

ticular charges or defenses, relied upon, that he may be prepared to meet the particular matter, and be not taken by surprise. Here the appellant—so far as respects the interlocutory decree—was not only fully apprised of the position of its opponent, but by its answer and stipulation conceded the facts charged, and objected only to the decree that in rendering such judgment the court erred through failure to understand the operations of the Dalton machine, asserted to anticipate the invention of the appellee. While, therefore, the bill did not, in the view of strict pleading, present the issue of a former recovery, because it did not allege what did not at the time exist,—the formal final decree,—still when that final decree was offered in evidence it was properly allowed, and should be considered, unless proper objection was made to its reception upon the particular ground that it had not been pleaded. *Walsh v. Colclough*, (7th Circuit,) 9 U. S. App. —, — C. C. A. —, 56 Fed. Rep. 778. It was incumbent upon the appellant by fit objection at the time, or by subsequent motion to expunge, to have informed its opponent of the precise ground of objection. The objection could then have been obviated by amendment to the bill, or by proper supplemental pleading. It is too late to urge such objection for the first time upon an appeal.

It is to be further observed that the record of the final decree was introduced in evidence upon the consent of the appellant. The language of the stipulation is: "The defendant, though not appearing, consented in writing to the introduction of said proofs in so far as the same are material." The stipulation covers four distinct matters allowed in evidence without other objection than that stated. The evident meaning of the stipulation is that the matters offered should all be received in evidence, subject only to the question of their bearing upon the merits of the controversy. It was a waiver, in our opinion, of all formal objection. "Materiality" means "the property of substantial importance or influence, especially, as distinguished from formal requirement," (Bouvier;) "substantial, as opposed to formal," (Johnson.) It is clear to our minds that the only reservation made in the stipulation was the question of the influence of the evidence upon the controversy between the parties,—whether the evidence tendered was of substance as affecting the matter in dispute. The stipulation ignores all formal requirements, all technical objections with respect to pleading. We conclude, therefore, that the final decree is properly in evidence, and should be considered, and given its proper effect.

3. We are of opinion that the third objection, that the bar of a former recovery has been waived, is not tenable. All that remained to give full and final effect to the interlocutory decree of May 23, 1888, was the ascertainment of the damages, and the formal entry of final decree. This bill was filed June 11, 1888. On the 25th September, 1889, the parties stipulated that in the suit in the southern district of Iowa the master should report that the complainant (the appellee here) had brought suit against the manufacturer (the appellant here) of the infringing machines

in controversy in that suit, "electing to recover in full of said manufacturer all profits and damages arising from the sales by the defendant herein, as well as other profits and damages, and for that reason will offer no proof of profits and damages in the cause;" and that the master should report nominal damages against the defendant there, which was done. The stipulation further provided that the action of the court upon such report "shall not be claimed by said David Bradley Manufacturing Co. to be a bar to the recovery by the Eagle Manufacturing Co. of the said David Bradley Manufacturing Co. of all damages and profits, if any, arising from the sale of the cultivator by the said David Bradley & Co. in violation of the letters patent 242,497, to E. A. Wright, and by him assigned to the Eagle Manufacturing Co." We cannot perceive that this stipulation has legal effect to waive the conclusiveness of the Iowa decree upon the validity of the patent and its infringement. The interlocutory decree had determined those questions; conclusively so when by final decree the matter was no longer at large. That would result, whatever the quantum of damages awarded. In the light of the situation of the parties at the time, the object and force of the stipulation is obvious. The validity of the patent, and its infringement, had been contested and determined against the agents of the appellant for the sale of its machines. The appellant had assumed the defense of that suit, and was defeated. It was, equally with its agents, the defendant in that suit, liable for all damages sustained. If the nominal defendant had ignorantly infringed, being employed to do it, there was a certain equity that only nominal damages should be exacted, reserving to the appellee recourse to the more guilty infringer, the manufacturer. The appellant had, immediately upon the rendering of the interlocutory decree, instituted this suit to recover damages of the manufacturer for all damages sustained, whether by reason of the manufacture and sale of the machines in that suit adjudged to infringe or of others. It was but just, under such circumstances, that substantial damages should be sought of the guilty manufacturer, rather than of a possibly innocent agent. Such proceeding was also in the way of economy in litigation. It was assumed that that course could be safely pursued, if by stipulation the manufacturer would waive the bar of a decree entered for nominal damages, and permit a recovery to be sought in this suit for the actual damages sustained by reason of the manufacture and sale of the infringing machines involved in that suit. The stipulation speaks that object and no other. It contains no intimation that the decree should be at large with respect to the more important matter thereby put at rest,—the validity of the patent. There is not any waiver of the bar of the decree in that respect. Nor does the record disclose to us any such purpose or intent. We cannot do violence to the plain language of the stipulation by importing into the agreement a stipulation not contained in it, nor authorized by the condition of the parties. It seems to us incredible that the appellee should release all the fruits of its victory without motive or apparent reason therefor. The stipulation in express terms

limits the release of the bar of the decree to the subject of damages, and is a release by the appellant. In no way did the appellee waive any claim with respect to the effect of the decree.

