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TREATISE

ON

PATENT ESTATE,

COMPREHENDING

NATURE, CONDITIONS AND LIMITATIONS

OF

INTEREST IN LETTERS PATENT.

BY

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OF THE CLEVELAND BAR.

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PREFACE.

For some time past, my attention has been drawn to the following features of Patent Law, attractive in relief from its routine practice. Developed outcome of notes, thus originally made from time to time for personal reflection, is here given. The material character of the premises, and the importance of the issues, led to placing the subject-matter in this published form.

THOS. B. HALL.

Cleveland, Mar. 15, '88.

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PATENT ESTATE.

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CHAPTER I.

OBJECTS OF OUR PATENT SYSTEM.

§ 1. Constitutional Patent Clause.
§ 2. Patent Statutes.
§ 3. Judicial Construction.
§ 4. Inventions Incorporeal.

§ 1. Constitutional Patent Clause.—*a.* The patent clause of our Constitution provides for, "Congress . . . securing . . . to . . . inventors the exclusive right to their . . . discoveries". An invention etymologically means a thing come upon, while a discovery etymologically means a thing uncovered; the two expressions are synonyms in the majority of cases; although in certain distinction, an invention is a thing not previously existing but now contrived, while a discovery is a thing previously existing but now found out. The clause in question employs the one expression in speaking of the producers, and the other expression in speaking of the products; thus

using the two expressions in meaning of the same thing, and covering the broad field of what may be briefly termed inventions

b. Such inventions would seem to comprehend fruits of the brain rather than works of the hand, creations of mind in distinction from structures of matter; the clause therefore appearing to empower Congress, to secure to inventors the exclusive right to their incorporeal inventions.

§ 2. **Patent Statutes.** — The acts of Congress passed in pursuance of the Constitutional patent clause, have however used in certain instances, language which taken alone might seem to confuse certain inventions with corporeal chattels.

a. Sec. 1 of the first patent act of 1790 recited: "any person . . . have invented or discovered any useful art, manufacture, engine, machine, or device, . . . and praying that a patent may be granted therefor, . . . letters patent . . . granting . . . the sole and exclusive right and liberty of making, constructing, using and vending to others to be used, the said invention or discovery". Like language has been used throughout different

patent acts, down to and inclusive of our federal revised statutes.

b. Sec. 6 of the 1836 act recited: "any person . . . having . . . invented any . . . machine . . . and shall desire to obtain an exclusive property therein, may make application . . . and the Commissioner . . . may grant a patent therefor." It would seem on the one hand, that an inventor does not need a patent to obtain an exclusive property in a machine which he owns, let it embody or not a patentable invention of his; it would seem on the other hand, that a patent does not vest in an inventor property in a machine owned by another, even though embodying an invention patented to such inventor; and it would further seem that an exclusive property of an inventor in a machine, would not affect the right of other persons to make, use and vend like machines.

c. Sec. 4886 Rev. Sta. recites: "art, machine, manufacture or composition of matter, . . . unless the same is proved to have been abandoned, . . . a patent therefor." It would seem that such invention which may be abandoned, is not a material thing, but an incorporeal principle of construction; on the one hand,

an invention may be abandoned, and yet a machine embodying such invention may be not abandoned; on the other hand, a machine embodying an invention may be abandoned, and yet the invention be not abandoned.

d. Sec. 4888 Rev. Sta. recites: "in case of a machine, he shall explain the principle thereof, and the best mode in which he has contemplated applying that principle, so as to distinguish it from other inventions". The principle, not the machine, is apparently the invention to be explained and distinguished.

e. Sec. 4895 Rev. Sta. recites: "Patents may be granted and issued . . . to the assignee of the inventor or discoverer". The thing to be assigned is evidently not a material structure, but an incorporeal object, the intangible principle of invention.

f. Sec. 4902 Rev. Sta. recites: "invention or discovery . . . mature the same". Evidently it is not a corporeal chattel, but a mental conception, which is to be matured.

g. Sec. 4928 Rev. Sta. recites: "The benefit of the extension of a patent shall extend to the assignees and grantees of the right to use the thing patented, to the extent of their interest therein." Our Federal Supreme Court

has construed this section to mean a corporeal chattel as the thing patented, in view of the phrase being in connection with the simple right to use; distinguishing between an invention and a machine, as the latter term is ordinarily understood; and holding that such distinction obtains whenever either of the three phrases, machine, thing patented, invention or discovery, are used in connection with the exclusive right to make and vend, (§ 3, f.).

§ 3. **Judicial Construction.**—The view of our courts seems to effect, that the inventions of patents are not corporeal chattels, but incorporeal products of mind.

a. In State v. Peck, 1874, 25 O. S. 28–29, The Supreme Court of Ohio said: "The distinction between the word 'machine', and the words . . . patented invention . . . is so obvious that neither argument nor illustration is necessary to establish it. To construe the phrases . . . 'patented invention', and 'inventions claimed to be patented', as used in the act, [Ohio State act] to mean machines manufactured, under letters patent, by the patentee or his assigns, would give to them . . . an unusual, forced and unnatural import".

b. In Patterson v. Commonwealth, 1875, 11 Bush 314, The Court of Appeals of Kentucky spoke of, "the fruits of the invention or the article made by reason of the application of the principle discovered".

c. In Hockett v. State, 1885, 105 Ind. 257, The Supreme Court of Indiana spoke of, "the tangible property brought into existence by a practical application of the discovery covered by the letters patent".

d. In McKeever v. United States, 1878, 14 Ct. of Cl. 417 & 420, The Court of Claims of the United States said: "the common law, which dealt with things tangible and material, did not recognize property in the mind-work of the inventor, and no English statute attached the legal quality of a right to an invention or created a remedy for the protection of the inventor. . . . In this country, on the contrary, our organic law recognizes in the clearest terms that mind-work which we term inventions . . . what one of the commentators on the Constitution has termed ' . . . fruits of mental labor'."

e. In P. & T. R. R. Co. v. Stimpson, 1840, 1 Whit. 309, The Supreme Court of the United States, by Mr. Justice Story, said: "The

invention may be consummated and perfect, and may be susceptible of complete description in words, a month, or even a year, before it can be embodied in any visible form, machine, or composition of matter."

f. In Wilson v. Rousseau, 1846, 1 Whit. 396, The Supreme Court of the United States, by Mr. Justice Nelson, said: "it may be said that 'the thing patented' means the invention or discovery, as held in *McClurg* v. *Kingsland* .... That is admitted, but the words, as used in the connection here found, with the right simply to use the thing patented, ... necessarily refer to the patented machine, and not to the invention; and, indeed, it is in that sense that the expression is to be understood generally throughout the Patent Law, when taken in connection with the right to use, in contradistinction to the right to make and sell. The 'thing patented' is the invention; so the machine is the thing patented; and to use the machine is to use the invention, because it is the thing invented, and in respect to which the exclusive right is secured, as is also held in *McClurg* v. *Kingsland*. The patented machine is frequently used as equivalent for the 'thing patented', as well as for the inven-

tion or discovery, and, no doubt, when found in connection with the exclusive right to make and vend, always means the right of property in the invention — the monopoly. But when in connection with the simple right to use, the exclusive right to make and vend being in another, the right to use the thing patented necessarily results in a right to use the machine, and nothing more."

g. In Smith v. Nichols, 1874, 21 Wall. 118, The Supreme Court of the United States, by Mr. Justice Swayne, said: "A patentable invention is a mental result. . . . Everything within the domain of the conception belongs to him who conceived it. The machine, process, or product is but its material reflex and embodiment. A new idea may be ingrafted upon an old invention, be distinct from the conception which preceded it, and be an improvement. In such case it is patentable."

h. In Collar Co. v. Van Dusen. 1874, 23 Wall. 563, The Supreme Court of the United States, by Mr. Justice Clifford, said: "Where a person has discovered a new and useful principle in a machine, manufacture, or composition of matter, he may employ other persons to assist in carrying out that principle".

i. In Patterson v. Kentucky, 1878, 97 U. S. 506, The Supreme Court of the United States, by Mr. Justice Harlan, said: "The right of property in the physical substance, which is the fruit of the discovery, is altogether distinct from the right in the discovery itself, . . . the tangible property which comes into existence by the application of the discovery".

j. In Webber v. Virginia, 1880, 103 U. S. 347, The Supreme Court of the United States, by Mr. Justice Field, spoke of, "the tangible property, in which the invention or discovery may be exhibited or carried into effect".

k. In Hammond v. Mason, 1875, 92 U. S. 728, The Supreme Court of the United States, by Mr. Justice Miller, said: "While it is, perhaps, not necessary to decide whether in any case a sale of an invention which is never patented carries with it anything of value, we are of opinion that the rights growing out of an *invention* may be sold".

l. In Hendrie v. Sayles, 1878, 98 U. S. 554–555, The Supreme Court of the United States, by Mr. Justice Clifford, said: "Apt words are required, where the conveyance is of an existing patent, to show that the conveyance includes more than the term specified

in the patent; but where the conveyance is of the invention, whether before or after the patent is obtained, the rule is otherwise, unless there is something in the instrument to indicate a different intention, the rule being that a conveyance of the described invention carries with it all its incidents, and all the well-considered authorities concur that the inchoate right to obtain a renewal or extension of the patent is as much an incident of the invention as the inchoate right to obtain the original patent; and if so, it follows that both are included in the instrument which conveys the described invention, without limitation or qualification."

§ 4. **Inventions Incorporeal.** — *a*. It would therefore appear that an invention is a creation of mind, and is of avail in useful art through medium of matter; and that while intangible in itself, its embodiment or effect through physical agency is subject to bodily sense. An invention, thus having existence in thought, a corporeal chattel may embody it, not constitute it.

b. It appears that the intangible products of brain-work constitute the object-matter of

our constitutional patent clause, patent statutes, patent applications, patents, and assignments of inventions. The objects of our patent system, would seem to be incorporeal inventions.

CHAPTER II.

PROPERTY RIGHT OF PATENTS.

§ 5. Sense of Justice.
§ 6. Constitutional Provision.
§ 7. Congressional Acts.
§ 8. Right in Question.
§ 9. Infringement.
§ 10. State Police.
§ 11. Right of Exclusion.
§ 12. Debarment Only.

§ 5. **Sense of Justice.**—For nearly three centuries, comprehension of justice has given to inventors qualified property right relative to their work; granted on condition precedent of prescribed procedure, whereupon defined legal right obtained. The patent provision of our constitution and legislation, is prominently based on the sense of justice developed with civilization, that an inventor should have legal claim for a limited time debarring from enjoyment the production of his brain in useful arts.

a. Kent's Com., vol. II, p. 366, recite: "It is just that . . . [inventors] should enjoy the pecuniary profits resulting from mental as well as bodily labor."

b. Story on Constitution, vol. II, § 1152, recites: "The right to useful inventions seems, with equal reason, to belong to the inventors".

c. In McKeever v. United States, 1878, 14 Ct. of Cl. 420–421, The Court of Claims of the United States said: "What immediate reasons operated upon the framers of the Constitution seem to be unknown, but it is plain that they had . . . a just conception . . . . The language of the Constitution . . . confers upon Congress the power of '*securing*' 'to inventors the *exclusive right* to their' 'discoveries'. Congress are not empowered to grant to inventors a favor, but to secure to them a right."

§ 6. **Constitutional Provision.**—Our Constitution provides, "The Congress shall have power . . . To promote the progress of . . . useful arts, by securing, for limited times, to . . . inventors the exclusive right to their . . . discoveries". Under such authority, Congress has power to vest in inventors, well founded claim, as property right, debarring their inventions from enjoyment for limited times.

§ 7. **Congressional Acts.**—Congress has from time to time defined the property right which an inventor should by patent have relative to his invention, as the exclusive right to make, use and vend the invention for limited term throughout federal territory.

a. The first patent act of 1790, sec. 1, provided for letters patent, granting, "the sole and exclusive right and liberty of making, constructing, using and vending to others to be used, the said invention or discovery".

b. The patent act of 1793, sec. 1, provided for letters patent, granting, "the full and exclusive right and liberty of making, constructing, using, and vending to others to be used, the said invention or discovery".

c. The patent act of 1836, sec. 5, provided for letters patent, granting, "the full and exclusive right and liberty of making, using, and vending to others to be used, the said invention or discovery".

d. The patent act of 1870, sec. 22, provided for letters patent, granting, "the exclusive right to make, use, and vend the said invention or discovery".

e. Rev. Sta., sec. 4884, provides for letters patent, granting, "the exclusive right to

make, use, and vend the invention or discovery".

§ 8. **Right in Question.**—*a*. In view of three independent reasons, a patent would seem not to vest the inventor with right to make, use and vend his invention; (1) our patent laws may in themselves, render unlawful the manufacture, use and sale of the invention; (2) our individual states may respectively have police laws, effective against the manufacture, use and sale of the patented invention, either in total bar or under prescribed condition; (3) the right of the inventor to make, use and vend his invention, obtains as truly in the absence of patent, as in co-existence thereof.

b. A patent would seem to be a claim in law to a qualified debarment in fact of making, using and vending an invention; or in other words, an exclusion in law of making, using and vending the invention described in the patent, for time and territory expressed. The sole difference between the rights of the inventor, respectively prior and subsequent to his patent, residing in the adjective, *exclusive*, in qualification of his right. The office of

the patent, would therefore appear to rest in the exclusion it effects, as regards making, using and vending the invention.

§ 9. **Infringement.**—Manufacture, use and sale of a certain patented invention may be unlawful, by reason of our federal statutes debarring same, in view of one or more other patents; such making, using and vending said certain patented invention, constituting or necessitating infringement of said other patents.

§ 10. **State Police.**—Manufacture, use and sale of a patented invention, may be unlawful in any or all of our states by reason of respective police statutes, prohibiting such acts either in anywise or except under tax or license. Such state statutes being within the power of a state, in the latter's control over matters within its borders; not in conflict with power delegated under our constitution to federal jurisdiction, but operative under the right of a state to regard life and property of its citizens.

a. In Patterson v. Kentucky, 1878, 97 U. S. 505 & 506, The Supreme Court of the United States, by Mr. Justice Harlan, said:

"We are of opinion that the right conferred upon the patentee and his assigns to use and vend the corporeal thing or article, brought into existence by the application of the patented discovery, must be exercised in subordination to the police regulations .... These considerations, gathered from the former decisions of this court, would seem to justify the conclusion that the right which the patentee or his assignee possesses in the property created by the application of a patented discovery must be enjoyed subject to the complete and salutary power with which the States have never parted, of . . . defining and regulating the sale and use of property within their respective limits".

b. In Webber v. Virginia, 1880, 103 U. S. 347, The Supreme Court of the United States, by Mr. Justice Field, said: "the right conferred by the patent laws of the United States to inventors . . . does not take the tangible property, in which the invention or discovery may be exhibited or carried into effect, from the operation of the tax and license laws of the State. . . . Congress never intended that the patent laws should displace the police powers of the States".

