named in the contract of license. The Brush Company, otherwise called the Cleveland Company, neither authorized, knew of, nor consented to the filing of this bill by the Brush-Swan Company, and moved to strike out its name as a party complainant therein. The motion was resisted by the Brush-Swan Company, which claimed, as licensee of the Brush Company, a vested, absolute, implied right to use the name of its licensor as a complainant in this action, by virtue of the license contract.

The circuit court (SHIPMAN, J.) says at the very outset that the facts in this case are "peculiar." He finds the contracts between the Brush-Swan and Brush Companies to be, in their important features, contracts of agency between a manufacturer and a person who, under certain limitations, is to have certain exclusive rights in the specified territory. They establish also, in the opinion of the court, "probably a contract of license under the patent laws."

The Brush Company, the court finds, has sold out control of its stock to defendant, the Thompson-Houston Company, the admitted wrongdoer in the action. "The Thompson-Houston Company, it thus appears, owns and is in control of the Cleveland Company."

The moment that fact was found against the defendant, did not the motion of the Brush Company to dismiss become, virtually, the motion of the Thompson-Houston Company? For, if the latter owned and controlled the Cleveland (Brush) Company, the Cleveland Company's motion, *ipso facto*, became the motion of the T.-H. Co. This inference becomes an irresistible, necessary conclusion later on, as we will see from the opinion. The Brush-Swan Company, in opposing the motion, contended broadly for an absolute right as licensee for a specified territory, under all circumstances, to use the licensor's name,—a claim precisely similar to that made by the learned counsel for the California Electric Company.

The court, however, declares this question—this proposition—need not be decided. It is not involved in the controversy. Page 225. But, while avoiding the question, the court is at great pains to give its opinion against the proposition of counsel. To infer such an absolute, implied power, uncontrolled—uncontrollable—from a bare license agreement, is a large power. The licensee could compel the owner to enter into an expensive and even perilous litigation, or control the owner in a way which might be injurious to him, by compelling him to submit questions to the adjudication of a court which the best interests of the owner of the patent might rather prompt him to avoid or postpone. "There is danger," says the court, "in such a power." But, continues Judge SHIPMAN, (the substance only of the decision is here given,) the moving party here, the Brush Company, is *in pari delictu* with the defendant, for it is controlled by it, and practically stands before this court as much the admitted infringer as the T.-H. Co., over whom this court has jurisdiction; and it has been reached with process through its controlling owner and defendant,—the Thompson-Houston Company. The Cleveland Company is "really a codefendant, in view of the T.-H. Co's. controlling ownership of its stock." True, it has not come in voluntarily as a plaintiff, nor has it been reached by process as a codefendant in this action, being a resident of Ohio; but this court can exercise jurisdiction over it, notwithstand-

ing, and for this reason (that it recognizes the legal, substantial, virtual identity of the Brush Company and the T.-H. Co.) they are *alter et idem*.

Here is the keynote of the court's decision. Jurisdiction has been constructively reached over the Cleveland Company through the T.-H. Co.; and the former's motion to be dismissed is not denied on the ground that the licensee has a vested, absolute right to the use of the licensor's name in this litigation to prevent infringements, but because the Thompson-Houston Company, the defendant, owns and controls the Brush Company, the nominal coplaintiff. In form there is no difficulty in the licensor, though thus considered as a defendant, suing for its own infringement, for the Brush Company and the T.-H. Co. are separate legal entities. In substance, there is no objection to treating them in equity as identical, and the court will administer equity against the nominal plaintiff through the controlling owner, the defendant. The two are really one, and jurisdiction over one will extend to both.

Such is this Connecticut case. One proposition, however, which the court lays down, is wholly without authority, nor does the court give any authority for it, and it is certainly against the settled law. There is not even a *prima facie* right in the licensee to use the licensor's name to restrain infringements. This I assert without qualification. I defy opposing counsel to produce a single adjudicated case establishing such a principle. But inasmuch as the court is at pains not to place its decision upon this ground, but upon the ground that the moving party is really the codefendant infringing licensor, it is unnecessary to further discuss that *dictum* here to show that had the court found the T.-H. Company to be an infringing stranger,—like the defendant improvement company,—instead of virtually an infringing licensor, identified in interest with and controlling the moving party, the question of the *prima facie* right of the Brush-Swan Company to drag the Brush Company into that litigation, by using its name, as attempted by the California and San Jose Companies, must have been decided by Judge SHIPMAN adversely to the contention of the California Company here, and on the authority of the very case cited in that opinion, *Waterman v. Mackenzie*, 138 U. S. 252, 11 Sup. Ct. Rep. 334, which says:

"That any rights of the licensee must be enforced through or in the name of the owner of the patent, and perhaps, if necessary to protect the rights of all parties, joining the licensee with him as a plaintiff."

Edward P. Cole filed a separate brief for appellant.