Nor do we see in the fact that testimony was taken in this suit touching the validity of the patent any reason to declare a waiver. Until final decree there was no *res adjudicata*. All such evidence was taken before the final decree of October 15, 1889, in the Iowa suit. Immediately thereafter, on the 23d day of October, 1889, the final decree was admitted in evidence here by consent of the appellant, together with the stipulation containing the admission of the appellant that it had assumed and conducted the defense of that suit; and the evidence was thereupon closed. We are not prepared to say that the taking of evidence upon the issue presented by a defendant is a waiver by the complainant of the bar of a former recovery, even when well pleaded; but if it be so, the rule cannot have application before such former recovery is rendered effectual by final decree. Nor do we perceive in the circumstances of the case any action of the appellee that tended to mislead the appellant to its prejudice. The latter consented to the admission in evidence of this final decree, coupled with its admission that it had assumed the defense of the Iowa suit. That record could have no other effect in evidence than as *res adjudicata*. It had no possible function to perform save as a bar to attack upon the validity of the patent. The appellant knew, or should have known, this. It knew, or should have known, that such was the purpose in its introduction. The right of appeal was perfect in the appellant, beyond the control of its opponent. It failed to assert its right. The appellee should not, therefore, lose the benefit of the decree. The consequences must fall where they justly belong,—upon the one failing to take advantage of an absolute right.

4. It is insisted that the matter is still at large with respect to certain defenses stated to have been not involved in the former case. This contention leads to the consideration of the question of the extent of the bar of the former recovery.

In *Cromwell v. County of Sac*, 94 U. S. 351, it was ruled that there existed a difference between the effect of a judgment as a bar or estoppel against the prosecution of a second action upon the same claim or demand, and its effect as an estoppel in another action between the same parties upon a different claim or cause of action. The distinction is thus stated by Mr. Justice Field:

"In the former case, the judgment, if rendered upon the merits, constitutes an absolute bar to a subsequent action. It is a finality as to the claim or demand in controversy, concluding parties and those in privity with them, not only as to every matter which was offered and received to sustain or defeat the claim or demand, but as to any other admissible matter which might have been offered for that purpose. Thus, for example, a judgment rendered upon a promissory note is conclusive as to the validity of the instrument and the amount due upon it, although it be subsequently alleged that perfect defenses actually existed, of which no proof was offered, such as forgery, want of consideration, or payment. If such defenses were not presented in the action, and established by competent evidence, the subsequent allegation of their existence is of no legal consequence. The judgment is as conclusive, so far as future proceedings at law are concerned, as though the defenses never

existed. The language, therefore, which is so often used, that a judgment estops not only as to every ground of recovery or defense actually presented in the action, but also as to every ground which might have been presented, is strictly accurate, when applied to the demand or claim in controversy. Such demand or claim, having passed into judgment, cannot again be brought into litigation between the parties in proceedings at law upon any ground whatever. But where the second action between the same parties is upon a different claim or demand, the judgment in the prior action operates as an estoppel only as to those matters in issue or points controverted upon the determination of which the finding or verdict was rendered. In all cases, therefore, where it is sought to apply the estoppel of a judgment rendered upon one cause of action to matters arising in a suit upon a different cause of action, the inquiry must always be as to the point or question actually litigated and determined in the original action, not what might have been thus litigated and determined. Only upon such matters is the judgment conclusive in another action."

In that case *Cromwell* brought action against the county of Sac upon four bonds of the county, and four coupons for interest, attached to them. The county asserted a judgment in a prior action by one Smith upon certain earlier maturing coupons on the same bonds, and charged that *Cromwell* was at the time the owner of the coupons so sued upon, and prosecuted the action for his sole use and benefit. It was ruled in that action that the bonds were void, except in the hands of a bona fide holder for value, and, failing proof of that fact, judgment was rendered for the county. It was held that the judgment was conclusive only of the fact that the plaintiff could not recover the amount of the coupons sued for, and for the reason that he had not shown himself a bona fide holder for value, and that finding did not preclude *Cromwell* from showing in another suit, and as to bonds and coupons not therein involved, that he was a bona fide holder thereof for value.