§ 11. **Right of Exclusion.**—Prior to patent, or patent application, conditions may be such that an inventor may lawfully engage in making, using and vending his invention. If not satisfied with the foregoing, he may apply for right in law to debarment in fact of making, using and vending such invention, which obtains only with patent. He therefore, cannot, by virtue of his patent, have right to make, use and vend his invention; his right to do so, being as perfect without, as with patent. The patent vests in him a claim well founded in law, debarring the invention from enjoyment as to making, using and vending; with such debarment in law, the property right of the patent seems summed up.

a. In Jordan v. Overseers, 1831, 4 Ohio, 309, The Supreme Court of Ohio said: "This leads us to consider the nature and extent of such rights as accrue from letters patent for useful discoveries. Although the inventor had, at all times, the right to enjoy the fruits of his own ingenuity in every lawful form of which its use was susceptible, yet before the enactment of the statute he had not the power of preventing others from participating in that

enjoyment to the same extent with himself; so that, however the world might derive benefit from his labors, no profits ensued to himself. . . . The sole operation of the statute is to enable him to prevent others from using the products of his labors except with his consent. But his own right of using is not enlarged or affected."

b. In Hawks v. Swett, 1875, 4 Hun. 150, The Supreme Court of New York said: "In order that we should not be misled by any false analogy, it should be noticed that letters patent for an invention confer nothing except a right to bring actions, and thereby to prevent persons from doing what they might otherwise lawfully do. [Plaintiff] . . . under her letters patent, had a right to sue any one who made stoves in a particular manner; and that was all that she had."

c. In Patterson v. Commonwealth, 1875, 11 Bush, 315–316, The Court of Appeals of Kentucky said: "The right of the appellant to sell oil is not derived from the patent laws of congress. If no patent had been issued, the right to sell this character of property would exist; and the only benefit to be derived from the patent is, that it excludes

others from selling the same kind of oil for a limited period unless authorized to do so by the patentee, with the additional right on the part of the latter to sell and transfer his patent right in the mode prescribed by the patent laws."

d. In Tod v. Wick, 1881, 36 O. S. 384, The Supreme Court of Ohio said: "From these cases, it would seem clearly to follow, that the only right which the patentee acquired by his letters patent, which he did not possess before they were granted, is the right to exclude others from a common use and enjoyment of the thing or article patented, without his consent, thereby securing to himself, for a limited period of time, a monopoly of the benefits arising from its lawful use."

e. In Celluloid Mfg. Co. v. Goodyear Dental Vulcanite Co., 1876, 2 B. & A. 342, The Circuit Court of the United States, South. Dis. New York, by Circuit Justice Hunt, said: "So far as . . . [plaintiff's] own use or manufacture [of the patented invention] is concerned, it [the corporation] needs no Act of Congress to enable it to make, use and vend the article, and it obtains no such right from Congress. The benefit of the patent law is,

that the plaintiff may prevent others from making, using or vending its invention. To itself, to its own right to make, use or vend, no right or authority is added by those statutes. When a stranger shall thus make, use or vend its manufacture, the patent laws enable it to restrain such use, and to recover damages therefor."

f. In ex parte Brosnahan, 1883, 18 Fed. Rep. 64–65, The Circuit Court of the United States, W. D. Missouri, by Circuit Justice Miller, said: "It is to be observed that no constitutional or statutory provision of the United States was, or ever has been, necessary to the right of any person to make an invention, discovery, or machine, or to use it when made, or to sell it to some one else. Such right has alwas existed, and would exist now if all patent laws were repealed. . . . The sole object and purpose of the laws which constitute the patent . . . system is . . . that no one else shall make or use or sell . . . [the inventor's] invention without his permission; and what is granted to him is the exclusive right; not the abstract right, but the right in him to the exclusion of everybody else. . . . the purposes of the patent law and

of the constitutional provision are answered when the patentee is protected against competition in the use of his invention by others".

g. In Bloomer v. McQuewan, 1852, 1 Whit. 740, The Supreme Court of the United States, by Mr. Chief Justice Taney, said: "The franchise which the patent grants consists altogether in the right to exclude everyone from making, using, or vending the thing patented, without the permission of the patentee. This is all that he obtains by the patent."

h. In Patterson v. Kentucky, 1878, 97 U. S. 503 & 506, The Supreme Court of the United States, by Mr. Justice Harlan, said: "It is true that letters-patent, pursuing the words of the statute, do. in terms, grant to the inventor, . . . the exclusive right to make, use, and vend to others his invention or discovery . . . . The right to sell the Aurora oil was not derived from the letters-patent, but it existed and could have been exercised before they were issued . . . . All which they primarily secure is the exclusive right in the discovery."

§ 12. **Debarment Only.**—*a*. It would therefore appear that on grounds, which singly or

collectively may be premised in any certain instance, a patent does not vest right to make, use and vend an invention; such grounds being, (a) existence of other patent claim, infringement of which obtains in such acts, (b) existence of state police laws against such acts, (c) inventor's right to such acts is as legal without, as with a patent.

b. Property right of patents, would seem to rest in claim in law, to debarment in fact of making, using and vending inventions.

CHAPTER III.

PROFITS OF PROPERTY RIGHT OF PATENTS.

§ 13. Property Species of Patents.

§ 14. Analogous to Shares of Stock.

§ 15. Property of Shares of Stock.

§ 16. Points of Analogy between Shares and Patents.

§ 17. Incorporeal Right Profits.

§ 18. Primary Patent Product.

§ 19. Secondary Patent Product.

§ 20. Differing Profits.

§ 21. Methods of Profit.

§ 22. Monetary Profits of Exclusion.

§ 13. **Property Species of Patents.** — Personal property may be either in possession, or in action; in possession, where the owner has the actual enjoyment of the thing which he has the right to enjoy; in action, where the owner has not the enjoyment of the thing which he has the right to enjoy. It would seem that patents, constitute a species of incorporeal personal property in action.

a. Kent's Com., vol. II, p. 351, recite: "Another very leading distinction, in respect to goods and chattels. is the distribution of

them into things in possession and things in action. The latter are personal rights not reduced to possession, but recoverable by suit at law."

b. Schouler's Personal Property, vol. I, pp. 86 & 89 respectively, recites: "Things incorporeal were designated by a word at the Roman law corresponding to our English word 'rights'." "Patent-rights . . . are a species of incorporeal personal chattels."

§ 14. **Analogous to Shares of Stock.**—The species of incorporeal personal property in action constituted by patents, is one to which the phrase is most apt, *nullum simile est idem*. It is, however, in certain sense analogous to property of a share of stock; discussion of which latter, has usually terminated in the conclusion that it is either a chose in action, or in the nature of a chose in action.

a. Williams on Personal Property, pp. 198 & 244 respectively, recites: "These species of property [shares and patents] are certainly not *choses in possession*, neither yet are they like debts strictly *choses in action*, though often classed as such." "The privileges granted by letters-patent are therefore plainly

an instance of an incorporeal kind of personal property, different in its nature from a mere *chose in action*, which never has been assignable at law."

§ 15. **Property of Shares of Stock.**—*a*. In Arnolds v. Ruggles, 1837, 1 R. I. 173–174, The Supreme Court of Rhode Island said: "We have shown that a right to a vote, as a member of the corporation, and, a right to a dividend of the profits of the concern, make all the beneficial interest, that is called a share. But these rights subsist only in law or contract. The individual invested with them, has them *in presenti*, and in virtue thereof claims things, that are not at any time all present, uniting possession with right, for all votes save one and all dividends save one must ever exist *in futuro*—a chose not in possession—a thing subject to be demanded —money payable on a future day. . . . Yet, in common parlance, we say that a man is possessed of a right, and it is a sufficiently intelligible mode of speaking; but then the meaning of the term possession must be understood to be modified by the object to which it relates. If a right be an ideal thing

merely, or something existing but in law or contract, the possession must be ideal—subsisting from law or contract. To be possessed of a share, therefore, is to be invested with the rights which constitute it . . . be they choses in action or something only in the nature of choses in action. And they must be one or the other since they exist only in law or contract."

b. In Jermain v. L. S. & M. S. R. R. Co., 1883, 91 N. Y. 492, The Court of Appeals of New York said: "A share of stock represents the interest which the shareholder has in the capital and net earnings of the corporation. The interest is of an abstract nature, that is the shareholder cannot by any act of his, nor ordinarily by any act of the law, reduce it to possesssion."

c. Angell and Ames on Corporations, sec. 560, recites: "Shares . . . bear a greater resemblance to *choses in action* . . . . They are, it is held, mere demands for dividends, as they become due, and differ from movable property, which is capable of possession and manual apprehension."

d. Field on Corporations, secs. 127 & 130 respectively, recites: "A share is a mere ideal

thing — it is no portion of matter, it is no portion of space, it is not susceptible of tangible and visible possession actual or constructive." "Certificates for stock are . . . in the nature of a *chose in action*."

e. Cook on Stock and Stock-Holders, secs. 5 & 6 respectively, recites: "A share of stock may be defined as a right which its owner has in the management, profits and ultimate assets of the corporation." "Stock . . . is rather a chose in action; or, as some older authorities declare, in the nature of a chose in action. It is, moreover, of such a nature that it cannot ordinarily, either by act of law or act of its owner, be reduced to possession."

§ 16. **Points of Analogy between Shares and Patents.** — The property of a patent, is similar to the property of a share. It is a mere ideal thing, a property existing only in legal contemplation, a claim. The owner of a patent, does not at any time have the thing which the property gives him right to have; such thing being the debarment in fact of the making, using and vending the invention, without his authority, for the patent term and throughout the patent territory, (§ 12).

The right to the enjoyment of such thing, and such enjoyment, are never co-existent; the patent owner can enjoy at the utmost, only the debarment in fact of the making, using and vending the invention without his authority, throughout the patent territory during any momentary time. Debarment in fact of the making, using and vending the invention without authority under the patent, for the balance of the patent term beyond any momentary time, must ever rest in the future; it is impossible to unite possession, with the right of possession. The debarment in fact to which the patent gives right, is a thing subject to demand, property out of possession. The patent is granted as matter of fact, irrespective of question whether at date of application therefor or grant thereof, making, using and vending the invention is, without authority of the inventor, being carried on or not. The patent is valid as matter of law, irrespective of question whether before or at date of its grant or at any date during the patent's existence, making, using and vending the invention is without authority of the patentee, being carried on or not. The property is outside of the comprehension of

possession, and is included within the sole comprehension of action; the property being a mere right, a thing existent only as a matter of law.

§ 17. **Incorporeal Right Profits.**—*a.* The consideration of incorporeal real property right, and incorporeal personal property right, together and as similar, seems good and regular; the classification of such property being established in law, and adopted in leading texts. Aside from inheritability, such incorporeal real property appears more analogous to the incorporeal personal property of a patent, than does a corporeal personal chattel; incorporeal rights being substantially a classification of property, distinct from corporeal personal or corporeal real property.

b. Incorporeal rights, may produce property in possession; advowson property, producing a presentation; share property, producing a vote, or a proportion of dividend, or a proportion of assets; patent property, producing an exclusion in fact, more or less, of the making, using and vending an invention. Incorporeal rights constitute property, consisting in right to their respective products; and do not con-

stitute property, consisting in such products. Money due, may produce money in hand; the money due, is property in action; the money in hand, is property in possession. Such property in possession, being thereby the profits of the property in action; the two differing in the difference between the right to a thing, and the right to a thing coupled with possession of such thing.

c. Blackstone's Com., book II, pp. 21 & 22 respectively, recite: "And indeed, if we would fix a clear notion of an incorporeal hereditament, we must be careful not to confound together the profits produced, and the thing, or hereditament, which produces them. An annuity, for instance, is an incorporeal hereditament; for though the money, which is the fruit or product of this annuity, is doubtless of a corporeal nature. yet the annuity itself, which produces that money, is a thing invisible, has only a mental existence, and cannot be delivered over from hand to hand. So tithes, if we consider the produce of them, as the tenth sheaf or the tenth lamb, seem to be completely corporeal; yet they are indeed incorporeal hereditaments; for they being merely a contingent springing right,

collateral to or issuing out of lands, can never be the object of sense; that casual share of the annual increase is not, till severed, capable of being shown to the eye, nor of being delivered into bodily possession." "This instance of an advowson will completely illustrate the nature of an incorporeal hereditament. . . . The advowson is the object of neither the sight, nor the touch; and yet it perpetually exists in the mind's eye, and in contemplation of law. . . . it lies dormant and unnoticed, till occasion calls it forth; when it produces a visible corporeal fruit".

§ 18. **Primary Patent Product.**—The debarment in law of making, using and vending an invention, which constitutes the property of a patent, (§ 12), produces more or less a like debarment in fact. This debarment in fact, is the primary product of a patent, and constitutes the first medium by which patent property may be recognized outside of mental contemplation. This primary product, though incorporeal and negative, yet being a debarment in fact, is more appreciable by bodily sense than is the legal abstraction that produces it. It is capable of being directly con-

verted into a secondary product, of corporeal and positive existence, in the form of money.

§ 19. **Secondary Patent Product.**—The bare debarment in fact of making, using and vending inventions, being of no consideration; our patent system would be without meaning, if contemplation rested in the abstraction of the incorporeal right and its primary product. But the view extends to the money, which such incorporeal right brings as secondary product; the matter in contemplation of our patent system being concrete, subject of law with attribute of money, incorporeal right having monetary profits. Money, as the profit of patents, gives the qualification of value to the latter, ranking them as property.

§ 20. **Differing Profits.**—*a*. Profits of patent, would seem to be distinguished from profits respectively of: (*a*) the business touching the patented invention, inasmuch as the thing which embodies such invention may have other valuable features; (*b*) the patented invention, inasmuch as the invention patented may render profits for like reason as it may render profits prior to or without patent;

(*c*) infringement of the patent, inasmuch as profits of invasion of the incorporeal right of exclusion consist of money received or saved by the wrong.

b. Profits of patent, would seem to consist of money gained by reason of the exclusion in law of the patented invention, operating as a property right; such profits being found in money realized from making, using and vending the invention, in excess of what would have been realized had there been no patent on the invention.