M. M. Estee and *J. H. Miller*, (*Estee, Fitzgerald & Miller*, on the brief,) for appellees.

It is conceded that the California Electric Light Company is but a licensee. It is given "the exclusive right to use and sell, but not to manufacture," throughout the Pacific coast. Record 77. This constitutes it a licensee. *Waterman v. Mackenzie*, 138 U. S. 255, 11 Sup. Ct. Rep. 334. The Brush Company still retains the legal title to the patent. It is also conceded by all that such a licensee cannot sue alone for an infringement, but must join the owner of the legal title as a co-complainant. The law on this subject is that, in case of infringement within the territory of a licensee, an action at law must be brought in the name of the licensor for the benefit of the licensee, and not otherwise, while a suit in equity may be brought in the names of the licensor and licensee jointly. Says Mr. Justice GRAY in *Birdsell v. Shattol*, 112 U. S. 485, 5 Sup. Ct. Rep. 244: "A licensee of a patent cannot bring a suit in his own name, at law or in equity, for its infringement by a stranger. An action at law for the benefit of the licensee must be brought in the name of the patentee alone. A suit in equity may be brought by the patentee and

licensee together." *Waterman v. Mackenzie*, 138 U. S. 255, 11 Sup. Ct. Rep. 334; *Gayler v. Wilder*, 10 How. 477; *Littlefield v. Perry*, 21 Wall. 205; *Paper Bag Cases*, 105 U. S. 766.

Such being the law, it follows that, if a licensor refuses to join in a suit for infringement, and the licensee has no authority to use his name without his consent, then the licensee is without a remedy for a grievous wrong. Here, if the motion of the Brush Company prevails, and it be dismissed from the suit, then the entire suit will fall, because it cannot be maintained without the presence of the Brush Company; and the California Electric Light Company will be at the mercy of infringers, without remedy against them for invasions of its rights. In such case there would be a wrong without a remedy, a thing which equity never tolerates. Therefore we contend that such is not the law, and we state as our first proposition:

There is an agreement implied by law, in case of such a license as the one disclosed here, that the licensor will join with the licensee in suits against infringers; and if he refuses, or is inaccessible, the licensee has a right to use his name without his consent upon indemnifying him against damage.

If such be the law, then we had a perfect right to use the name of the Brush Company in this case as a co-complainant, even against its consent. That such is the law is settled both by reason and authority. In *Walker on Patents*, (pages 311, 312, § 400.) it is said:

"Licensees under patents cannot bring actions for their infringement. Where a person has received an exclusive license to use or sell, * * * all actions at law * * * must be brought in the name of the owner of the patent right, but generally for the use of the licensee; and all actions in equity must be brought by the owner * * * and the exclusive licensee, suing together as joint complainants. * * * Actions at law, brought in the name of the owner of a patent right, but actually begun by an exclusive licensee, may be maintained by the latter even against the will of the nominal plaintiff, and, where an exclusive licensee brings an action in equity in the name of himself and the owner of the patent right, that action may be maintained without the co-operation, and even against the objection, of the latter."

And so likewise Mr. Robinson, in his work on Patents, says, (volume 3, p. 125, § 938:)

"It is a part of the implied agreement between a licensor and licensee that the former will protect the latter against those wrongful invasions of his rights by instituting such proceedings as may become necessary for that purpose; and, if the legal owner of the monopoly refuses to perform this duty, or is inaccessible, the licensee may sue at law for damages in his name. A suit thus brought is under the control of the licensee, and, though the nominal plaintiff may claim indemnity against the costs and expenses of the suit, he cannot discontinue it or settle with the infringer in derogation of the rights of the real party in interest."

In *Goodyear v. Bishop*, 2 Fish. Pat. Cas. 96, an exclusive licensee brought an action in the name of the licensor to recover damages for infringement. The defendant, upon the consent of the nominal plaintiff, moved to dismiss the action. This was, in effect, a motion by the nominal plaintiff himself to dismiss, and is therefore parallel to the motion made in this case by the Brush Company. But Judge NELSON denied the motion, thereby holding directly that the licensee could use the name of the licensor even against his consent. The same doctrine had previously been announced in *Goodyear v. McBurney*, 3 Blatchf. 32. In *Wilson v. Chickering*, 14 Fed. Rep. 918, a licensee had brought suit in equity in his own name alone. The defendant demurred for want of proper parties. The court said:

"I do not, however, intend to be understood that the plaintiff will be without remedy if he cannot find the patentee, or if the latter is hostile. The

statute does not abridge the power of a court of equity to do justice to the parties before it if others who cannot be found are not absolutely necessary parties, as in this case the patentee is not. At law the plaintiff could use the name of the patentee in an action, and perhaps he may have that right in equity, under some circumstances. The bill gives no explanation of his absence; but it was said in argument that he is both out of the jurisdiction, and hostile. If so, no doubt there are methods known to a court of equity by which the suit may proceed for the benefit of the only person who is entitled to damages."

Accordingly the demurrer was sustained, with leave to file an amended bill. The trend of the decision is apparent. In our judgment, it means that the licensee had a right to join the licensor, even without his consent.