In *Davis v. Brown*, 94 U. S. 423, two of a series of notes had passed into judgment upon the sole defense by the indorsers that they had not been legally charged as such. In a second suit upon certain other notes of the series the defense was asserted of an agreement by the plaintiff not to hold them liable for or to sue them upon their indorsements. The court held the former judgment not to be res adjudicata upon the new defense asserted to a different demand, saying by Mr. Justice Field, (page 428:)

"When a judgment is offered in evidence in a subsequent action between the same parties upon a different demand, it operates as an estoppel only upon the matter actually at issue and determined in the original action; and such matter, when not disclosed by the pleadings, must be shown by extrinsic evidence."

In *Campbell v. Rankin*, 99 U. S. 261, 263, the doctrine is thus stated by Mr. Justice Miller:

"Whatever may have been the opinion of other courts, it has been the doctrine of this court, in regard to suits on contracts, ever since the case of *Steam Packet Co. v. Sickles*, 24 How. 333, and in regard to actions affecting real estate, since *Miles v. Caldwell*, 2 Wall. 35, that whenever the same question has been in issue and tried, and judgment rendered, it is conclusive of the issue so decided in any subsequent suit between the same parties; and also, that where, from the nature of the pleadings, it would be left in doubt on what precise issue the verdict or judgment was rendered, it is competent to ascertain this by parol evidence on the second trial. The latest expression of the doctrine is found in *Cromwell v. County of Sac*, 94 U. S. 351; *Davis v. Brown*, *Id.* 423."

In *Block v. Commissioners*, 99 U. S. 686, 693, Mr. Justice Strong asserts the doctrine as follows:

"Now, that a judgment in a suit between two parties is conclusive in any other suit between them, or their privies, of every matter that was decided therein, and that was essential to the decision made, is a doctrine too familiar to need citation of authorities in its support. A few cases go further, and rule that it is conclusive of matters incidentally cognizable, if they were in fact decided. To this we do not assent. But it is certain that a judgment of a court of competent jurisdiction is everywhere conclusive evidence of every fact upon which it must necessarily have been founded."

In *Wilson v. Deen*, 121 U. S. 525, 532, 7 Sup. Ct. Rep. 1004, Mr. Justice Field restates the principle thus:

"In *Cromwell v. County of Sac*, 94 U. S. 351, we considered at much length the operation of a judgment as a bar against the prosecution of a second action upon the same demand, and as an estoppel upon the question litigated and determined in another action between the same parties upon a different demand; and we held, following in this respect a long series of decisions, that in the former case the judgment, if rendered upon the merits, is an absolute bar to a subsequent action, a finality to the demand in controversy, concluding parties and those in privity with them; and that in the latter case—that is, where the second action between the same parties is upon a different demand—the judgment in the first action operates as an estoppel as to those matters in issue, or points controverted, upon the determination of which the finding or verdict was rendered."

In *Bissell v. Spring Valley Tp.*, 124 U. S. 225, 231, 8 Sup. Ct. Rep. 495, Mr. Justice Field again restates the doctrine as held by the court in clear and unequivocal language, as follows:

"In *Cromwell v. County of Sac*, 94 U. S. 351, we drew a distinction between the effect of a judgment as a bar or estoppel against the prosecution of a second action upon the same claim or demand and its effect as an estoppel in another action between the same parties upon a different claim or demand. In the latter case—which is the one now before us—we held, following numerous decisions to that effect, that the judgment in the prior action operates as an estoppel only as to those matters in issue, or points controverted, upon the determination of which the finding or verdict was rendered. The inquiry in such case, therefore, we said, must always be as to the point or question actually litigated and determined in the original action, for only upon such matters is the judgment conclusive in another action between the parties upon a different demand. *Lumber Co. v. Buchtel*, 101 U. S. 638; *Wilson v. Deen*, 121 U. S. 525, 7 Sup. Ct. Rep. 1004."

The rule thus settled has been reiterated by the court in *Nesbit v. Independent Dist.*, 144 U. S. 610, 618, 12 Sup. Ct. Rep. 746; *Railroad Co. v. Alsbrook*, 146 U. S. 279, 302, 13 Sup. Ct. Rep. 72; *McComb v. Frink*, 149 U. S. 629, 641, 13 Sup. Ct. Rep. 993.

In the sense that the present suit is prosecuted for an infringement not involved in the prior adjudication, the demand is not the same. But that, we think, is not the proper criterion. The inquiry should be directed to the question whether the right asserted by the party as the foundation of this suit is the same right determined by the previous action; for, if the former test should prevail as the standard, a patentee could never be precluded from asserting the validity of his patent against subsequent infringements by the one who had by previous judgment obtained adjudication against its validity. The former recovery in such case would be conclusive only that the particular devices there involved did not infringe. The question of the validity of the patent