§ 21. **Methods of Profit.**—*a*. In instance of express license to other persons to make, use and vend the invention of the patent, the patent owner would seem to receive money by reason of the patent, in the consideration paid him by the licensee; such consideration having been paid for such license, because of the debarment in fact more or less of such acts, existing as primary product of the patent.

b. In instance of implied license to other persons to use and vend the invention of the patent, as by sale of a corporeal chattel embodying such invention, the patent owner would seem to receive money by reason of the

patent; the same being the amount received for such chattel, in excess of what would have been received in absence of the debarment more or less in fact of making, using and vending the invention.

c. In instance of the patent owner using the invention of the patent without any manner of license to other persons, the debarment more or less in fact of making, using and vending the invention, may permit him to manufacture goods at less than ordinary cost, and to receive for them the same price which obtains for goods of ordinary manufacturing cost: such monetary profit, in excess of what he would have realized in the absence of such debarment, would seem to be money received by reason of the patent.

§ 22. Monetary Profits of Exclusion. — *a*. It would therefore appear that monetary profits of a patent are developed in three independent methods; in which methods respectively, the patent owner receives from other persons, money by reason of the patent. The patent producing a certain exclusion in fact, which in turn develops money.

b. The incorporeal qualified exclusion in

law of the invention, bears fruit; which fruit in its first form, is the qualified exclusion more or less in fact of the invention; such first form of the fruit, developing final form as money.

c. The profits of a patent, would seem to consist of the moneys realized by reason of the property right, constituting the exclusion in law of making, using and vending the invention described in the patent.

CHAPTER IV.

PARTITION OF PATENTS.

§ 23. Real Property Partition at Law.
§ 24. Real Property Partition in Equity.
§ 25. Personal Property Partition at Law.
§ 26. Personal Property Partition in Equity.
§ 27. Court Construction of Personal Property Partition in Equity.
§ 28. Elementary Writers on Personal Property Partition in Equity.
§ 29. Incorporeal Right Partition in Equity.
§ 30. Position Adverse to Patent Partition.
§ 31. Real and Personal Property Partition at Law.
§ 32. Real, Personal. and Incorporeal. Property Partition in Equity.
§ 33. Partition of Personal Property Incorporeal Right.

§ 23. **Real Property Partition at Law.**—*a.* At common law, co-owners of real property could not have partition; for such estate of co-ownership being created by agreement of the parties, the law would not permit destruction of unity of possession without agreement of all.

b. By statutes of Henry VIII and William III, a co-owner of real property had a right of action against the other co-owners for partition thereof.

c. Analogous statutes have been enacted in all our states, providing for partition of real property, by procedure on the part of a co-owner.

§ 24. **Real Property Partition in Equity.** — *a*. Independent of statute, Equity has long entertained within its jurisdiction, partition of real property.

b. As a rule of administration in such partition, Equity finally assumed power to sell the property, and divide the proceeds proportionately among the co-owners; such administration taking place in instance where such procedure would give the respective co-owners a more equitable sharing of the property. Formerly, however difficult actual division of the property might be, such difficulty would not prevent division being made; but now, the equitable feature of sale is adopted universally, where the same provides a more equal distribution of the property value.

§ 25. **Personal Property Partition at Law.** — *a*. At common law, there was not partition of personal property.

b. Of our states, Alabama, Florida, Georgia, and North Carolina, have statutes which in terms provide for partition of co-owned personal property. Certain states respectively have statutes providing for partition of co-owned property, without specifying what character of property.

§ 26. **Personal Property Partition in Equity.**—*a*. Independently of the legislation of certain of our states providing for partition of personal chattels, courts of Equity of such states, early entertained jurisdiction of partition of such property. And in other of our states, which never have had statutes for partition of personal property, Equity has entertained jurisdiction of such partition.

b. The injustice of the law, as to rights and remedies between co-owners of personal property, called for this interposition of Equity. Partition therein, being administered either by actual severance of the property, or where such severance is out of question, by sale of the indivisible property, and a division of the proceeds of the sale proportionately among the co-owners.

§ 27. **Court Construction of Personal Property Partition in Equity.**—Exceptionally, a case falls outside of the general current of authority, in favor of the jurisdiction of Equity over partition of personal property.

a. In Smith v. Dunn, 1855, 27 Ala. 317, The Supreme Court of Alabama said: "Partition by tenants in common of chattels. could not be had in the common-law courts: they had to go into the courts of equity, to effect that object. . . . we hold, that a mere denial by the defendant, to a bill for partition of a slave, of title in the complainant. is, by itself, no ground for dismissing the bill".

b. In Marshall v. Crow, 1856, 29 Ala. 278, The Supreme Court of Alabama decided, as per syllabus: "A bill lies to obtain partition of personal property between tenants in common."

c. In Conover v. Earl, 1868, 26 Iowa, 170, The Supreme Court of Iowa said: "On the case made in the record, the plaintiff's remedy is . . . by . . . action for . . . partition of the chattel [a promissory note], or in equity, making the other part owners, and the debtor parties."

d. In Cooper v. Cedar Rapids, 1876, 42

Iowa, 402, The Supreme Court of Iowa said: "the Code clearly recognizes that property may be partitioned . . . , and property includes both real and personal. . . . The right [of partition] in this class of [personal] property has been recognized in Maine, Massachusetts, New York, and other states."

e. In Kerley v. Clay, 1815, 4 Bibb, 241, The Court of Appeals of Kentucky decided, as per syllabus: "A bill in equity lies to compel partition of slaves in which the complainant has a distributive share."

f. In Crapster v. Griffith, 1829, 2 Bland, 25, The High Court of Chancery of Maryland said: "A partition of personal estate can only be obtained in a Court of Equity; and if the partition cannot be made in kind, this court has the power to order a sale for the purpose of converting the individual property into money, so as to make a correct division of the proceeds of the sale." Upon appeal, the Court of Appeals of Maryland, 1831, 2 Bland, 26, affirmed the Chancellor on this ruling.

g. In Hewitt's Case, 1831, 3 Bland, 185, The High Court of Chancery of Maryland said: "nor can it be doubted, that this court

has the power to make partition of any personal property among its several owners; for indeed it has been said, that a partition of personal estate can only be enforced by a court of equity."

h. In Blood v. Blood, 1872, 110 Mass. 547, The Supreme Court of Massachusetts said: "[The bill] cannot be maintained for a sale and division of the chattels, because it does not show that . . . the tenancy in common was of such a character as to require or contemplate a sale of the chattels or termination of the tenancy, except by the consent of the parties".

i. In Gudgell v. Mead, 1843, 8 Mo. 54–55, The Supreme Court of Missouri, in re chancery bill filed for the partition of certain chattels, reversed the decree below for partition, and directed dismissal of the bill. The Court said: "It would be extremely difficult, in many cases, to make partition; many chattels are not susceptible of a division; of such, partition could only be made by allowing each owner to enjoy the chattels, for a given period, alternately. A power to sell is not incidental to the jurisdiction to make partition. If partition in kind cannot be

made, a court of equity, without the authority of statute law, cannot decree a sale. . . . From the manner in which partitions of estates in England have been made, it would seem a court of chancery could not decree a sale; otherwise, modes of partitioning estates so inconvenient as have sometimes been made by her courts of chancery, would never have been submitted to. . . . The question is not, what court has jurisdiction? but, whether a partition of things merely personal can be made at all? . . . Perhaps in analogy to the power exercised by a court of equity, when it winds up the concerns of a partnership, in decreeing a sale of the joint property, and a conversion of it into money; so would such a court, if a bill for an account was brought by one partowner against another, decree a sale of the property of whose profits an account was sought, so as to do complete justice between the parties."

j. In Tripp v. Riley, 1853, 15 Barb. 335, The Supreme Court of New York said: "The common law gave tenants in common of personal property no remedy by any legal proceeding for partition. They were compelled to resort to equity when they could

not agree upon a severance of their respective interests, and the common property was not in its nature severable."

k. In Tinney v. Stebbins, 1858, 23 Barb. 292, The Supreme Court of New York said: "Nor can any action at law be maintained by one . . . tenant in common, for the partition of personal property. But the law is not subject to the reproach that there is no remedy for the . . . tenant in common deprived of his just rights, to the possession, use or fruits of the common property. A court of equity is competent to give relief in such cases, by decreeing a partition of the property, or a sale thereof where partition is impracticable, and a division of the proceeds. The powers of a court of equity were conferred and exist, to meet just such cases, where no adequate remedy exists at common law."

l. In Andrews v. Betts, 1876, 8 Hun. 326, The Supreme Court of New York said: "a court of equity has jurisdiction to entertain an action for, and decree a partition of, personal property between tenants in common."

m. In Irwin v. King, 1845, 6 Iredell's Law, 220, The Supreme Court of North Caro-

lina said: "partition by tenants in common of chattels could not be had in common law Courts; they had to go into the Courts of Equity, to effect that object. The expense and delay in Chancery being great, the Legislature gave the County Courts Chancery jurisdiction, in the partition of slaves among tenants in common."

n. In Weeks v. Weeks, 1847, 5 Iredell's Eq. 119, The Supreme Court of North Carolina said: "The jurisdiction, therefore, [of equity] would necessarily have arisen upon the passing of the Act of 1829, giving the right of partition of slaves between two or more owners. Indeed, before that Act it had been exercised; for it was upon that ground that the bill was sustained in Jones v. Zollicoffer, N. C. T. R. 212, 2 Hawks 623".

o. In Pell v. Ball, 1845, 1 Rich. Eq. 387, The Court of Appeals in Equity of South Carolina said that prior to their Act of 1791, their Chancery Court, "exercised, also, jurisdiction in making partition of slaves".

p. In Steedman v. Weeks, 1848, 2 Strobh. 146 & 147–148, The Court of Appeals of South Carolina said: "it does not seem very material to enquire what is the character of

the complainant's estate—whether real or personal . . .. . . it is the invariable usage to resort to the jurisdiction of the Court of Equity for the partition both of real and personal property. . . . in South Carolina, interests may be severed, and the share of each ascertained and set off, [even] where the subject matter is not susceptible of division . . .. It not only secures peace but promotes industry and enterprise, that each should have his own. . . . If, in their [commissioners'] judgment, no division can be made without manifest injustice, they are at liberty to recommend a sale for the purpose, and the court will judge of the propriety of confirming such return."

q. In Smith v. Smith, 1826, 4 Rand. 102–103, The Court of Appeals of Virginia said: "no partition between tenants in common of personal estate, could be made at law. . . . therefore, . . . a Court of Equity was the proper tribunal for a partition of it." Decree: "by decreeing a portion of the slaves in question, in kind. . . . if that can be done: and if not, by directing a sale thereof, and the proceeds to be divided according to the rights of the parties".

§ 28. **Elementary Writers on Personal Property Partition in Equity.**— The jurisdiction of Equity in partition of personal property, is set down by elementary writers, as established.

a. Story's Eq. Jur., 13th ed., vol. 1, note to sec. 646, recites: "A bill may be maintained, at least in some States, for partition of personalty."

b. Schouler's Personal Property, vol. 1, pp. 202–203, recites: "No action lies at law for partition of personal property; but it would appear that a court of equity has power to decree a partition, or, if strict partition be impracticable, to order a sale and distribution of the proceeds."

c. Wait's Actions and Defenses, vol. 2, pp. 247–248, and vol. 5, p. 89, respectively, recites: "The common law gave tenants in common of personal property no remedy by any legal proceeding for partition. They were compelled to resort to equity when they could not agree upon a severance of their respective interests, and the common property was not in its nature severable." "A bill in equity may be maintained for the partition of personal property, proceedings for that purpose being unknown at common law."

d. Pomeroy's Eq. Jur., vol. 3, sec. 1391, recites: "The rules and proceedings which obtained at common law, and by statute, on the subject of partition, related exclusively to real estate. At common law the co-owner of a chattel could maintain an action respecting the common property against his co-tenant, only where a loss, destruction, or sale of the common property was provable against the defendant. . . . There was not merely an inadequacy of legal remedy, there was an utter absence of it. The situation clearly demanded the intervention of equity. And although the inception of the equitable jurisdiction for the partition of chattels is not traceable with certainty, the jurisdiction itself is unquestioned; and where a literal partition is not practicable, the court will order a sale."

e. Freeman on Co-Tenancy and Partition, sec. 426, recites: "The common law, as we have already shown, provided no means of redress in behalf of a co-tenant of personalty as against another co-tenant thereof, unless the latter had been guilty of an actual or practical conversion, or of an actual or practical destruction, of the common property.

The inattention of common law to this species of property was carried still farther. Part owners in addition to being without any legal remedy by which either could enforce a fair and equitable use and ejoyment of their common chattels, were also without any legal means of compelling partition thereof. Neither the common law nor the statutes of Henry VIII, nor of William III, had any applicability to personal property. The necessity of some remedy by which partition of this species of property could be compelled was much greater than in the case of real estate; for real estate was susceptible of a common possession and enjoyment, and in case of a total exclusion of either co-tenant, he had his remedy at law by an action of ejectment. The entire absence of any remedy at law induced Courts of Chancery to take jurisdiction of actions for partition of personal property. At what time or under what circumstances this jurisdiction was first assumed we are unable to state; but that it existed and was exercised by the Courts of Chancery both in England and in the United States is undisputed."

§ 29. **Incorporeal Right Partition in Equity.**—The jurisdiction of chancery, in partition of incorporeal rights appears from an early date.

a. In Bodicoate v. Steers, 1737, 1 Dick. 69, The High Court of Chancery said: "Declare the plaintiff is entitled to have a partition of the vicarage of Westerbam into moieties to present by alternate turns . . . . And it appearing that *John Steers*, under whom the defendant claims, had presented upon the last avoidance, let the plaintiff present on the next avoidance, being the first turn from that time".

b. In Seymour v. Bennet, 1742, 2 Atkyns, 483, Lord Chancellor Hardwicke said: "But then I may do here as in a partition case, where there are parceners of an advowson, who cannot agree in one person, the court will direct the parceners to draw lots, who shall have the first presentation. So here I will do the same, and direct the plaintiff *Seymour*, and the defendant *Bennet*, to draw lots, who shall nominate first a clerk to fill up the vacancy".

c. In Baxter v. Knollys, 1750, 1 Ves. Sen. 495, Lord Chancellor Hardwicke sustained a bill seeking partition of tithes, saying: "I do

not doubt, but this court can divide them, as it may several things, which cannot at law."

d. In Johnstone v. Baber, 1856, 22 Beav. 567, The Master of the Rolls said: "here are two tenants in common of an advowson in fee who file a bill in this Court for a partition, and it would be contrary to all rule and principle to say, it cannot grant partition. If it can, then in what form does it give partition? I apprehend, the only mode of granting partition is by giving a presentation to one in the first instance, and to another afterwards."

e. On appeal of this last case, the position of the Master of the Rolls was ratified, in that partition should be had. But his decree in administration of the partition, that the right to the immediate presentation should be exercised according to seniority, was reversed; and it was ordered, that such right be exercised according to lot among the part owners.