But to place the matter beyond all doubt, so far as the authority of another case is concerned, we refer the court to the case of *Brush-Swan Electric Co. v. Thomson-Houston Electric Co.*, 48 Fed. Rep. 224. There an exclusive licensee of certain territory under this same Brush patent had, in connection with this same Brush Company, brought a suit in equity for infringement. The Brush Company, for the same purpose of swindling its licensee as in the case at bar, appeared by special counsel, and made the same motion that is made here,—to be dismissed from the suit on the ground that it had been brought without its consent. The learned Judge SHIPMAN, in rendering the opinion, after adverting to the fact that the Thomson-Houston Company acquired control of the Brush Company, (which he styles the Cleveland Company,) said, among other things:

"In this case it is true that the Cleveland Company is called upon to attack the acts of its controlling owner, and in a certain sense to sue for its own infringement. Yet the two corporations are separate legal entities. One can sue the other; and it is not necessary for the licensee to sue alone, in order to prevent an absolute failure of justice. When the owner is not the infringer, and therefore cannot be made a defendant, if the licensee is to have an opportunity to assert his alleged rights, he is at a great disadvantage, unless he has the power of bringing a suit in equity in the name of the owner, though against his will. In my opinion, he has, *prima facie*, such an implied power. Whether a court of equity would permit a wanton or unjust or inequitable use of the name of the owner of the patent by the licensee of the bare right to sell within a limited territory is a question which does not apparently arise, and upon which I express no opinion. The motion is denied."

We submit that this decision disposes of the case at bar. Opposing counsel professes to find certain dissimilarities between the two cases. Upon examination, it will be found that they are puerile. They are dissimilarities as to certain details of fact which in no way affect the legal questions involved.

In this connection it may be asked why we did not make the Brush Company a party defendant. Undoubtedly it is a general rule that, where one who should be joined as a plaintiff refuses to join, he may be made a defendant on that ground, the bill alleging that he is made defendant because he refuses to join as plaintiff. If it were possible to pursue that course here, we would be only too glad to do so; but the Brush Company is an Ohio corporation, and under the act of congress of March 3, 1887, it cannot be sued in this district. It can be sued only in the district of which it is an inhabitant, and that district is in Ohio. Consequently it would be a vain and idle thing to make it a defendant, because of inability to procure legal service of process. *Wilson v. Telegraph Co.*, 34 Fed. Rep. 564; *Denton v. International Co.*, 36 Fed. Rep. 3. The Brush Company is "inaccessible" in the character of a defendant; and, in order to avert a failure of justice, equity will infer and presume a permission to use the name of that company as a complainant; otherwise, there would be a wrong without a remedy.

Henry P. Bowie, for appellant, in reply.

Counsel for appellees say: "It is also conceded by all that such a licensee cannot sue alone, but must join the owner of the legal title as a co-complainant."

Counsel err. We concede nothing of the kind in the sense claimed. The Brush Company's position on this proposition is that a mere licensee can neither sue alone nor otherwise to restrain an infringement by a stranger. The legal owner of the patent alone has that right and responsibility, and in equity he can join the licensee with him if necessary. *Waterman v. Mackenzie*.

Three decisions of the circuit courts and two text writers are cited by appellees to sustain their contention that the licensee can use the name of the owner of the patent in infringement suits. In appellant's brief these citations are shown to be without authority, unsound, and unsupported. The decisions are not by courts of last resort. They have no more weight as authority in this court than any decision of a *nisi prius* court would have in a court of appeals.

If a licensee cannot sue at law or in equity in his own name, it is because he does not own or control the legal title, and only the owner of the legal title can sue. But, if the owner of the legal title is under the dominion of the licensee with reference to such suits, the rule is an empty one, for all the licensee need do to evade it is to use the owner's name as plaintiff in the suit, as attempted here. The theory of opposing counsel seems to be that because the patentee has the right to sue, and can join the licensee with him as a coplaintiff in equity, therefore the licensee has the right to sue in equity, and join the patentee with him as a coplaintiff. But the right of the patentee to sue is statutory, and depends upon his ownership of the legal title to the monopoly. Upon what foundation this unwarranted pretension of the licensee rests, appellees have failed to show.

The books are full of instances where the licensee has braved the rule, and sued in his own name, but always to his complete confusion and disaster. In every instance he has been turned out of court. The federal courts have always sustained demurrers to complaints brought by licensees where the licensor, owner of the patent, has not joined in bringing the action. But this is the first case on record where the licensee has gone a step further, and not only sued in his own name as licensee, but also in the owner's name, without the latter's authority, consent, or knowledge; so that this court is brought face to face with the proposition: Who controls the right to litigate the patent,—the owner or the licensee? The authorities all say "the owner," whether he be patentee, assignee, or grantee. The California Company says, "the licensee." So that the incident controls the principle. The case at bar shows the danger of such a proposition. The California Company alleges its coplaintiff, the light and power company, to be a licensee of the Brush Company, and the Brush Company is made, by this use of its name, to thus affirm what has no foundation in fact.

Why imply an authority to sue in the patentee's name from a disability in the licensee to sue in his own name? The reason of the disability is that he neither owns nor controls the legal title; and yet that very disability is claimed to vest in him a greater control over the legal title than the owner himself is conceded, for under such implied power the licensee can force the owner to litigate the validity of the legal title for the benefit of the licensee, against both the will, judgment, and discretion of the owner of the monopoly. Nay, more than that; the licensee here actually excludes the owner from all control of the litigation of his own property. Aye, even more; he commits the owner of the patent, in this very litigation, conducted in its (the patentee's)

name, to allegations touching its property rights and patent interests, and makes it declare, under the sanction of Mr. Roe's oath, and in the form of a bill of complaint filed in the action, that it has licensed the San Jose Company to use the invention in the territory where the infringement is laid, and that the same unlimited control over the patent and its fate has been conferred upon this unknown, self-styled "licensee" of the Brush Company, as is claimed by the California Company.

