

patents the complainant has always paid him the royalties secured by the license agreement with the original owners, among them the royalties on all machines made by complainant and sold in foreign countries; and that the defendant, in violation of the complainant's exclusive rights, has made and sold machines containing the patented inventions in England, France, and Germany, and threatens to continue so to do. The prayer for relief is for an injunction and an accounting.

Upon the hearing of the motion there seemed to be reason to doubt whether the suit was not founded on the breach of contract between complainant and the original owners of the patents set forth, to which McCormick and his licensee, the defendant, had subsequently become parties. But an examination of the bill shows that neither McCormick nor the defendant has assumed any contract obligation to the complainant, and, notwithstanding what has taken place between the original owners and McCormick, and between McCormick and the complainant, and between McCormick and the defendant, upon the facts set forth the cause of action is the ordinary one for infringement of a patent, in which the complainant must establish his right in the usual way, and to which the defendant is at liberty to interpose all the defenses which exist in an infringement suit. It is in no sense a suit to enforce a contract, either specifically or by enjoining a breach. It follows that the jurisdiction of this court is not founded "only on the fact that the suit is between citizens of different states," within the terms of section 1 of the act of congress of March 3, 1887. Jurisdiction is also founded on the fact that the suit arises under the laws of the United States. The defendant, as a corporation of the state of Illinois, is not amenable in such a suit to the process of this court. *Shaw v. Mining Co.*, 145 U. S. 444, 12 Sup. Ct. Rep. 935.

Injunction refused.

ADRIANCE, PLATT & CO. v. McCORMICK HARVESTING MACH.
CO. et al.

(Circuit Court, N. D. Illinois. March 24, 1893.)

1. PATENTS FOR INVENTIONS—INFRINGEMENT SUITS—PARTIES.

A licensee may prosecute in his own name suit for infringement of a patent where the defendant is the owner of the legal title to the patent; citing *Littlefield v. Perry*, 21 Wall. 205.

2. CONTRACT—CONSTRUCTION OF—AMBIGUITY.

It is only a latent ambiguity, which may be explained by evidence aliunde. Doubts apparent upon the face of an instrument must be resolved by the court, resorting, if necessary, to the rule that a grant expressed in doubtful words shall be construed most strongly against the grantor.

3. PATENTS FOR INVENTIONS—LICENSE FOR SALE IN FOREIGN COUNTRIES.

In addition to the grant of an exclusive license to manufacture and sell in certain specified parts of the United States, the license in this case contained the following clause: "And, so far as we can control the same, the exclusive right to build harvesters and binders, under the rights herein granted, for sale in Europe, Australia, and South America." *Held* that, fairly and reasonably construed, this language conferred upon the licensee

an exclusive right to manufacture within the United States, for sale in the foreign countries named, and hence that an injunction should issue against the parties manufacturing in the United States outside the territorial limits covered by the license to restrain them from manufacturing for such foreign trade.

4. INJUNCTIONS ORDERED.

In this case the court finds that complainant is entitled to a preliminary injunction to restrain infringement of 16 patents issued to James R. Severance for improvements in harvesters and binders.

In Equity. Bill by Adriance, Platt & Co. against the McCormick Harvesting Machine Company and others for infringement of certain patents. On motion for preliminary injunction. Granted.

Banning, Banning & Payson, for complainant.
Robert H. Parkinson, for defendants.

WOODS, Circuit Judge. The bill shows that 16 letters patent of the United States for improvements on harvesters and binders had been issued to one Severance, the inventor; that Severance had conveyed a two-thirds interest to Adsit and Baldwin; that they three, being owners of all the patents, granted to the complainant, an incorporated company, upon condition of the payment of a royalty of five dollars upon each machine made and sold, the exclusive right to make, use, and vend the inventions in specified parts of the United States, and also, so far as they could control the same, the exclusive right to build the patented machines for sale in Europe, Australia, and South America; that thereafter Severance, Adsit, and Baldwin transferred all their right, title, and interest in the patents to the defendant McCormick, subject to the rights of the complainant; that McCormick, being the president of the defendant company, granted and conveyed the rights and interest so acquired by him to that company, subject to the rights of the complainant; that, since McCormick became owner of the patents and assignee of the contract between the complainant and Severance, Adsit, and Baldwin, the complainant has duly paid to him the royalties in that contract stipulated to be paid upon all machines sold, including machines sold in Europe; but that the defendants, in violation of the complainant's exclusive right, have made and sold machines containing the patented improvement in England, France, and Germany, and threaten to continue to do so.

There are two instruments, alleged to have been executed by Severance, Adsit, and Baldwin, under which the complainant asserts its claims; but the first of them, dated August 29, 1887, was signed only by Baldwin, and his authority to bind Adsit and Severance is questioned. Whether or not he had authority need not be considered, because that writing, it seems clear, was intended to be only a preliminary agreement, which for present purposes should be deemed to be merged in the more formal deed of November 18, 1887, which was executed by all parties concerned, and was duly recorded in the patent office at Washington. By that deed, after reciting the various patents and transfers thereof which

had been made, the owners grant to the complainant the exclusive right to make, use, and vend the inventions covered by the patents and by renewals thereof in specified parts of the United States, "and also, as far as we [the owners] can control the same, the exclusive right to build harvesters and binders under the rights herein granted for sale in Europe, Australia, and South America."

Upon a similar bill brought by the complainant against the defendant company in the United States circuit court for the northern district of New York, and which was dismissed because the defendant was not amenable to process in that state, Judge Wallace held that neither McCormick nor the defendant had "assumed any contract obligation to the complainant," and that upon the facts set forth "the cause of action is the ordinary one for infringement," to be prosecuted and defended in the usual way. 55 Fed. Rep. 287. There is here, however, no question of jurisdiction; and it is not necessary to consider whether or not the defendants, by taking title to the patents subject to complainant's rights, and by taking an assignment of complainant's obligation to pay royalties, and by receiving payment thereof from the complainant, notwithstanding they have assumed no contract obligation, are estopped to deny the validity of the patents, or complainant's rights thereunder. Familiar analogies may be found in the sales of property, real or personal, subject to the rights of third parties. But here the defendants have made no question of the validity of the patents or of complainant's right, except disputing the scope of the grant under which they are asserted, and do not deny having made in the United States, for sale in Europe, machines covered by some of the patents, and avow their purpose to continue so to do. They concede to the complainant, in connection with its exclusive right to manufacture and sell within the territorial limits of its grant in the United States, the right within those limits, exclusive therein, to manufacture for sale in the foreign countries named; but claim for themselves, in connection with their exclusive right to manufacture and sell in other parts of the United States, a corresponding right therein to manufacture for sale in the same foreign countries. The complainant, on the other hand, insists that the right given it to build machines under the patents for sale abroad is exclusive, not in respect to the territory in this country in which it may build machines for foreign sale, but in respect to the countries in which the sales may be made.

One of the defendants being the owner of the patents sued on, the complainant, though only a licensee, may prosecute the suit in its own name. *Littlefield v. Perry*, 21 Wall. 205.

Affidavits have been presented on either side, to aid or control the interpretation of the grant in question, but they are not deemed admissible. It is a latent ambiguity, which may be explained by evidence aliunde. Doubts apparent upon the face of an instrument must be resolved by the court, resorting, if necessary, to the rule that a grant expressed in doubtful words shall be construed most strongly against the grantor, whose words they are. Fairly