In Johnstone v. Baber, 1856, 6 De G., M. & G. 448, Lord Chancellor Cranworth said: "It is true there is very little of authority on the subject; but . . . what there is appears all to point one way, namely, that if

the parties cannot agree they must draw lots."

f. In Bailey v. Sisson, 1849, 1 R. I. 236, The Supreme Court of Rhode Island decreed partition to be made of the right to take seaweed and sand from a certain beach, in proportions corresponding to the respective interests of the co-owners; such partition being either by metes and bounds, or by apportionment of time; the Court saying: "equity will entertain jurisdiction over partition of incorporeal hereditaments, as well as corporeal."

g. Daniel's Ch. Pl. and Pr., vol. 2, p. 1157, recites: "In the case of advowsons, the partition is effected by directing alternate presentation".

h. Wait's Actions and Defenses, vol. 5. p. 82, recites: "Equity will entertain jurisdiction over partition of incorporeal as well as corporeal hereditaments. A court of law is less able to administer complete justice in partition of the former than of the latter, and consequently the partition of incorporeal hereditaments is peculiarly a subject of equitable jurisdiction."

§ 30. Position Adverse to Patent Partition. — *a*. Walker on Patents, sec. 295, recites: "Partition of a patent right, held by tenancy in common, may of course be made by the common consent and mutual action of all the owners of that right; but no such partition can be made against the will of either owner. This rule follows from the fact that no partition of estates held by tenancy in common was compellable at common law; and from the fact that no United States statute has provided for any such partition; and from the fact that the State statutes relevant to partition of real estate do not apply even to personal property which is held under the laws of the States, and surely cannot apply to any personal property which is created by the laws of the nation."

b. This position would seem without consideration, because: (a) certain of our states have statutes which in terms, or under court construction, provide for partition of personal property; (b) jurisdiction of State touches ownership of property of patents, as truly as of other property; (c) any intimated want of jurisdiction of State courts, constitutes no want of jurisdiction of Federal courts;

(d) jurisdiction over partition, does not rest exclusively at law or in statute; (e) jurisdiction over partition of personal property, and of incorporeal rights, is had by Equity; (f) judicial sale of patents in Equity, is established in Ager v. Murray, 105 U. S. 126.

§ 31. **Real and Personal Property Partition at Law.**—*a*. It would thus seem that: (a) under legislation, partition of real property has long been established; (b) in certain of our states, personal property is by exact terms made the object-matter of partition; (c) in certain of our states, the object-matter of partition as to kind of property is not defined by statute.

b. All such legislation is of significance, as indicative of the prevalent sense of right at law, in that a co-owner should be permitted to own his property in severalty, and thereby have in distinguishable form, property of his otherwise confused with property of another.

§ 32. **Real, Personal, and Incorporeal, Property Partition in Equity.**—It would further seem that; (a) Equity entertains jurisdiction over partition of co-owned property, be the latter corporeal real, corporeal personal, or incorpo-

real right; (b) the rule of administration of such reduction of co-ownership title to a severalty title, in instance of indivisible personal property, annexes to itself as an equitable form of procedure, sale, and proportionate division of the proceeds of the latter.

§ 33. **Partition of Personal Property Incorporeal Right.**—The conclusion would seem that: (a) partition may be had in Equity of the incorporeal right, found in the personal property of a co-owned patent; (b) such partition may be administered by a sale of the patent, and a distribution of the proceeds of such sale among the part owners of the patent proportionately with their respective interests in the latter.

CHAPTER V.

ACCOUNT BETWEEN PATENT PART OWNERS.

§ 34. Division of Question.

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§ 55. Reason for Departure from Common Law of Co-Owned Personalty.

§ 56. Departure from Common Law of Co-Owned Personalty.

§ 57. Review of Co-Owned Personal Property Account.

§ 58. Account between Ship Part Owners.

§ 59. Equity Jurisdiction of Account between Co-Owners.

§ 60. Equity Jurisdiction in Administration of Certain Rights.

§ 61. Summary.

§ 34. **Division of Question.**— The question of account between patent part owners may be considered under three divisions: (1) account touching moneys received from other parties as express license fees to do that which, without legal license would be an infringement of the patent; (2) account touching moneys received from other parties as implied license fees to do that which, without legal license, would be an infringement of the patent; (3) account touching moneys received from other parties by reason of the patent, without license to them.

§ 35. **First Division.**— *a*. Instance of the first division, may be found in account touching money received as consideration for license by a part owner of a patent; said license giving a party having no interest in the patent, permission touching such patent, to make, use and vend the invention described therein.

b. There would seem to be no question but that the money so received as express license fee, is profit of the patent; the patent part owner having received such money for permission to the licensee to do that which

without lawful license, would be an invasion of the property found in the patent.

§ 36. **Second Division.**— *a*. Instance of the second division, may be found in account touching money received as part consideration for an unqualified sale of goods, by a part owner of a patent to a party having no interest in the latter; said goods embodying the patented invention, and the seller thereby impliedly licensing the buyer, to use and vend such invention, in so far as the specific goods are concerned.

b. It would seem that the proportion of money received in the sale of such patented goods, in excess of what would have been received had the invention embodied in such goods not been patented, is profit of the patent; the reason therefor, underlying our patent system; otherwise, the manufacture and sale of goods embodying an invention patented, would be without advantage over the manufacture and sale of goods embodying the same invention not patented.

§ 37. **Third Division.**— *a*. Instance of the third division, may be found in account

touching money received as part consideration for a sale of goods, by a part owner of a patent to a party having no interest in the latter; said goods not embodying the patented invention, but having been made by the use of such invention; the total money received from the sale of said goods representing, a certain manufacturing profit, plus a supplemental profit received because of the patent.

b. The proportion of profit thus received, in excess of the manufacturing profit which would have been received had there been no patent on the invention used in making the specific goods, would seem to be profit of the patent; the reason of this, resting in the reason of patent provision; otherwise, there would be no advantage in the manufacturer having interest in the patent on such invention.

§ 38. **Judicial Opinion in Brief.** — *a*. An English case, constructively favors account for express license fee money, decides against account for implied license fee money. and constructively disfavors account for money received otherwise than by express license;

in opinion however, considering rights between joint inventors, rather than patent part owners.

b. The last court of resort of Massachusetts, has given an opinion containing dicta which leave our question, in all its divisions, unsettled.

c. The last court of resort of New York, has given an opinion containing dicta, favoring account for express license fee money, not clearly defined in position touching account for implied license fee money, and disfavoring account for money received otherwise than by license.

d. An appellate, but not the last court of resort, of Illinois, has given an opinion containing dicta, finding account for express license fee money not definitely settled, not clear in position touching account for implied license fee money, and adverse to account for money received otherwise than by license.

e. Our Federal Circuit Courts. have given three opinions respectively containing dicta, with the concurring conclusion that account may be had. Two of such opinions, favoring account in its three divisions.

§ 39. **Judicial Opinion More in Full.**— *a*. In Mathers v. Green, 1865, L. R. 1 Ch. Ap. 33, 34–35, Lord Chancellor Cranworth, in reversing Mathers v. Green, 1865, 34 Beav. 170, said: "With respect to moneys received from royalties, the Defendants deny that they have received anything, and this is not met by any evidence on the part of the Plaintiff, though it would have been easy for him to have done so, for the only license alleged by him to have been granted is one to certain gentlemen trading under the firm of Cookey & Co., who must have been able to prove payment by them on account of royalty to the Defendants, if any such payment had been made. This case therefore comes to this — is the Plaintiff entitled to relief on the score that the Defendants have made profit by using the patented inventions in the manufacture and sale of their own goods? I think not. The letters patent granted to the three, their executors, administrators, and assigns, that they and every of them by themselves, their servants and agents, or such others as they may agree with, and no others, shall, for the term of fourteen years, use, exercise, and vend the said invention. . . .

The conclusion at which I have thus arrived is in strict conformity with what was done in the case of De Russell's Patent, 2 De G. and J. 130, ... In that case . . . It seemed to me on the evidence that the invention was partly that of Russell, . . . and partly that of Muntz, . . . and it was ordered, in conformity with what I consider to be the rights of two persons jointly obtaining letters patent, that the letters patent should be assigned to two trustees, and that each patentee should have a free license to himself and partners."

b. In Vose v. Singer, 1862, 4 Allen, 230–231, The Supreme Court of Massachusetts said: "There is some analogy between a patent right and a right of way. A patent right is a monopoly of a certain way of doing a thing. It is an exclusive right of way, in the region of invention, secured to one for a limited period as a compensation for having first discovered it. It was never held that if one of several owners of a right of way over a tract of land used the way more than the other part owners did, he thereby became liable to them for contribution. The doctrine of contribution has never been held to apply

to the use of rights of this character. Yet it would be unsafe to draw any conclusions from this to a patent right, because the analogy is so faint. There is some analogy between a patent right and a right to take tolls; for the royalty is in the nature of toll for the use of the patented way or method. Both are incorporeal rights; and a patent is sometimes made profitable by simply taking a royalty from those who use the invention, under an assignment or a license. If one tenant in common of a right to take tolls were to receive more than his share, a right of contribution would probably exist on the part of his co-tenant; but it would not be safe to apply the rule to patent rights, because the taking of tolls is simply the receipt of money for the use of the common property, but the use of patent rights and the contracts for royalties usually include other elements. . . . A patent right is a chattel interest; therefore a tenancy in common or part ownership in it is much like tenancy in common or part ownership of other personal property. But the use of a patent right is different from the use of any other property; and therefore it is not safe to follow the rules adopted in

regard to the mutual liabilities of part owners of ships, horses, grain, liquor, etc. It would not be safe to conclude that, because the owner in common of a horse is not liable though he retains the exclusive use of him, therefore the part owner of the patent who uses it exclusively is not liable; nor because the tenant in common of the grain or liquor who uses it exclusively and consumes it in using is liable, therefore the part owner of the patent is liable. . . . On the whole, then, we are compelled to reject all arguments from analogy".

c. In DeWitt v. Elmira, 1876, 66 N Y. 462, The Court of Appeals of New York said: "Or, consistently with the averments in the complaint, the arrangement and agreement of Watrous [the patent part owner under whom defendant claimed] may have been a license and permission by him for a use of the invention by the defendant. If such was the effect of the arrangement, the license of one or more of several owners in common of letters patent confers a right as against all; and the remedy of the other tenants in common is by action for an account for whatever may have been received by them. . . . If, as may be

claimed, the arrangement and agreement of the defendant with Watrous was a general or a limited assignment. an assignment for a special purpose, and to a limited extent, of his interest in the patent right, then, by such an assignment it may be claimed that the defendant became a joint owner with the plaintiff in the invention, or thing patented, either generally or to a limited extent, or a particular territory, and had a right to use it without the consent of the plaintiff, and is not liable to account to him for the profits made by said use. (*Mathers* v. *Green*, L. R. 1 Ch. Ap. 29)."

d. In Gates v. Fraser, 1881, 9 Ill. Ap. 628; 629 & 630, The Appellate Court of Illinois, First Dis., said: "we think it may be considered as settled that for the *use* of a patent right by one part owner or his assignee, there is no legal liability to account to his co-owner. . . . Assuming the right of the *user* without liability to account to be settled, it is when we advance a step further, and inquire as to the right of contribution in respect to moneys received by a part owner of a patent for a license given by him to a third party, that the subject is involved in obscurity and some

doubt. . . . Suffice to say we have found no case in which the right of contribution, under the circumstances of the present case, has been expressly affirmed, nor, on the other hand, in which it has been expressly denied; and we shall therefore leave it, as we think the authorities have left it, as a question not yet definitely settled."

e. In Dunham v. I. & St. L. R. R. Co., 1876, 2 B. & A. 329 & 330, The Circuit Court of the United States, N. D. Illinois, by Circuit Judge Drummond, said: "And it seems to me the better rule is to hold, if there is a liability at all, that where a party owning less than the whole of a thing patented, makes a grant or a license, he shall be answerable to the others, rather than that the other patentees shall look to the grantee or licensee. . . . The most that can be claimed is, that if one uses or sells it to the detriment of the others, he may be held responsible. For example, if he obtains more than his share of the profits from the use of the article, or, in issuing licenses, he obtains more than his share of the license money, he possibly may be held responsible by the other joint patentees; . . . if one of the patentees

obtain more than his share of the profits, he might be held liable under certain circumstances to the others. Certainly I do not wish to be understood as affirming that there is never such liability. Of course we must take into consideration any risk which may be run; any outlay of money which he may make in the manufacture or sale of the article; but if, looking at it upon equitable principles, he has obtained more than his share of the profits arising from the thing patented, either in the use or sale of it, or of licenses, it seems to me he might in certain cases be held accountable to the other joint patentees."

f. In Curran et al. v. Burdsall, 1883. 20 Fed. Rep. 837, The Circuit Court of the United States, N. D. Illinois, by District Judge Blodgett, dismissed an infringement bill brought by Curran and other part owners of a patent, for the reason that defendant justified his otherwise infringing acts under title to a technical grant, for Wisconsin, of another patent previously given him by Curran; Curran being held estopped against preventing defendant from using such patented article, inasmuch as the same was construct-

ed in accordance with the invention of said patent under which Curran had given defendant grant. The Court, referring to the fact that as to the patent in suit, there were part owners with Curran, said: "It is true, two other persons are associated with Curran in the ownership of the Johnson & Sumner patent, but it seems to me the estoppel upon Curran must operate as a license from Curran to defendant to use the Johnson & Sumner patent in the State of Wisconsin, and Curran's co-owners must look to him for an accounting as to this territory."

g. In Aspinwall v. Gill, 1887, 32 Fed. Rep. 697, The Circuit Court of the United States, D. New Jersey, by Circuit Justice Bradley, said: "The exact mutual rights of part owners of a patent have never yet been authoritatively settled. If one part owner derives a profit from the patent, either by using the invention, or getting the royalties from its use, or purchase money for sale of rights, it would seem that he should be accountable to the other part owners for their portion of such profit. And probably a bill for an account would be sustained therefor."