The learned counsel for the California Company have failed to produce a single adjudicated case, either in the circuit court or in the supreme court of the United States, which lays down the proposition for which they contend, and by which they must stand or fall. No case can be found in the whole realm of jurisprudence touching patent law which decides that a licensee has the implied, absolute, indefeasible, vested power to control the litigation of the patent right. In the only case which even approaches the subject—*Brush-Swan Electric Light Co. v. Thomson-Houston Electric Co.*, 48 Fed. Rep. 224—Judge SHIPMAN distinctly declines to lay down such a proposition.

The interest conveyed to a licensee simply operates to prevent the prohibitory powers being exercised by the owner against the licensee, and that is the sole relation to the patent of the interest transferred. Rob. Pat. § 754.

Counsel recognize the propriety of the rule compelling them to make the Brush Company a defendant, and frankly say they would be "only too glad to do so" if the Brush Company were an inhabitant of this district, but that they cannot reach the company with process, as it is an inhabitant of Ohio.

This admits, what we have always claimed, that counsel have no right to act as the solicitors of the Brush Company in this action. It further admits that they have made that company a plaintiff because they could not get jurisdiction over it in this district, if made a defendant. And this "inaccessibility" of the Brush Company in this district is urged by counsel as a reason why the acts of congress requiring corporations to be sued at their domiciles should be evaded, and that this court should assume a jurisdiction over the Brush Company as a forced plaintiff, because the California is unwilling to go to Ohio, and there sue in the proper forum, if it really thinks itself wronged.

Counsel admit that this suit cannot be maintained without the presence of the Brush Company. Has that presence been secured, and jurisdiction obtained of this necessary party, by merely naming it as a plaintiff,—against its will and authority,—and will this court thereupon proceed to adjudicate its rights in its absence, and without appearance or process, because, forsooth, the appellees gladly would, but cannot, reach it by process if they made the Brush Company a defendant? This is little less than legal heterodoxy.

Counsel claim that, if the Brush Company be dismissed, there will be a wrong suffered by the appellees without a remedy afforded. But we think that, instead of a wrong without a remedy, the case is one where a right is asserted without warrant of law, and an attempt made through such unwarranted assertion to obtain dominion and control over the property of another,—by mere force of assertion,—without submitting the claim to the adjudication of a court having jurisdiction over the person against whom the claim is made.

As well assert title to realty on the strength of an alleged covenant to convey. This is not a failure of justice; it is a failure to sue in the right forum. Nor is it a wrong without a remedy, but an alleged wrong which, when properly presented in a court which has jurisdiction of the defendant Brush Company, will be adjudicated. Whether or not the California Company has the rights it now asserts against the Brush Company, and seeks to secure without trial or judgment, but by force alone of its own writ of execution, will then be determined.

There are several other extravagant positions advanced by counsel for appellees, but, in view of a recent decision of the supreme court of the United States, made since this appeal was taken, we think the whole controversy is closed, and disposed of in favor of the Brush Electric Company. The case is entitled *Pope Manuf'g Co. v. Gormully & Jeffery Manuf'g Co.*, 144 U. S. 248, 12 Sup. Ct. Rep. 641.

The question involved was whether a patentee could split up his patent into as many different parts as there are claims, and vest the legal title to those claims in as many different persons, so as to enable them to sue for an infringement? Upon the authority of *Gayler v. Wilder*, 10 How. 477, and *Waterman v. Mackenzie*, 138 U. S. 252, 11 Sup. Ct. Rep. 334, the court, in affirmance of those leading authorities, holds the interest conveyed or assigned was that of a mere license. The court says that, while the question involved in *Gayler v. Wilder* was different from the one involved in this case, "the trend of the entire opinion is to the effect that the monopoly granted by law to the patentee is for one entire thing, and that, in order to enable the assignee to sue, the assignment must convey to him the entire and unqualified monopoly which the patentee held in the territory specified, and that any assignment short of that is a mere license." The court then cites with approval the remarks of Chief Justice TANEY in *Gayler v. Wilder*, that the "legal right in the monopoly remains in the patentee, and he alone can maintain an action against a third party who commits an infringement upon it."

Before McKENNA and GILBERT, Circuit Judges, and KNOWLES, District Judge.

KNOWLES, District Judge. In this case the California Electric Light Company, which will be hereafter designated as the "California Company," and San Jose Light & Power Company, which will be hereafter called the "San Jose Company," desiring to bring an action against the Electric Improvement Company of San Jose, which will be hereafter called the "Electric Improvement Company," for an infringement of letters patent No. 219,208, for an improvement in electric arc lamps, granted to one Charles F. Brush, joined with them as a coplaintiff the Brush Electric Company, which will hereafter be called the "Brush Company." The Brush Company is the owner of said patent by virtue of an assignment from said Charles F. Brush. The Brush Company granted one William Kerr an exclusive license to use and sell, but not to manufacture, any and all inventions and devices under any and all patents owned or controlled by it, or which it might become possessed of, pertaining to dynamo electric machines, lights, lamps, carbons, and similar apparatus, for the full end of the term of such patents, and all extensions and reissues thereof, in the states of California, Oregon, Nevada, and territory, now state, of Washington. William Kerr, with the written consent of the Brush Company, assigned this license to the California Company. This contract was made with the said Brush Company when it was designated as the "Telegraph Supply Company." By an act of the legislature of Ohio, under whose statutes this corporation was created, the Telegraph Supply Company had its name changed to that of the "Brush Electric Company." On the 27th day of March, 1882, the California Company granted to a corporation known as the San Jose Brush Electric Light Company an exclusive license to use, rent, and sell