would thus forever remain at large, without conclusive determination. We are of opinion, therefore, that this suit is upon the same claim and demand, to wit, the patent that was involved and determined in the former suit. That this must be so appears clearly from an examination of the cases cited. Thus in *Wilson v. Deen*, *supra*, the lessor brought action for rental under a lease. The defense was that of fraud in procuring the lease, and judgment passed for the defendant. In another action between the same parties for rental subsequently accruing under the same lease, the former recovery was pleaded in bar, against which it was urged that the demand was not identical, and *Cromwell v. County of Sac* was invoked to sustain that position. The court, however, sustained the plea, saying of the former judgment that "it determined not merely for that case, but for all cases between the same parties, not only that there was nothing due for the rent claimed for the month of December, 1873, but that the lease itself was procured by fraud, and therefore void." The court cites with approval the case of *Gardner v. Buckbee*, 3 Cow. 120, where two notes were given upon the sale of a vessel. In an action upon one of the notes the maker pleaded fraud in the sale, and a total failure of consideration, and judgment was rendered in his favor. In an action upon the other of the notes the record of the judgment in the former suit was offered in evidence in bar of the action. The supreme court held the judgment conclusive. Instances might be multiplied of like adjudications. We deem it only necessary to refer to, without enlarging upon, the following cases: *Lumber Co. v. Buchtel*, 101 U. S. 638; *Insurance Co. v. Bangs*, 103 U. S. 780; *Elgin v. Marshall*, 106 U. S. 578, 579, 1 Sup. Ct. Rep. 484.

We are compelled, therefore, to the conviction that this suit falls within the first resolution in *Cromwell v. County of Sac*, namely, that it is a second action upon the same claim or demand, to wit, upon the claim for a monopoly granted by patent; and that the former decree, the question being necessarily involved and at issue in that cause, determines conclusively and for all time, as between the parties thereto and their privies, the validity of the patent. It can no more be made the subject of contention between them.

Nor do we apprehend the result could be different if the case could be held to fall within the second resolution of *Cromwell v. County of Sac*. If this suit can be construed to be upon a different claim or demand because the alleged infringement was in the use of machines not involved in the former suit, still the prior decree would be conclusive upon the matters at issue essential to a recovery, and actually determined in such action. The validity of the patent was there at issue. Its invalidity was claimed because, as there asserted, certain specified prior patents described the same invention, and because of prior use. The determination of the issue of invalidity was essential to any decree for the complainant in that cause, and was determined by the judgment. It is said here that the prior patent to Dalton, and prior use by Hague here asserted, was not then in issue. The Dalton patent

was distinctly passed upon by the court, and was held unavailing to defeat the invention claimed. As to the alleged prior use by Hague, it may be said that it was in the prior suit alleged by the defendant with the sanction of the present appellant that the cultivators complained of as infringing were manufactured under the letters patent to Hague of June 21, 1881. This patent was some two weeks subsequent in date to the complainant's patent, and was held to infringe. Prior use by Hague may not have been specifically alleged, but the defendant there attacked the validity of the patent because of prior use and of anticipation by other patents. It was a duty to have asserted all anticipating patents, and all prior use. The issue of the pleadings was novelty of invention. The testimony of prior use and of anticipatory patents bore upon the issue of novelty of invention. In a suit at law such issue is tendered by a plea of the general issue, and such evidence may be given thereunder upon giving a certain notice. So in a suit in equity, like defense of invalidity may be pleaded, "and proofs of the same may be given upon like notice in the answer of the defendant and with the like effect." Rev. St. § 4920. The statement so required of particular anticipating patents, and of prior use, is clearly a mere bill of particulars of evidence to establish the issue of want of novelty; not independent issues. So no new defense is here asserted. The matter charged is merely additional evidence in support of the issue presented and determined in the former suit. It was competent evidence in that suit without any statement of it in the pleading, if the objection of the statute was not timely urged. *Loom Co. v. Higgins*, 105 U. S. 580; *Zane v. Soffe*, 110 U. S. 200, 203, 3 Sup. Ct. Rep. 562. The proposed evidence comes too late to be availing. The decree of a court is not the less conclusive because a party has failed to produce all the evidence at command, or because of newly-discovered evidence. "*Expediit reipublicae ut sit finis litium.*"

The decree will be affirmed.

MOLINE PLOW CO. v. EAGLE MANUF'G CO.

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

No. 26.

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

In Equity. Bill by the Eagle Manufacturing Company against the Moline Plow Company to restrain the infringement of a patent. Complainant obtained a decree. Defendant appeals. Affirmed.

Bond, Adams & Pickard, for appellant.
George H. Christy, for appellee.

Before GRESHAM and WOODS, Circuit Judges, and JENKINS, District Judge.

JENKINS, District Judge. This case differs in no essential particulars from that of *David Bradley Manuf'g Co. v. Eagle Manuf'g Co.*, 57 Fed. Rep. 980, herewith decided. It presents the same questions, and is controlled by the same rules of law. The decree is therefore affirmed.