§ 40. **English Decision without Consideration.**— *a*. Our question would seem to be in no wise affected by reasoning dependent on any following ground: (a) form of foreign joint patent grant, (b) joint inventors, (c) ownership of invention.

b. The English decision, confusing enjoyment of the invention, with enjoyment of the patent, (§12); and being based on the form of foreign joint grant, and on the fact of a joint invention; would seem to have no bearing on part ownership, of our patents; and still more plainly, it would seem to have no bearing on part ownership under our statute providing for assignment of undivided interest, in a sole patent, granted on a sole invention.

§ 41. **Massachusetts Case abandons Question.**— *a*. The Massachusetts case arose under a contract of license to several persons to use and sell, but not to make, a patented machine. Several of the licensees sought account from the other licensees, whereupon the Court decided: "These parties must be regarded as having interests which are distinct and separate in their nature, though they are

derived from the same contract; and having such interests, with the right to use them separately, they cannot for any legal use of them incur any obligation to each other."

b. The cited analogue of no account touching a right of way, seems without force; in that it is a negative application of two independent rules of accountability. The rule of incorporeal rights, permits one part owner to have independent enjoyment, provided that such enjoyment does not deprive another part owner from enjoyment of his interest in the right (§§ 72, 73); hence it would seem that one part owner of a right of way, may lawfully have independent enjoyment of the *way*. The English and our main rule of real property account, refuses account in instance of a co-owner taking to himself non-monetary profit of the property, as a *way*; and permits account, only as to monetary profit received from other persons, (§§ 53, 54).

c. The cited analogue of account touching right of tolls, seems of force; in that it is a positive application of the same rules, under which the previous analogue fell. Said rule of incorporeal rights, would seem not to permit one part owner independently to take a

toll; because thereby another part owner would be prevented from enjoyment of his undivided interest, in the right to take such toll. Said rule of real property account, would seem not to permit one part owner to keep from another, money received as toll, in excess of share proportionate to his interest in the incorporeal right of tolls.

d. The cited analogues of ships, horses, grain and liquor, all being corporeal personal property in possession, would seem inapplicable in considering the enjoyment of incorporeal personal property in action, (§ 69). It may however be observed that, even as to such inapplicable species of property, it is without law for a state of facts to exist analogous to a state of facts, found in independent action of a patent part owner without accountability. Independent enjoyment of a ship, cannot be had by a part owner, and the ship earnings constitute matter for account (§ 58); independent enjoyment of a horse, appears confined to a co-owner *in præsenti*, while account between patent part owners includes money received in consideration for strangers' acts *in futuro*, the two cases differing in the three features of time,

party, license money, (§§ 49, 57, b); enjoyment of grain or liquor by consumption, renders the enjoying co-owner accountable in conversion, such act of conversion being analogous to independent action of a patent part owner, (§§ 65, *b*, 68, *e*).

e. The Massachusetts case would therefore seem to be without consideration in the question of account between patent part owners, because: (a) the parties were licensees, and not patent part owners; (b) the decision rested on a certain contract, the latter seemingly of no likeness to a joint patent, and still more plainly of no likeness to an undivided interest in a sole patent; (c) the analogue cited against account, appears without weight; (d) the analogue cited for account, appears of weight; (e) the analogues of ships, horses, grain or liquor, respectively, favor accountability; (f) the court rejected analogy of part ownership of various property, left the question of account between patent part owners unsettled in their dicta, and decided the case of account before them upon the specific contract of license; (g) analogues cited by the court, inferentially develop reason in favor of account between

patent part owners, apparently without the mind of the court.

§ 42. **New York Case.**— *a*. The New York case was held as an action under our patent laws, of which the court did not have jurisdiction; and for such reason, decision adverse to the plaintiff was made.

b. But passing the question of jurisdiction; the opinion gave dicta adverse to account between patent part owners touching direct use of the invention, on citation of the English case, and confusing invention with patent, (§ 12); and thought that account lay between patent part owners, as to money received by license to other parties, under the patent.

§ 43. **Illinois Case.** — *a*. The Illinois case presented facts, on which the court found that defendants had agreed with plaintiff to divide with him the profits of which plaintiff sought an accounting; and on such ground, the court decided in favor of plaintiff.

b. The view of the court however touching our question, was that authorities show no account between patent part owners as to

profits other than by license to other parties, and show it to be unsettled law whether account lies as to such license profits.

§ 44. **No Ground for Contribution.**— *a*. The English opinion raised an objection to account between patent part owners, touching matter other than express license to other parties; while the Massachusetts opinion contains matter, which might be viewed as indirect support of such point. The objection was the want of equity in the specified accounting, in view of there being no rule compelling contribution for loss as between patent part owners. The objection would seem without weight, because the premises appear free from the assumed condition of loss. A patent may, or may not, develop profit. (§§ 20–22); but it appears incapable of causing loss.

b. In an express license to other persons, there is merely a permission to do that which otherwise would be an infringement. In an implied license to other persons, the outlay and risk incident to manufacturing and selling goods embodying an invention patented, is no greater than exists with such invention not patented. In use of an invention, with-

out express or implied license to other parties, any loss is attributable to such use of the invention, let the latter be patented or not.

c. In any or all of the different methods of deriving monetary profits of a patent, there would seem to be neither expenditure, risk, nor loss. Any capital invested, management exercised, or risk borne, being severally and collectively due solely to act touching the invention, be the latter with or without patent. The existence of a patent on the invention contemporaneously with such act, being independent of the investment, labor, risk, or loss incurred in the working of such invention.

§ 45. **Relation of Infringement and Account.**— A patent being a creature of statute, and remedy for violation thereof being prescribed by statute; it would seem that such specific remedy excludes account, standing by itself, for any matter constituting infringement. This chapter on account between patent part owners, and the following chapter on infringement between patent part owners, stand independent of each other in any conclusion touching right to a naked procedure for ac-

count in matter which is an infringement between the parties. This chapter on account is the same, as if the law were that infringement could not lie between patent part owners.

§ 46. **Summary of Judicial Opinion.** — *a.* It thus appears that: (a) the English case favors account touching express license, while its decision against account touching implied license seems without consideration; (b) the Massachusetts case abandons our question; (c) the New York case favors no account touching direct use of patented invention, and favors account touching license; (d) the Illinois case assumes no account touching direct use, and views account touching license as unsettled; (e) three Federal Circuit Court cases in terms favor account, two said cases favoring the account in all divisions of the question.

b. It would therefore seem that, an English, a New York, and three Federal Circuit Court cases, respectively advance view favoring account.

§ 47. **Account in Other Classes of Co-Owned Property.** — In further consideration of account

between patent part owners, review will be taken as to account between co-owners of other leading classes of property.

§ 48. **Co-Owned Copyright Decision refusing Account.**—*a.* Account between co-owners of a copyright, has been held by one of our state courts as being outside of equitable relief; the question having been stated to be new; the court concluding from seemingly ill premise, and from seemingly inconsiderate construction of certain early patent cases.

b. In Carter v. Bailey, 1874, 64 Me. 461, 463–464, The Supreme Court of Maine said: "The question presented is whether one co-owner in common of a copyright, who, at his sole expense has printed, published and sold the book copyrighted, is liable in the absence of any agreement *inter sese*, to account to his co-owner. We are not aware that this precise question has ever been decided. . . . The statute confers upon all the owners full power, without exacting any obligation in return to print, publish and sell. It gives no superior right to either—the only restriction being as to time. All others within that period, having no license from them or some

one of them, are excluded. Each can exercise his own right alone without using, or receiving any aid or benefit whatever from the title or property of the others. But if none be allowed to enjoy his legal interest without the consent of all, then one, by withholding his consent, might practically destroy the value of the whole use. And a use only upon condition of accounting for profits, would compel a disuse, or a risk of skill, capital and time with no right to call for a sharing of possible losses. When one owner by exercising a right expressly conferred upon him, in nowise uses or molests the right, title, posession or estate of his co-owners, or hinders them from a full enjoyment, or sale and transfer of their whole property, we fail to perceive any principle of equity which would require him to account therefor. If owners of such property would have the result otherwise, they must bring it about by contract. Such seems to be the rule governing owners in common of patent rights; . . . [citing Clum v. Brewer, Vose v. Singer, and Mathers v. Green] and we think the same principle applicable to the question involved in case of copyright. The bill can-

not be sustained so far as it seeks for an account in respect to the copyrights."

c. The ruling seems without regard in our question, because: (a) it confused right of exclusion, with object-matter of the exclusion, (§ 12, in analogy); (b) it confused infringement with account, and common law remedy with exclusive statutorial remedy, (§ 45, in analogy); (c) it overlooked want of ground for rule of contribution for loss, (§ 44, in analogy); (d) it overlooked rule of use of ships being matter for account, without destroying value of ships, (§ 58); (e) it confused profits of right in question, with profits of matter constituting object of such right, (§ 20, in analogy); (f) it drew a conclusion as to patent law, from cases not warranting same, (§§ 40, 41, 65, d).

§ 49. **Common Law of Personal Property Co-Ownership.**—At common law, co-owners of corporeal personal property, were not liable to account to each other for any monetary profits of the property. In instance of a corporeal personal chattel integral and indivisible, one co-owner could maintain sole personal enjoyment thereof, without accountability.

a. Coke on Littleton, vol. 1, p. 785, recites: "But if two be possessed of chattels personal in common by divers titles, as of a horse, an ox, or a cow, &c. if the one take the whole to himself out of the possession of the other, the other hath no other remedy but to take this from him who hath done him the wrong, to occupy in common, &c. when he can see his time, &c."

b. Abbott on Shipping, p. 98, recites: "A personal chattel, vested in several distinct proprietors, cannot possibly be enjoyed advantageously by all, without a common consent and agreement among them; to regulate their enjoyment in case of disagreement is one of the hardest tasks of legislation; and it is not without wisdom, that the law of England in general declines to interfere in their disputes, leaving it to themselves, either to enjoy their common property by agreement, or suffer it to remain unenjoyed, or perish by their dissension; as the best method of forcing them to a common consent for their common benefit."

c. Story on Partnership, sec. 418, recites: "For, as each [tenant in common] has an equal title to the possession and use . . . [of a

personal chattel], no one can oust the others of that possession or use; and when once a struggle or controversy exists among them for the accomplishment of purposes adverse to each other, the mischief must be immediate to the interest of some, and perhaps ultimately ruinous to that of all. . . . the possession, use, and employment of . . . personal chattels [other than ships] have been generally left to the free and unrestricted discretion of the proprietors thereof, and their own sense of the necessity of mutual co-operation and forbearance for their mutual benefit".

§ 50. **Origin of Common Law of Personal Property Co-Ownership.**—A doctrine so obnoxious to sense of fair enjoyment of co-owned personal property, harmonizes with the ignominious view in rude time had at law, of personal property.

a. Blackstone's, book II, p. 385, recite: "[Things of real property] were the principal favourites of our first legislators; who . . . at the same time entertained a very low and contemptuous opinion of all personal estate, which they regarded as only a transient commodity. The amount of it indeed was com-

paratively very trifling, during the scarcity of money and the ignorance of luxurious refinements, which prevailed in the feudal ages. . . . Our ancient law-books, which are founded upon the feudal provisions, do not, therefore, often condescend to regulate this species of property."

§ 51. **Civil Law of Co-Ownership.** — The civil law would seem to have held co-owners, alike of real and personal property, subject to account to each other.

a. Story on Partnership, sec. 450, recites: "This duty to account for all the earnings and profits is so manifestly a dictate of general justice that it must naturally find a place in the jurisprudence of every civilized country. It is fully recognized in the Roman law, and in the modern jurisprudence of continental Europe. The Roman law applies to all cases of this sort the common rule of partnership. The Digest says: *Si actor impensas aliquas in rem communem fecit, sive socius ejus solus aliquid ex ea re lucratus est, velut operas servi mercedesve; hoc [communi dividundo] judicio eorum omnium ratio habetur. Sive autem locando fundum communem, sive colendo, de*

fundo communi quid socius consecutus sit, communi dividundo judicio tenebitur. Again the Code says: *Idem eorum etiam, quæ vobis permanent communia, fieri divisionem providebit; tam sumptuum (si quis de vobis in res communes fecit), quam fructuum.* The reason given is: *Ut in omnibus æquabilitas servetur.*"

b. The Latin text from the Digest may be rendered,—If the plaintiff has incurred some expenses for property held in common, or if his co-owner only has reaped some profit from it, as the services or wages of a slave, the settlement of all those things is included in this judgment [the judgment for dividing property held in common]. And if by letting a farm held in common, or by cultivating it, the co-owner has made any profit from the common farm, he will be bound by the judgment for dividing property held in common. —The Latin text from the Code may be rendered,—The same will provide that a division be made of those things also which remain to you in common, as well of expenses (if any one of you has incurred them for the common property), as of profits.—The reason given may be rendered,—That in everything equity may be preserved.—

§ 52. **Common Law of Real Property Co-Ownership.**— The common law rule as to co-owners of corporeal real property, was that neither one stood in any relation of implied agency or constructive trust *in favor of another*, as to monetary profits of the property. The only ground on which one co-owner would stand charged to another in account for a proportion of such monetary profits, was a contract between the two whereby the one was constituted the manager, steward or bailiff of the other.

a. Coke on Littleton, vol. 1, pp. 787–788, recites: "If one joint tenant, or tenant in common, of land maketh his companion his bailiff of his part, he shall have an action of account against him, as hath been said. But, although one tenant in common, or joint tenant, without being made bailiff take the whole profits, no action of account lieth against him; for in an action of account he must charge him either as a guardian, bailiff, or receiver, as hath been said before, which he cannot do in this case, unless his companion constitute him his bailiff. And therefore all those books which affirm that an action of account lieth by one

tenant in common, or joint tenant, against another, must be intended, when the one maketh the other his bailiff, for otherwise, never his bailiff to render an account, is a good plea."

§ 53. **English Rule of Co-Owned Real Property Account.**— The statute of Anne, was enacted to correct this injustice of the common law; providing that co-owners might have an action of account against each other, for receiving more than their due share of the profits of the joint property. Under this statute, court construction renders a co-owner of real property liable to another co-owner in account, for excess over his due proportion of any monetary profits received by reason of the property; and not liable in account as regards products taken from the property, other than as such monetary profits.

a. In Henderson v. Eason, 1851, 17 Ad. & El. 719 & 720, The Court of Exchequer Chamber said: "the statute was meant to apply only to cases where the tenant in common receives money or something else, where another person gives or pays it, which the co-tenants are entitled to simply by reason of

their being tenants in common, and in proportion to their interests as such, and of which one receives and keeps more than his just share according to that proportion. . . . But when we seek to . . . apply it to cases in which one has enjoyed more of the benefit of the subject, or made more by its occupation, than the other, we have insuperable difficulties to encounter."