to others for use and sale, the said lamp described in said letters patent No. 219,208, within the city of San Jose and the town of Santa Clara, in the state of California. Subsequently the San Jose Electric Light & Power Company was incorporated, and the said San Jose Company conveyed to it the license granted to it. After the said suit was instituted, the Brush Company came into the circuit court for the northern district of California, where the same was pending, and moved the court to dismiss the action, as far as it was concerned, on the ground that its name had been used, without its consent, and without authority or right. The California Company resisted this. The question is here presented as to the right of the California Company to use the Brush Company's name in instituting within the state of California a suit for the infringement of said letters patent. This case was before this court on a motion to dismiss the appeal of the Brush Company, pending in this court, on the ground that the order of the circuit court overruling the motion of the Brush Company to dismiss the cause as to it was not a final judgment. Upon considering the question then presented, we held that the order overruling said motion was a final judgment upon an important collateral matter, and appealable. 51 Fed. Rep. 557. What was it a final judgment upon? It was a final judgment upon the point as to the right of the California Company in such an action to join as a coplaintiff with it the Brush Company. There was some point made in the argument as to the manner in which this question should be determined, and it was intimated that the California Company should institute suit against the Brush Company in Ohio, under whose laws it was created, to determine the same. The Brush Company saw fit, however, to come into the circuit court of California, appeal to its jurisdiction, and ask to have it determined by it. It did so, and determined adversely to the Brush Company, and we are here called upon to review that judgment.

Upon the hearing of the motion to dismiss, numerous affidavits were introduced upon the point that the Brush Company had given the California Company an express permission to use its name in all suits within California, Nevada, Oregon, and Washington for an infringement of said patent. In these it appears that in one suit it had given such permission, namely, against the Electric Improvement Company of San Francisco, and also that this company owned 3,750 out of the 5,000 shares of capital stock of said Electric Improvement Company. From this fact the California Company contends that the Electric Improvement Company is but the agent or creature of the San Francisco Company, and that a permission to use the Brush Company's name in suing one included the other. While the facts are sufficient to warrant the suspicion that the former is but the agent of the latter, I do not think the evidence presented warrants the court in finding as a fact that such is the case. There is a statement in the affidavit of Roe to the effect that it was understood between the Brush Company and the California Company that all infringers on the Pacific coast should be actively and earnestly prosecuted by both the Brush Company and the California Company, and that they should join in all such actions. This was corrob-

rated by the affidavits of Kerr and Cornwall. The affidavit of N. S. Possons, who was for some years superintendent of the Brush Company, is to the effect that there was an understanding between the officers of the Brush Company that it would sustain and support the California Company in all legal or other efforts, made in court, or out of it, to defeat infringing on machinery which said California Company was using or selling under the contract made by it with said Brush Company. The facts out of which any understanding arose with the California Company and the Brush Company should have been stated. Whether or not there was any such an understanding was the very point at issue, and it was for the court, under the evidence, to determine whether such an understanding had been reached, and not for the witness. A witness cannot testify to a conclusion of law. Whart. Ev. 507. As a rule, witnesses must state facts, and not draw conclusions from the evidence, or give opinions. Id. 510, and note. The question did not require the opinion of an expert. Hence the witness had no right to state the conclusions he reached from the evidence. The evidence of Possons does not go to the point of any agreement between these companies. The officers of the Brush Company may have agreed among themselves to the effect stated, but this would not prove any agreement between the said two companies. After reviewing the evidence, we cannot find that there was any express agreement entered into between the California Company and the Brush Company to the effect that the former might use the name of the latter in suits for infringements of said letters patent, instituted within the states named in the license to it. The burden of proof was upon the California Company to establish this fact. Was there any implied agreement to that effect arising out of the contract of license between the two companies, and the relations thereby created between them? As I have stated, the grant was of the exclusive right to use and sell within the states named. This, under the authorities, was perhaps nothing more or less than a license. Walk. Pat. § 296; *Hamilton v. Kingsbury*, 17 Blatchf. 264-270; *Waterman v. Mackenzie*, 138 U. S. 252, 11 Sup. Ct. Rep. 334.

There is no foundation for the claim of appellant that the contract between said companies amounted only to the constituting of the California Company the agent for the selling of the Brush Company's devices and machines, which agency might be revoked or modified by the Brush Company, its principal, at any time. The affidavits of Potter, Leggett, and Stockley, as to the intent of the contract with Kerr, and hence with the California Company, made August 2, 1879, are subject to the same criticism passed above upon the affidavit of Roe. It was not for them, but the court, to say what was the intent of the parties to that contract. This the court should determine from the language thereof, if possible. The exclusive right granted to a person other than the patentee to use and sell a patented device within a named district of country excludes the owner of the letters patent from selling the same or using the same in that region. A licensee does not use or sell in the name of the owner of the patent, but in his own name, and for his own benefit. Having

an exclusive license to use and sell; no one has a right to use or sell in the country of such a licensee.