§ 54. **Our Rule of Co-Owned Real Property Account.** —Law analogous to that of statute of Anne, in so far as real property is concerned, is found among us. Certain states construe statutorial provision, similarly with English construction; certain states construe statutorial provision, to cover products other than monetary profits; certain states have statutorial provision rendering one co-owner subject in account to another, for undue proportion of benefit derived by personal enjoyment of the property.

a. In Howard v. Throckmorton. 1881, 59 Cal. 89, The Supreme Court of California said: "If . . . one tenant in common, occupies the property and cultivates it, investing his own capital and labor, at his own risk,

the law says he shall have the product, if he have made no contract with his co-owner; but, if he rent the property to others, he is bound to account."

b. In Woolley v. Schrader, 1886, 116 Ill. 40–41, The Supreme Court of Illinois said: "The farm . . . would, as shown by the proofs, have readily rented to others at $315 per annum. . . . Appellant, instead of letting the place to others, and collecting annually that amount of money as rental, and paying over to his brothers and sister their respective shares, appropriated the entire use of the farm to himself. To the extent of their interest it was, in effect, appropriating to his own use that amount of money belonging to them, and the question is, shall he account for it? We have no hesitancy in saying he shall. In the language of our own statute, he has taken the 'use' and 'benefits' of their interest in the land, and it is nothing more than simple justice that he should account to them for it."

c. In Cutler v. Currier, 1866, 54 Me. 91–92, The Supreme Court of Maine said: "We have seen that neither the ancient common

law, nor the statute of 4 Ann, as incorporated into the common law, affords any remedy in . . . [cases where one co-tenant derives advantage from personal occupancy of the common premises]. The statute of 1848, *c.* 61, § 1, was passed to meet this omission in the common law. . . . it applies as well to the cases of personal occupancy by the co-tenant as where he receives rent from a sub-tenant."

d. In Buckelew v. Snedeker, 1876, 27 N. J. Eq. 83–84, The Court of Chancery of New Jersey said: "defendant is not chargeable with rent for the half of the house. . . . defendant is only chargeable with the . . . profits of the land, because she cultivated the land and received the benefit of its entire product. . . . defendant should be charged with no more, at most, than one-half of the fair rental value of the land cultivated by her".

e. In Holmes v. Best, 1886, 58 Vermont, 548, The Supreme Court of Vermont said: "Holmes leased the whole of the property to Newcomb . . . . The occupancy of Newcomb having been, as we think from the reading of the report, entire and exclusive,

Holmes is bound to account to his co-tenant for what he has received by such occupancy more than his just proportion, and this without any agreement to that effect."

f. It would seem that as regards real property; the common law injustice of no account between co-owners, has long been changed to the doctrine of account; such account in main instance applying to cases where one co-owner receives monetary profits by reason of the property, in excess of share proportionate to his interest in the property; while in some states, the law extends such account to instance wherein one co-owner obtains more than his proportion of benefit of the property, other than as money.

§ 55. **Reason for Departure from Common Law of Co-Owned Personalty.**—*a*. Tenants in common of real property entered into estate, wherein unity of enjoyment of the property was a legal feature, by a joint consent of themselves, as truly as did tenants in common of personal property. There would seem to be no reason in right, why co-owners of personal property should not have been relieved from the common law injustice of no account inci-

dent to such estate, as truly as co-owners of real property were so relieved. Explanation apparently rests in the want of value in early day of personal property, comparatively with real property.

b. The statute of Anne, under which account between co-owners of real property was first had, was apparently broad enough in its terms to admit of action of account thereunder as between co-owners of personal property.

In Henderson v. Eason, 1851, 17 Ad. & El. 719. The Court of Exchequer Chamber said: "It is to be observed that the statute does not mention lands or tenements, or any particular subject. Every case in which a tenant in common *receives* more than his share is within the statute . . . . There are obviously many cases in which a tenant in common may occupy and enjoy the land or other subject of tenancy in common solely, and have all the advantage to be derived from it, and yet it would be most unjust to make him pay anything. For instance, if . . . a chattel is used by one co-tenant in common, nothing is received; and it would be most inequitable to hold that he thereby,

by the simple . . . use, . . . should be liable to pay . . . compensation to his co-tenants for that . . . use to which to the full extent to which he enjoyed it he had a perfect right."

§ 56. **Departure from Common Law of Co-Owned Personalty.**— Rule seems to be shaping in departure from common law of non-accountability for profits of co-owned personal property; relief being given in certain states, on behalf of one co-owner against another co-owner, who has taken more than his share of the monetary profits of the property, proportionate to his interest in the latter.

a. In Jones v. Harraden, 1784, 9 Mass. 542, The Supreme Court of Massachusetts, in rendering decision for plaintiffs, in an action on the case in the nature of account, between co-owners of personal property, said: "Previous to the statue of *Anne*, which has been adopted here as law, no action lay by a tenant in common against his companion for the profits of the property owned in common. A remedy was given in that act by an action of *account*. . . . It was enacted to to provide a relief which could not be had at

common law; and the mode pointed out by action of *account* ought to be considered as put by way of *example*, not of limitation. This equitable construction appears to be countenanced by long practice."

b. In Brigham v. Eveleth, 1813, 9 Mass. 541–542, The Supreme Court of Massachusetts in an action for money had and received between co-owners of a machine, said: "Another object has claimed more of our consideration, *viz*., that the parties were tenants in common of the machine, and no remedy lay for tenants in common against each other. But the statute of 4 and 5 *Anne* gave them an action of account. To avoid the tedious proceedings in the action of account, the action of the case upon a promise to account was substituted; and here it has been frequently holden that *indebitatus assumpsit* well lies where one has received all the profits, or more than his share of purparty. . . . the verdict is to be supported, and the plaintiff may enter it on his first count".

c. In Gudgell v. Mead, 1843, 8 Mo. 54–55, The Supreme Court of Missouri said: "Perhaps . . . a court, if a bill for an account was brought by one part owner [of things

personal] against another, [would] decree a sale of the property of whose profits an account was sought".

d. In Low v. Holmes, 1864, 17 N. J. Eq. 151 & 153, The Court of Chancery of New Jersey said: "The property in question is the machinery and material of a printing office . . . . The complainant . . . has no interest . . . other than as the owner of an undivided half of the materials. . . . The facts constitute a clear case of the use and enjoyment of the property by one tenant, to the entire exclusion of his co-tenant. . . . ordered, that the defendant, . . . account for and pay over the one half of the value of the rents and profits of the property".

e. In Blood v. Blood, 1872, 110 Mass. 547, The Supreme Court of Massachusetts said: "One tenant in common of personal chattels . . . is not bound to pay his co-tenant any compensation for the use of the common property; nor to account for the profits, unless he has received more than his just proportion, in which event he is liable to an action of contract in the nature of an implied assumpsit."

f. In Carter v. Bailey, 1874, 64 Me. 465,

The Supreme Court of Maine said: "Having possession and appropriating it to such uses only as it was designed for, the owner [of stereotype plates co-owned with another] has only what the law gives him; and he may maintain such possession and prosecute such use without laying himself under obligation to pay or account therefor, unless he take more than his share of the rents and income, without the consent of his co-owners, and refuse, in a reasonable time after demand, to pay such co-tenants their share thereof; and then he will be liable to an action of special assumpsit."

§ 57. **Review of Co-Owned Personal Property Account.**—*a*. The sense of justice during rude day when personal property, even of physical type, barely received condescending recognition at law, developed no doctrine for or against account between co-owners of incorporeal personal property.

b. The rule then formulated as to enjoyment of corporeal personal property without account between co-owners, related only to personal enjoyment, and for present time. It did not comprehend future time, nor license

to strangers; above all, it did not contemplate monetary profits received from strangers, in consideration for license to them to do in the future otherwise unlawful acts touching the co-owned property.

c. Said old rule seems in later day of personal property prominence, to be changing to a form more in correspondence with the rule governing early valued property, real property. Doctrine appearing in favor of accountability, in instance of one co-owner of corporeal personal property receiving more than his share of the monetary profits thereof, proportionate to his interest in such property.

§ 58. **Account between Ship Part Owners.**— As to the mutual relations of part owners of a ship, the rule early took form that the part owners were governed by the common law rule of co-ownership of corporeal personal property, only in so far as the ship itself was concerned. And that in so far as the earnings of the ship were concerned, the part owners stood in position of partners in trade. This distinction between the corporeal chattel, and the earnings of the same, necessarily

resulted in a corresponding distinction as to the mutual liabilities of the part owners respectively as to the ship, and as to the profits of the business of the ship; the part owners being bound to account to each other, by settled practice, as to the ship's earnings. This peculiarity, incident to this species of corporeal personal property, developed from the interest which the public had in the continuous use of the ship. The common law, which left co-owners of corporeal personal chattels to settle their own matters, was found to work an injury to the state, when applied to ships; and hence the courts intervened on behalf of public policy, and developed a system of jurisprudence for ships appropriate to their peculiar character.

a. Abbott on Shipping, p. 98, recites: "of ships, 'which are built to plough the sea, and not to lie by the walls', commercial nations consider the actual employment as a matter, not merely of private advantage to their owners, but of public benefit to the state, and therefore have laid down certain positive rules in order to favor this employment, and to prevent the obstinacy of some of the part-owners from condemning the ship to rot in idleness."

b. Story on Partnership, secs. 418 & 449 respectively, recites: "it has been the policy of maritime nations, from a very early period, to provide regulations respecting the joint ownership of ships, in order to prevent the obstinacy of one or more proprietors from interfering with the just rights and interests of the rest, as well as to promote the general advancement of commerce and navigation, and to add to the resources of national wealth and national power." "The right, also, to an account of all the earnings and profits of the ship by all the part-owners, is clear and indisputable."

c. Freeman on Co-Tenancy and Partition, § 386, recites: "Some confusion is also likely to arise from inattention to the material difference in the relations which part owners sustain towards their ship and that which they sustain towards its earnings. While a ship is held by a tenancy in common, the earnings are usually treated as resulting from a special partnership, embracing the voyage or adventure from which they were realized."

§ 59. **Equity Jurisdiction of Account between Co-Owners.** — Equity has long taken jurisdic-

tion of bills for account between property co-owners, as being instance where a court of ordinary jurisdiction cannot best administer a right; such jurisdiction being founded on the peculiar relation of the parties, constructive trust, discovery.

a. Pomeroy's Eq. Jur., vol. 3, sec. 1421, and note thereto, respectively, recites: "The instances in which the legal remedies are held to be inadequate, and therefore a suit in equity for an accounting proper, are: . . . Where a fiduciary relation exists beween the parties, and a duty rests upon the defendant to render an account." "The foregoing rules are applicable, for similar reasons, to part owners; . . . and to tenants in common and joint tenants taking more than their share of rents and profits".

b. Story's Eq. Jur., vol. 1, sec. 466, recites: "Cases of account between tenants in common, between joint tenants, . . . fall under the like considerations. They all involve peculiar agencies, like those of bailiffs or managers of property, and require the same operative power of discovery and the same interposition of equity. Indeed in all cases of such joint interests, where one party

receives all the profits, he is bound to account to the other parties in interest for their respective shares, deducting the proper charges and expenses, whether he acts expressly by their authority as bailiff, or only by implication as manager without dissent *jure domini* over the property."

c. Freeman on Co-Tenancy and Partition, § 321, recites: "Courts of equity have concurrent jurisdiction with courts of law of all matters of account between tenants in common, or other cotenants. Either cotenant may invoke the assistance of equity to compel an accounting, upon showing a necessity therefor, and cannot be deprived of this assistance merely because he has an adequate legal remedy by an action of account. In fact, the superior facilities offered by courts of equity when an accounting has become necessary, are such that these courts are almost universally resorted to in preference to the tribunals of the law."

§ 60. **Equity Jurisdiction in Administration of Certain Rights.**—One branch of the jurisdiction of Equity, is co-extensive with a class of cases, wherein the positions of the parties are

such that there is not suitable administration of right at law, and yet the facts require in good conscience that such administration be had. Such jurisdiction being based on the maxim that, Equity will not suffer a wrong without a remedy; the principle of this maxim, applying to certain right analogous to a class remediable at law, but the specific right being there without proper remedy.

a. In leading case, Root v. L. S. & M. S. R. R. Co., 1881, 105 U. S. 216, The Supreme Court of the United States, by Mr. Justice Matthews, said: "grounds of equitable relief may arise . . . where . . . equitable interposition is necessary on account of the impediments which prevent a resort to remedies purely legal; and such an equity may arise out of, and inhere in, the nature of the account itself, springing from special and peculiar circumstances which disable the patentee from a recovery at law altogether, or render his remedy in a legal tribunal difficult, inadequate, and incomplete".

§ 61. **Summary.**—*a.* The question whether undivided joint interest in the incorporeal right of a patent, constitutes basis for interest

in severalty of the monetary profits received by reason of such indivisible incorporeal right, would therefore appear to rest in the following premises: (a) one state decision touching copyright rule is against account, seemingly bad; (b) common law of personal property does not touch question; (c) civil law maintains account for all co-owned property; (d) general law of co-owned real property maintains account; (e) our doctrine is formulating accountability as to co-owned personal property; (f) rule of co-owned ships maintains account; (g) patent profits are profits of neither business, invention, nor infringement, but of right of exclusion touching the invention, (§§ 20–22); (h) Equity takes jurisdiction of account between co-owners; (i) Equity interposes on behalf of a right, otherwise without proper administration; (j) judicial patent opinion is for the account.

b. The conclusion would seem that, part owners of a patent are in Equity subject to account to one another, as to moneys received from other parties by reason of the patent, in excess of share proportionate to their respective undivided interests in the patent.

CHAPTER VI.

INFRINGEMENT BETWEEN PATENT PART OWNERS.

§ 62. Judicial Opinion in Brief.

§ 63. Circuit Court Disagreement.

§ 64. Supreme Court Inclination.

§ 65. Grounds of Leading Cases.

§ 66. Patent Part Ownership.

§ 67. Enjoyment of Patent.

§ 68. Result of Independent Action.

§ 69. Difference between Co-Ownership of Patent and Corporeal Chattel.

§ 70. Corporeal Personal Property Rule.

§ 71. Corporeal Real Property Rule.

§ 72. Rule of Incorporeal Rights.

§ 73. Reason of Rule of Incorporeal Rights.

§ 74. Analogy of Co-Ownership Rules.

§ 75. New Wrong requires New Remedy.

§ 76 Summary.