It will thus be seen that the licensee in this case received very important rights by virtue of its grant. If it cannot use the name of its licensor in an action to protect its rights against an infringement of the patented device or improvement it has the exclusive right to use and sell, we have a case of a person possessing important rights with no legal power to protect them; for a licensee cannot sue in his own name for an infringement of the patent concerning which he has a license. *Gayler v. Wilder*, 10 How. 477; *Waterman v. Mackenzie*, 138 U. S. 252, 11 Sup. Ct. Rep. 334. "When a person grants anything to another he impliedly grants him the means of enjoying it." 2 Washb. Real Prop. 302. The sale of personal property located upon the land of the vendor impliedly grants to the vendee the right to enter upon the land in order that he may take possession of and remove this property purchased. *Rogers v. Cox*, 96 Ind. 157. These rules of law were established by courts to the end that justice should be subserved. The assignment of a chose in action at common law was considered to be in the nature of a declaration of trust, the assignor holding the legal title for the benefit of the assignee. 2 Bl. Comm. 442. In *Littlefield v. Perry*, 21 Wall. 205-223, the supreme court held that a patentee retained the legal title in trust for his licensee. The right of an assignee of a chose in action to sue the debtor grew out of an express or implied contract to that effect. At common law the assignment of a chose in action was accompanied by an agreement that the assignee should have the right to sue, in the name of the assignor, the debtor. 2 Bl. Comm. 442. It is well known that it was not usual to reduce this agreement to writing, and that it was an implied, rather than express, agreement, as a rule. An implied agreement or contract is "such as reason and justice dictate, and which, therefore, the law presumes that every man undertakes to perform." Id. 443. We find that in certain cases the licensee makes with the licensor an express contract to the effect that he may use the name of the licensor in suits for an infringement of a patent concerning which he has a license, in order that his rights may be protected. In one of the briefs of appellant this agreement is spoken of as one of frequent occurrence. This matter of using the name of the owner of a patent by the licensee is a right, then, resting in contract. In speaking of the power of a licensee to seek redress for a wrong inflicted upon him by the infringement of the patent concerning which he has a license, the language of the courts generally is that he cannot sue, in his own name, an infringer. This would imply that he might sue in the name of the legal owner of the patent for that purpose. This is about the same language as was used at common law in regard to an assignee of a chose in action. He could not sue the debtor in his own name, but he could use the name of the assignor in bringing an action against the debtor without the assignor's consent. *Welch v. Mandeville*, 1 Wheat. 233. In the case of *Littlefield v. Perry*, *supra*, the supreme court did not hesitate to maintain an action in the name of the licensee for an infringement of a patent, where

the patentee was the infringer. In the case of *Waterman v. Mackenzie*, 138 U. S. 252, 11 Sup. Ct. Rep. 334, the supreme court held that a licensee might sue in his own name when it was necessary to prevent an absolute failure of justice. This is the effect, I take it, of the language of the court, there used.

These cases show how far courts have been willing to go in this matter to subserve the ends of justice. The Brush Company, being an Ohio corporation, can be sued only in that state, and hence could not be made a party defendant in this suit. Unless the California Company can use the name of the Brush Company herein, it has no means of protecting its rights. I think the same reasons that induced courts to hold that a grant gives the right to enjoy the thing granted, that implies a license to enter upon the lands of another to remove personal property thereon which the landowner has sold, and that implies a contract on the part of the assignor of a chose in action that the assignee may use his name in a suit thereon, should induce courts to hold, in a case like the one at bar, that there is an implied contract on the part of the owner of a patent, conveying an exclusive license, that the licensee should have the right to use his name in order that he may protect his rights. The appellant urges that the same rule should not apply in this case as in a chose in action, because the assignee of such an obligation receives the whole beneficial interest in the same. I cannot see, however, why the rights of an exclusive licensee, having as extensive interests as those of the California Company, should not be protected in law, as well as the assignee of a chose in action, and why the law would not imply the right to use the name of the grantor or assignor in one case as well as the other. The same considerations that induced courts to hold that such a contract was implied in one would apply to the other. In some cases it is held that in a suit in equity against an infringer an exclusive licensee and the patentee must both be made parties. *Hammond v. Hunt*, 4 Ban. & A. 111; *Huber v. Sanitary Depot*, 34 Fed. Rep. 752. If the right did not rest in contract to make the patentee a party plaintiff in such a suit, a licensee such as the California Company would be powerless, because the Brush Company could not, as I have stated, be made a party defendant, being without the jurisdiction of the court. Reason and justice would dictate that, under such circumstances, the law should imply or presume such a contract between the parties. As far as I have been able to ascertain, it has been always held, whenever the question has been presented, that an exclusive licensee has the right to use the name of the owner of the legal title to the patent in suits to protect his rights. In the case of *Goodyear v. Bishop*, 4 Blatchf. 438, NELSON, J., held that, where a suit was brought at law against an infringer in the name of the owner of a legal title to the patent, for the benefit of the licensee, a motion, made with the consent of the owner of the patent, to dismiss the action, could not be sustained, and the same was overruled. Appellant affirms that in this case there was an express contract that the licensee might use the name of the owner of the patent. This is not the language of the contract referred