§ 62. Judicial Opinion in Brief.—*a.* Our judicial view as to infringement by one patent part owner against another, opened in 1854, with the opinion of a Federal Circuit Court that an action of infringement could be sustained in law by one part owner against another. This view was advanced, in connection with view that defendant was not a part owner of the patent in action; the Court

however, setting forth in a thorough canvass of the subject, opinion that the plaintiffs were entitled to judgment even if its view had been that defendant was a part owner of the patent.

b. In 1855, another Federal Circuit Court denied a motion for a temporary injunction, brought by complainant who claimed to be a grantee of a certain sectional interest in Massachusetts, under the patentee's title to extended letters patent; one defendant claiming under certain contract with such patentee, and the other defendants claiming under permission of such contracting defendant.

c. In 1876, another Federal Circuit Court decided that defendant was liable under a contract with plaintiff, to pay for a license to use an invention described in a patent granted to the plaintiff jointly with two others.

d. In 1878, the same Federal Circuit Court which denied the motion for temporary injunction, but acting in other person, dismissed an infringement bill because the evidence showed the defendants to be equitably entitled to a part interest in the patent.

e. In 1878, another Federal Circuit Court decided that a bill in infringement laid

against a part owner, for using what the Court termed "an infringing patent".

f. In 1883, The same Federal Circuit Court which appears in preceding clause *c*, but acting in other person, held defendant to be a lawful licensee under one patent part owner.

g. In 1887, another Federal Circuit Court decided that the owner of one-eleventh of a patent, could not sue the owner of eight-elevenths of it for infringement.

h. Our Federal Supreme Court has touched upon the question, subsequently to all but the last two of the Circuit Court views, in manner which seems constructively in harmony with position that infringement lies between patent part owners, rather than the reverse.

§ 63. **Circuit Court Disagreement.**—*a*. In Pitts v. Hall, 1854, 3 Blatch. 201, The Circuit Court of the United States, N. D. New York, by District Judge Hall, said: "The grant of the exclusive right to make, use, and vend to others to be used, is to the patentees jointly and not to either severaliy. The right, the property secured by the patent, may be

granted to others by license or assignment, or by the sale of machines by the patentees jointly; and a license or assignment or sale of a machine by them, is a transfer, *pro tanto*, of the property secured by the patent. One joint owner can legally grant, assign, license, or sell only in respect to his own share or right. He cannot sell and give a good title to his co-owner's right, for the same reason that one joint owner of a chattel cannot transfer the share of his co-proprietor. And, if he appropriates any portion of the exclusive right or common property to his separate use or benefit, by either the use or the sale of the patented machine, he does what is in principle the same as the conversion, by destruction or sale of the joint property by a tenant in common, which authorizes his co-tenant to maintain trover. I can see no objection in principle to the doctrine, that the joint owner of a patent can sustain his action for an infringement against his co-owner, in which he can recover his actual damages, according to his interest in the patent. His rights are invaded by the act of his co-proprietor, and he is entitled to his legal remedy."

b. In Clum v. Brewer, 1855, 2 Curt. 523–524, The Circuit Court of the United States, D. Massachusetts, by Circuit Justice Curtis, denied a motion for a temporary injunction made by complainant, claiming to be grantee of the patent as to a certain sectional interest in Massachusetts; one defendant, Smith, setting up defense of ownership of an undivided part interest in the patent, and the other defendants standing on license from Smith. His Honor found that Smith was, if not a legal owner, at least an equitable owner of an undivided fourth part of the patent, and said: "it is not material in this case whether . . . [Smith's] title was legal or equitable. for a court of equity, upon a bill by the legal owner of a patent right, cannot enjoin the equitable owner from using the thing patented. It considers the equitable title the true title. This case, therefore, must stand as if Smith had that legal title which . . . [the patentee] is under covenant to convey to him . . . One tenant in common has as good right to use, and to license third persons to use the thing patented, as the other tenant in common has. Neither can come into a court of equity and assert a

superior equity, unless it has been created by some contract modifying the rights which belong to them, as tenants in common. No such modification appears here, and the motion for an injunction must be denied."

c. In Dunham v. I. & St. L. R. R. Co., 1876, 2 B. & A. 328, 329, 330–331, The Circuit Court of the United States, N. D. Illinois, by Circuit Judge Drummond, said: "One of . . . [co-patentees] can manufacture and use the article patented without the consent of the others; . . . he can clothe his grantee or his licensee with the same right that he has himself, namely, the right to sell or use the thing patented. And it seems to me the better rule is to hold, if there is a liability at all, that where a party owning less than the whole of a thing patented, makes a grant or a license, he shall be answerable to the others, rather than that the other patentees shall look to the grantee or licensee. . . . My conclusion, therefore, is, that the fact that one of the patentees has given a license to the defendant to use the thing patented, clothes him with the right to use it, and having that right, he is liable, under his contract, for the payment of the

one thousand dollars which he agreed to pay for the license."

d. In Whiting v. Graves, 1878, 3 B. & A. 225, The Circuit Court of the United States, D. Massachusetts, by Circuit Judge Shepley, dismissed a bill for infringement brought by the holder of the legal title to certain patents, against parties who claimed under equitable title to one-half interest in said patents, saying: "As it is clear upon the evidence in this record that . . . [defendants' assignor] had an equitable title to one-half these two patents, the defendants cannot be held to infringe."

e. In Herring v. Gas Consumers' Association, 1878, 3 B. & A. 254–255, The Circuit Court of the United States, E. D. Missouri, by Circuit Judge Dillon and District Judge Treat, decided that a part owner of a patent was subject in an infringement suit to his co-owner for "using . . . an infringing patent". The Court, referring to position against infringement by a patent part owner, (§ 65,*b*), said: "The difficulties in maintaining an action for an infringement, against a joint owner who merely uses the common patent, may be insurmountable. As to that,

no opinion is expressed. In this case, an entirely new and distinct proposition is presented, viz.: One of the several joint owners is not using the common patent, but an infringing patent. . . . So far as he acts outside of his interests or rights or powers as a joint owner, there is no adequate reason for treating him *quoad hoc* otherwise than as a stranger. If this be not so, then one joint owner must destroy, without remedy, the rights of the other joint owner."

f. In Wescott et al. v. Wayne Agricultural Works et al., 1882, 11 Fed. Rep. 298, The Circuit Court of the United States, D. Indiana, by then District Judge Gresham, overruled a demurrer to an infringement bill; the ground of the demurrer being that the defendants were owners of an undivided part interest in the patent, through complainant Wescott. The Court held that Wescott and the other complainant were at the date of defendants' alleged acquirement of title, invested with the legal title of the patent jointly as trustees; any portion of the title to or interest in the patent, could be conveyed only by a joint deed of both said trustees. It would appear that no question

was raised or considered, other than the foregoing one of trusteeship; and that the question of infringement between part owners of a patent, was not considered by the court either in decision or dicta.

g. In Curran et al. v. Burdsall, 1883, 20 Fed. Rep. 837, The Circuit Court of the United States, N. D. Illinois, by District Judge Blodgett, decided that an infringement bill would not lie against defendant, in view of act of one of the patent part owners, (Curran), which act the Court held to be a license under the patent in question. The Court said: "It is true, two other persons are associated with Curran in the ownership of the . . . patent, but it seems to me the estoppel upon Curran must operate as a license from Curran to defendant . . . , and Curran's co-owners must look to him for an accounting".

h. In Duke v. Graham, 1884, 19 Fed. Rep. 647, The Court of the United States, N. D. Mississippi, by District Judge Hill, decided a case the precise character of which, is not easily to be understood from the facts set forth in the opinion itself; but it appears there were two patents before the

Court, the earlier one known as the Swift and owned in legal title by defendant, the later one being owned in legal title jointly by complainant and defendant. The Court said: "I am further of opinion that the complainant and defendant are in equity the joint owners of the Swift patent, or the rights secured under it as improved by the invention of complainant, and that the complainant has a right to have defendant, and all persons claiming under or through him, enjoined and restrained from making or using cotton or hay presses as invented and made, and secured by the letters patent known as the Swift invention and patent, except as in connection with complainant's improvement, and under the rights conferred upon the patent last issued." No reason is seen in a decree enjoining a joint owner alike of two patents, from the invention of one patent except as in connection with the invention of the other patent. It is probable that agreement between the two parties, not fully disclosed in the opinion, constituted the case in hand; the opinion speaking of the two parties as "co-partners" and as "partners", and reciting certain considerations between

them. The case seems to be too indefinite for regard, touching the legal relation of joint owners of a patent without contract.

i. In Aspinwall v. Gill, 1887, 32 Fed. Rep. 697, The Circuit Court of the United States, D. New Jersey, by Circuit Justice Bradley, said: "The owner of one-eleventh of a patent cannot sue the owner of eight-elevenths of it for an infringement . . . . It is clear, I think, that one part owner cannot maintain suit against another for infringement."

§ 64. **Supreme Court Inclination.**—*a*. In Gottfried v. Miller, 1881, 104 U. S. 521, The Supreme Court of the United States, found that defendant was not liable in infringement suit for using the patented article bought by him of a seller, who subsequently to said sale had acquired a joint interest in the patent in suit, together with complainant and a third joint owner; the ground of this decision, being a release to said seller from all claim which the other joint owners might have against him, or against any person to whom said seller might have granted license to use the invention. The Court stated, that they

did not undertake to decide that the other joint owners of the patent were precluded from recovery against defendant, by reason of the act of the joint owner who sold the machine. The Court, by Mr. Justice Woods, said, p. 529: "If . . . [the seller] had subsequently become the sole owner of the patent, his previous sale to . . . [defendant] of a machine embodying his patented invention would have estopped him from prosecuting . . . [defendant] for an infringement of the patent by the use of the machine. . . . But having acquired only a part interest in the patent, we do not undertake to decide that his previous sale of the machine to . . . [defendant] bound the other joint owners of the patent. It is clear, however, that such sale was a license to . . . [defendant] to use the machine so far as . . . [the seller] could grant a license. And in our opinion the covenants of . . . [the other joint owners of the patent], in the contract by which . . . [the seller] assigned his interest in his patent to them, are sufficient to protect . . . [defendant] from this suit."

b. In Paper Bag Cases, 1882, 105 U. S. 766, The Supreme Court of the United States

stated that because certain of the joint owners of a patent, had given their assent to the use of a patented machine at one time owned jointly by a co-owner of the patent and his brother, said certain joint owners of the patent could not claim adversely to the use of the machine. The negative construction of the statement tending to the effect, that if such certain joint owners of the patent had not united with their co-owner of the patent in a license for the use of the machine, they would have been in condition to claim adversely to such use. The Court, by Mr. Chief Justice Waite, said: "On the 6th of March, 1860, a reissue of this patent was granted to Charles H. Morgan, Leonard Whitney, Jr., and Thurston Priest. Sometime about the year 1863, Francis H. Morgan (a brother of Morgan, one of the patentees) became the owner of one of the machines covered by this patent, with an unrestricted license for its use. Morgan, the patentee, was for a time a joint owner of the machine with his brother, but he afterwards parted with his interest, and Francis H. Morgan became the sole owner. While there is no testimony in the case showing any instrument

in writing by which the other patentees united in a license for the use of this machine, we are entirely satisfied that they gave their assent to what was done by Charles H. Morgan, and are in no condition to claim adversely to the license which he undertook to grant."

§ 65. **Grounds of Leading Cases.** — *a*. In view of all the foregoing, it would seem that the question of infringement by a part owner of a patent, is as yet unsettled. Consideration must therefore be had of the grounds, on which respectively, the differing views rest. The leading cases of Pitts v. Hall, and Clum v. Brewer, have commanded attention, as respectively representative of the opposing positions.

b. At the time these two cases were reviewed in Curtis's Law of Patents, §§ 188–192, they constituted our entire judicial view of this question. Said text-work thought that the analogy between conversion and infringement, set forth in Pitts v. Hall, was not good in that the use or sale of the patented machine was not a sale of the whole patent. The Pitts v. Hall doctrine, however,

does not seem to affirm that infringement is conversion; but that the same principle of right which rules the doctrine of conversion, would also rule the doctrine of infringement in the premise; inasmuch as an express or implied license, is an exclusive appropriation *pro tanto* of the patent property. There would seem to be analogy, in that an express or implied permission to do that which would otherwise be an invasion of the patent right, in so far, practically operates in likeness to destruction of the latter; sufficient extent of such license working a result, similar to that which would obtain by destruction of the entire patent right. If one part owner can lawfully license, he can lawfully do that which though not a technical conversion of the incorporeal right of patent, yet would seem to accomplish all the ill thereof. In substance, and aside from form, license would seem capable of practically attaining similar end with conversion.

c. Said text-work further thought that a special action on the case would lie by one patent part owner against another, for damage caused by the latter selling license at insignificant price. But any such action

must have partial basis, on the right of plaintiff to exclude defendant from independently selling license; which partial basis would be wanting, if infringement may not exist between such parties. If defendant has right to independently make, use and vend the patented invention, by reason of his patent part ownership, it would appear within his right to sell license at insignificant price, irrespective of effect on his co-owner; there being no wrong, the matter of loss would lie outside of legal consideration, *damnum absque injuria.* It would seem that said text-work set forth a form of action between patent part owners, which in all substance constitutes an action on the case for infringement; the suggested special action on the case requiring two conditions, injury touching the patent, and damage from such injury; such two conditions in an action, constituting an action on the case for patent infringement.

In Byam v. Bullard, 1852, 1 Curt. 103, The Circuit Court of the United States, D. Massachusetts, by Circuit Justice Curtis, said: "Nor can I find any solid foundation on which to rest the right of a patentee to support an action on the case for the vio-

lation of his exclusive right, except that settled and reasonable common-law basis of all such actions, injury and damage; injury by a violation of the incorporeal right, and damage, at least nominal, presumed by the law to arise from such violation."

d. Turning now to consideration of Clum v. Brewer, the noticeable feature of the case is, that the suit appears to have been not between part owners of a patent. The notes of the reporter, the presiding Judge himself, recite: "This bill was filed by the complainant, who claimed to be a grantee under Professor Morse, of a certain sectional interest in the State of Massachusetts, under the extended letters-patent, originally granted to Morse". His Honor found one defendant to be an owner of an undivided part interest in the patent, the remaining defendants standing on license under such one; and thereupon said: "One tenant in common has as good right to use, and to license third persons to use the thing patented, as the other tenant in common has." In so far as the report discloses facts, it would appear that complainant's title of so-called grantee, dated subsequently to defendant's title, as tenant in

common; and hence, complainant's claim of grantee falls, because a sectional grant seems to be the entire interest in the patent as regards the territory described in such grant, (§ 84). But, if the facts as to relative dates of complainant's and defendant's respective titles were the reverse, and complainant stood as a sectional grantee; it is not seen how an owner of a sectional grant under a patent, can be a tenant in common of the patent, (§ 84); a sole sectional grantee holding his title in severalty, rather than in tenancy in common; a sectional interest in a patent touching, not the entire territory covered by the patent, but only a certain distinct portion of such territory. It would thus seem that: (a) complainant was not a tenant in common of the patent; (b) the position of the Court was in oversight of the conditions constituting a tenancy in common of a patent; (c) the case is without consideration in the question of infringement as between patent part owners.