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to in that decision. It was that the owner was to sue infringers, not that the licensee might use his name. If such was the language of the contract, this would show, however, that this right was the subject of contract; and, where a matter is the subject of contract, there may arise from circumstances an implied contract, which will be as binding as an express contract. In the case of *Brush-Swan Electric Light Co. v. Thomson-Houston Electric Co.*, 48 Fed. Rep. 224, it was held by Judge SHIPMAN that a licensee, whenever necessary to assert his rights, has *prima facie* an implied power to use the name of the owner of a patent in which he has a license in any action against an infringer for that purpose. It is contended because the court found in that case that the Thomson-Houston Company had a controlling amount of the capital stock of the Brush Electric Company, that therefore this latter company was a party to the action, and that Judge SHIPMAN in effect so held. I think this is a mistake. While the learned judge says that really the Brush Company was a codefendant with the Thomson-Houston Company in the suit, I do not suppose he really meant this as a matter of law in that case, for he says in the next sentence: "But, being a resident of Ohio, it cannot be served with process as a codefendant in this suit." What he did mean, I apprehend, was that the Brush Company was in such a condition that, if service could be made upon it, that company would be a codefendant. The case should be considered, however, in view of the issue presented. The Brush-Swan Company brought an action against the Thomson-Houston Electric Company for an infringement of the very patent presented in this case. In this action it joined with it the Brush Company as a coplaintiff, without its consent. The Brush Company, as in this case, came into court, and moved to strike out its name as a party complainant, because the bill had been filed without its consent or authority. This motion the court denied. This motion was not denied because the Brush Company was already a defendant in the case, but because the Brush-Swan Company had, under the circumstances, the implied power to use against its will the Brush Company's name in such a suit against the Thomson-Houston Company. It would not be a very satisfactory reason to assign for refusing to strike out the Brush Company's name as a plaintiff that it was a codefendant with the Thomson-Houston Company in the same case already, and I do not understand the learned judge to so decide. The case is one fully in point in this case. The Brush Company would undoubtedly have the right to be protected from any costs that might be adjudged against it, or incurred in the management of the suit in question. The court, upon proper motion, would without doubt compel this protection. The usual practice is in such cases to require a sufficient bond of indemnity. Under such conditions there would be an implied contract on the part of the Brush Company to permit the use of its name by the California Company in the suit at bar.

It is contended by the Brush Company that, it not in fact owning the title to the patent, and it not having been obtained at the time the Brush Company, under the name of the Telegraph Supply Company, made

its contract of license with William Kerr, the assignee of the California Company, therefore nothing in fact passed by that contract; that it should be treated as a sale of personal property that was not in existence. But an assignment of a patent is good if made before the patent is actually obtained. *Gayler v. Wilder*, 10 How. 477. The same doctrine is affirmed in *Littlefield v. Perry*, *supra*. In this case, although the patent had not been obtained at the time of the granting of the license, it was afterwards obtained, and the Brush Company became the owner thereof. The California Company has been, with the knowledge of the Brush Company, conducting an extensive business pertaining to the patent named, relying upon its license to use and sell the same. According to the affidavit of Roe, the California Company has expended in the electric light business in the city of San Francisco, \$892,531.31. It has purchased from the Brush Company electrical apparatus for which it has paid said company \$688,741. It has and is conducting an extensive business in such apparatus within the states named in its contract of license, and has sold to very many other companies such apparatus. The two companies have acted and conducted business since the Brush Company became the owner of the patent named, up to the present time, upon the theory and basis that the license granted was valid. This is emphasized in the letters of the Brush Company to the California Company in regard to the suit against the Electric Improvement Company of San Francisco. The Brush Company, in writing to the California Company about the same, calls it "your suit," namely, the California Company's suit. The California Company is required to pay the expenses of the attorneys the Brush Company sends to try the same. Many things more might be stated as to what these letters disclose upon this point. There can be no doubt but that the Brush Company considered and treated the California Company as its exclusive licensee to use and vend said patented device. In the terms of the grant of license it was contemplated that the license should extend to any patents which the Brush Company should thereafter acquire pertaining to dynamo electric machines, lamps, carbons, and similar apparatus. Under such circumstances, the Brush Company should be estopped to deny the validity of the license granted the California Company on the ground that it did not own said patent, or that it had no existence at the time the grant of license was made, or on the ground that it had no authority at that date to grant the license. To hold otherwise would work a most extensive fraud upon the California Company. The sale of a patent right contains an implied warranty as to title, and an after-acquired title obtained by the vendor inures to the vendee. *Faulks v. Kamp*, 3 Fed. Rep. 898; *Curran v. Burdsall*, 20 Fed. Rep. 835. In the case of *Gottfried v. Miller*, 104 U. S. 520, the supreme court applied this doctrine to a case where the purchaser of a machine had only a license to use it. The same rule that applies to estoppels where a vendor of a title in fee to land subsequently acquires the full title, which he did not possess at the time of sale, applies to cases of the sale of patents, according to said case. The rule in such cases would fully cover the

case at bar, and maintain the title of the California Company by way of estoppel. *Smith v. Sheeley*, 12 Wall. 358.

The Brush Company claims that the California Company has assigned all its rights in the license in the city of San Jose and town of Santa Clara to the San Jose Company, and that, as this action is for an infringement on the said patent in those places, the California Company has no interest in this suit; hence it has no right to use the name of the Brush Company therein. Again, the Brush Company urges that the California Company had no right to divide its license into parts, and assign a part to the said San Jose Company. These two positions are inconsistent. I think the latter position is the correct one. Unless there is a manifest intent in the contract of license that the licensee is to have the power to divide up his license into parts, and assign such parts in severalty, no such right exists. Walk. Pat. § 310. As a general rule, it may be said that a license is not divisible. This contract should be construed with reference to this characteristic of this class of rights. Considering this, and I think the term "assigns," as used in the license under consideration in this case, must be construed as the right to assign the license as an entirety, and not in parts. This question was considered in the case of *Brooks v. Byam*, 2 Story, 525, and there it was held that the word "assigns" in a license must be so construed where it did not clearly appear that there was an intention manifested in the contract of license to establish a different rule. The assignment to the San Jose Company, then, was without authority, and the rights of the California Company in San Jose and Santa Clara still remain with it. The fact that it has undertaken to make an assignment which it had no authority to make will not work any forfeiture of its rights. There is no stipulation in the contract of license that any such action shall work a forfeiture of the rights granted by it. Under such circumstances, there is no forfeiture. Walk. Pat. § 308; *Purifier Co. v. Wolf*, 28 Fed. Rep. 814.

There is some claim by the California Company that the San Jose Company is an agent which it has created, or caused to be created, with a view of extending the business of the sale of the lamps named in the patent. If so, I do not see that it is a necessary party to this action. While it may be true that the San Jose Company is not a proper party to this action, yet I do not see how this fact can prevent the California Company from exercising its right to join with it therein the Brush Company. For the reasons assigned we hold that the judgment of the court below was correct, and should be affirmed, and it is so ordered.

BRUSH ELECTRIC Co. *et al.* v. ELECTRIC IMP. Co.

(Circuit Court, N. D. California. October 3, 1892.)

No. 10,764.

1. PATENTS FOR INVENTIONS—PIONEER INVENTOR—ELECTRIC LAMPS.

Letters patent No. 219,208, issued September 2, 1879, to Charles F. Brush, for an electric lamp having two or more pairs of carbons, in combination with mechanism constructed to separate the pairs dissimultaneously or successively, thus producing a steady light for a long period of time, cover a pioneer invention, and are entitled to a liberal construction.

2. SAME—LIMITATION OF CLAIMS—PRIOR ART.

The invention was not a mere improvement or modification of the single-carbon lamp previously invented by Brush, nor was there anything to limit the scope thereof in the prior state of the art, either generally or as shown in the patent to M. Day, Jr., the French patent to Denayrouse, or the patented Jablochhoff candle. *Brush Electric Co. v. Ft. Wayne Electric Light Co.*, 40 Fed. Rep. 833, and *Brush Electric Co. v. Western Electric Light & Power Co.*, 48 Fed. Rep. 536, followed.

3. SAME—FUNCTIONAL CLAIMS.

The fact that the claims purport to cover broadly all forms of mechanism constructed to separate the two or more sets of carbons dissimultaneously or successively does not render the patent void as being for a function or result, since particular means are described in the specifications and referred to in the claims; and the patent covers such means or their substantial equivalents. *Brush Electric Co. v. Ft. Wayne Electric Light Co.*, 40 Fed. Rep. 833, and *Brush Electric Co. v. Western Electric Light & Power Co.*, 48 Fed. Rep. 536, followed. *O'Reilly v. Morse*, 15 How. 62, distinguished.

4. SAME—ABANDONMENT.

No limitation was placed upon the Brush patent by the fact that his claims, as first presented, were rejected as functional, and that the language was twice slightly changed, for the file wrapper shows that there was no change in the essential features of the claims, and that the patent office, after a contest, finally yielded to the patentee's views.

5. SAME—INFRINGEMENT.

The Brush patent is infringed by the lamp made under letters patent No. 480,722, issued June 24, 1890, to James J. Wood, in which the pairs of carbons are separated dissimultaneously or successively, notwithstanding the fact that this result is accomplished in the Brush lamp by a clutching device, operated directly by the electrical current, while in the Wood lamp it is produced by the interposition of clock mechanism, which is brought into action and controlled by the current.

In Equity. Suit by the California Electric Company (licensee of the Brush Electric Company) and others against the Electric Improvement Company, the Brush Electric Company being joined as a plaintiff. A preliminary injunction was granted. 45 Fed. Rep. 241. Decree for complainants.

M. M. Estee, J. H. Miller, and L. L. Leggett, for complainants.

W. F. Herrin and R. S. Taylor, for respondent.

HAWLEY, District Judge. This is a suit in equity for the infringement of letters patent No. 219,208, granted to Charles F. Brush, September 2, 1879, for an improvement in electric arc lamps. The Brush Electric Company is the owner of the legal title of said patent, and the