§ 66. **Patent Part Ownership.** — A patent being subject-matter by statute for assignment in undivided interest, it would seem

scarcely in keeping for the respective owners of such undivided interests, to occupy positions practically located in nullification of the patent in so far as each other are concerned; such assignment not nullifying or disintegrating the patent in anywise, but changing the ownership of its incorporeal right from severalty to joint.

a. In Gayler v. Wilder, 1850, 1 Whit. 593, The Supreme Court of the United States, by Mr. Chief Justice Taney, said: "Upon such assignment, the patentee and his assignees become joint owners of the whole interest secured by the patent, according to the respective proportions which the assignment creates."

§ 67. **Enjoyment of Patent.**—*a.* A patent part owner, may independently have enjoyment of the patent property, in manner such as the property permits of enjoyment, (§ 16). He may independently have enjoyment of the primary patent product, (§ 18). The exclusion in law which the patent secures, being thus lawfully enjoyed to all possible extent, independently by a part owner; in the exclusion in fact, more or less, produced by the patent.

b. The question of wrong appears, when a part owner, ill satisfied with the foregoing, deprives another part owner of his enjoyment of the patent property; such deprivation being incident to gathering the secondary product of the patent, (§ 19).

c. The question of infringement by a patent part owner, therefore resolves itself into the lawfulness of one part owner gathering product or profit of the patent, in act which deprives another part owner of enjoyment of the patent property.

§ 68. **Result of Independent Action.** — *a.* If one joint owner of a patent can lawfully do an act, which if done by a stranger, would constitute infringement; an infinitessimal undivided interest in a patent can, in so far as it may exercise its authority, practically invalidate the remaining preponderating interest.

b. Further, the result would seem practically a series of patents owned in severalty, in substitution for the one patent; subject to the limitation, that infringement would not lie as between parties claiming respectively under the distinct patents in the supposed series.

c. The wedge of competition would force

the joint owners of the whole undivided interest of a legal patent, into mutually opposing position; the exact reverse of the controlling intent of our patent system. Independent interests would make, use and vend the invention, on competitive basis.

d. One joint owner would, excepting co-ownership claim, practically be in ownership of the entire patent. He could, in so far as concerns the patent, authorize all persons to make, use and vend the invention, throughout the entire term, and territory, of the patent.

e. He would hold the property of the other joint owners in jeopardy, and substantially subject to his contract, without remedy. He would be able to give license, which would practically be a destruction of the patent property; and yet technically he would stand outside of the general law, giving relief to suffering joint owners, in instance of conversion.

§ 69. **Difference between Co-Ownership of Patent and Corporeal Chattel.**— *a.* A patent is free from attribute of property, applied to brass or steel, in contradistinction to property existing only

in law. It is different from other personal property, apt to occur to mind in considering co-ownership, in that: (a) the invention constituting the object-matter of the patent, is intangible; (b) the property constituting the patent, is incorporeal, in action; (c) the primary product of such property, is intangible, negative.

b. It would seem that, co-ownership of corporeal personal property in possession, is essentially different from co-ownership of incorporeal personal property in action, standing as a claim in law to a qualified exclusion in fact of an intangible invention from enjoyment.

§ 70. **Corporeal Personal Property Rule.** — *a*. The common law rule of independent physical use as to co-owned personal property, was based on the features of such property being corporeal, and in possession. Of necessity, it contemplated only corporeal property; and in simple reason, it had application solely to property in possession.

b. It would seem that such rule is without significance, as to co-owned incorporeal property in action; the reason thereof falling,

carrying with it the rule. *Ratio est legis anima, mutata legis ratione mutatur et lex.*

§ 71. **Corporeal Real Property Rule.**—The rule as to co-owned real property, is that a co-owner, either directly by himself or indirectly by a licensee, cannot do anything interfering with another co-owner's enjoyment of the property. One co-owner therefore, may lawfully act in relation to the property, only on condition that he does not thereby prevent a fellow co-owner from having full enjoyment of the property.

§ 72. **Rule of Incorporeal Rights.**—The long established rule in adjudication between part owners of incorporeal rights, is that one part owner cannot do that which works a violation of the incorporeal right as against another part owner It seems without law, for one part owner to independently take product or profit of the property; if thereby, he would violate the incorporeal right, in so far as the latter is of moment to another part owner.

a. In Seymour v. Bennet, 1742, 2 Atkyns, 483, Lord Chancellor Hardwicke said: "Upon

the whole, . . . [complainant] and . . . [defendant] have the sole right of nominating the clerk; but if they cannot agree about the nomination, the court cannot help it. It is like the case of a presentation; if there are several *cestui que trusts*, and they do not all agree, there can be no nomination; or, as in the case of joint tenants and tenants in common, while they have a joint interest, and before severance, they must all agree, or no act can be done."

b. In Johnstone v. Baber, 1856, 22 Beav. 565, The Master of the Rolls said: "Upon referring to the text books, it will be found to be laid down, as a general rule, that co-parceners, on whom an advowson descends, present according to seniority; and it is also laid down in the text books, that joint tenants and tenants in common do not; but that they must all concur, or that, unless they concur, the presentation is not good."

Decree was thereupon made, declaring that the right to the immediate presentation, should be exercised according to seniority of the part owners, in view of their disagreement.

c. On appeal of this last case, the position

of the court below was ratified in that a presentation could not be made by any less than all the part owners of the right jointly; but right to the immediate presentation was held to be by lot instead of by seniority, in view of the disagreement of the part owners.

In Johnstone v. Baber, 1856, 6 De G., M. & G. 446 & 448, Lord Chancellor Cranworth said: "You need not say anything about the majority; there is no authority for so settling the right. . . . How is it [the advowson] to be enjoyed? It is true there is very little of authority on the subject; but I think, with great respect to the Master of the Rolls, that what there is appears all to point one way, namely, that if the parties cannot agree they must draw lots."

§ 73. **Reason of Rule of Incorporeal Rights.** — *a*. The rule of incorporeal rights, is in harmony with what seems to have been the practical course pursued by part owners of an incorporeal right, whose product could be used independently by a part owner, without violation of the incorporeal right in so far as concerns another part owner. An incorporeal right of such latter kind, having a product of

such character, being instanced in a right of way; the *way* being the product of the incorporeal right, and adapted to be used independently by a part owner of the latter, without depriving another part owner of enjoyment of such incorporeal right.

b. The rule seems to have existed from early day, and to have been settled by high authority. The ground of the rule would seem to rest in that, one part owner of an incorporeal right ought not to independently take a product thereof, at the cost of the deprivation of another part owner from enjoyment of the incorporeal right itself.

§ 74. **Analogy of Co-Ownership Rules.** — *a*. (a) Common law rule of corporeal personal property in possession, brings no likeness of law to patent incorporeal property in action; (b) established rule of corporeal real property, brings analogy that it is unlawful for one co-owner to do that which prevents a fellow co-owner from enjoyment of the property; (c) rule of incorporeal rights as applied to other species of the property genus, brings analogy that it is without law for one co-owner to do that which deprives another

co-owner of enjoyment of the incorporeal right in question.

b. It would thus seem: (a) to be without analogy, for one co-owner of a patent to do that which works suffering of a fellow co-owner, as regards his property interest in the indivisible right of patent; (b) to be without law for one co-owner of a patent to independently make, use and vend the incorporeal invention thereof, thereby in corresponding measure depriving his fellow co-owner, of the exclusion as to such invention granted in law by the patent.

§ 75. **New Wrong requires New Remedy.**— With the advance of civilization, new wrongs appear in the violation of patents; developing from the new phases of relation into which parties are thrown. Such wrongs, as soon as recognized, seem subject to Lord Holt's position as to law development, that, "if men will multiply injuries, actions must be multiplied too".

a. Cooley on Torts, pp. 1–2, & 19–20, respectively, recites: "The increase in intelligence, and especially the new inventions and improvements which follow it, have a

powerful tendency in the direction of creating new wants and new desires, and of establishing people in new occupations, and as these increase, the interests, desires and passions of men must necessarily breed more frequent controversies. . . . In the more advanced society . . . attention is invited to invasions of . . . patents, . . . because the conditions from which they spring, or which give occasion for them, are new." "Judicial development of the law is perceived in two forms: In the recognition of rights, and in giving a remedy for the invasion or deprivation of rights. In the first, usages and precedents will be consulted, and analogies made use of. A right cannot be recognized until the principle is found which supports it. But when the right is found, the remedy must follow, of course. The maxim of law, that wherever there is a right there is a remedy, is a mere truism; for, as Lord Holt has said: 'it is a vain thing to imagine a right without a remedy; for want of right and want of remedy are reciprocal'."

§ 76. Summary. — *a*. The question of infringement between part owners of a patent.

would therefore seem to rest in premises, as follows: (a) our federal circuit courts, are in disagreement; (b) the constructive inclination of our federal supreme court, favors position of infringement; (c) reason of right, and rule of wrong, both favor position of infringement; (d) general rule of corporeal personal property, does not touch question; (e) general rule of corporeal real property, favors position of infringement; (f) general rule of incorporeal rights, favors position of infringement; (g) development of wrong, is followed in law by development of action.

b. The conclusion would seem that, if one part owner of a patent, independently make, use and vend the invention described in the patent, he commits infringement as against a fellow part owner.

CHAPTER VII.

LIMITATIONS OF SECTIONAL GRANTS.

§ 77. Discharge of Patented Article from the Franchise.

§ 78. Franchise Discharge as to Use.

§ 79. Franchise Discharge as to Sale.

§ 80. Rule of Franchise Discharge.

§ 81. Authority of Seller.

§ 82. Grant and its Infringement.

§ 83. Statutes of Grant and its Infringement.

§ 84. Court Construction of said Statutes.

§ 85. Right of Sectional Grant.

§ 86. Rule in Analogy.

§ 87. Long Standing Position of Supreme Court.

§ 88. Claim to Sectional Debarment.

§ 89. Summary.

§ 77. **Discharge of Patented Article from the Franchise.** — The question of authority of a sectional grantee under a patent, to pass articles from out the patent claim, by a manufacture and sale of such articles within the territory described in his grant, has been judicially divided into two independent branches. The first branch involving distinction between a patented article of value, and one of no value, after a single use; the second branch involving distinction between using and vending a patented article.

§ 78. **Franchise Discharge as to Use.** — *a*. A patent owner having conveyed to one grantee the exclusive right under the patent for certain territory, and having conveyed to another grantee the same right for independent territory; one grantee makes and sells within his territory, the patented article, which specific article the purchaser takes into the other grantee's territory and there uses it. Whether such use of the patented article be authorized or not, finds closest reference in the decision of the Supreme Court of the United States, in Adams v. Burke, 1873, 2 Whit. 449; to effect that, as regards patented articles which are of no value after a single use, there is no restriction on such use. The patented article in suit was a coffin-lid, and the decision considered the peculiar character of said article, as capable of but one use; JJ. Bradley, Swayne and Strong concurring in a dissenting opinion, that use outside the selling grantee's territory, was matter beyond the control of such grantee.

b. The decision of the Court in said case reads: "The question presented by the plea in this case is a very interesting one in patent law, and the precise point in it has never

been decided by this court, though cases involving some of the considerations which apply to it have been decided, and others of analogous character are frequently recurring. The vast pecuniary results involved in such cases, as well as the public interest, admonish us to proceed with care, and to decide in each case no more than what is directly in issue. We have repeatedly held that where a person had purchased a patented machine of the patentee or his assignee, this purchase carried with it the right to the use of that machine so long as it was capable of use, and that the expiration and renewal of the patent, whether in favor of the original patentee or of his assignee, did not affect this right. The true ground on which these decisions rest is that the sale by a person who has the full right to make, sell, and use such a machine carries with it the right to the use of that machine to the full extent to which it can be used in point of time. The right to manufacture, the right to sell, and the right to use are each substantive rights, and may be granted or conferred separately by the patentee. But, in the essential nature of things, when the patentee, or the person having his rights,

sells a machine or instrument whose sole value is in its use, he receives the consideration for its use, and he parts with the right to restrict that use. The article, in the language of the court, passes without the limit of the monoply, *Bloomer* v. *McQuewan*, 14 Howard, 549; *Mitchell* v. *Hawley*, 16 Wallace, 544. That is to say, the patentee or his assignee having in the act of sale received all the royalty or consideration which he claims for the use of his invention in that particular machine or instrument, it is open to the use of the purchaser without further restriction on account of the monopoly of the patentees. If this principle be sound as to a machine or instrument whose use may be continued for a number of years, and may extend beyond the existence of the patent, as limited at the time of the sale, and into the period of a renewal or extension, it must be much more applicable to an instrument or product of patented manufacture which perishes in the first use of it, or which, by that first use, becomes incapable of further use, and of no further value. Such is the case with the coffin-lids of appellant's patent. It seems to us that, although the right of

Lockhart and Seelye to manufacture, to sell, and to use these coffin-lids was limited to the circle of ten miles around Boston, that a purchaser from them of a single coffin acquired the right to use that coffin for the purpose for which all coffins are used. That so far as the use of it was concerned, the patentee had received his consideration, and it was no longer within the monopoly of the patent. It would be to engraft a limitation upon the right of use not contemplated by the statute nor within the reason of the contract to say that it could only be used within the ten-mile circle. Whatever, therefore, may be the rule when patentees subdivide territorially their patents, as to the exclusive right *to make* or *to sell* within a limited territory, we hold that in the class of machines or implements we have described, when they are once lawfully made and sold, there is no restriction on their *use* to be implied for the benefit of the patentee or his assignees or licensees. A careful examination of the plea satisfies us that the defendant, who, as an undertaker, purchased each of these coffins and used it in burying the body which he was employed to bury, acquired the right to

this use of it freed from any claim of the patentee, though purchased within the ten-mile circle and used without it."

c. In McKay v. Wooster et al., 1873, 6 Fish. 375, The Circuit Court of the United States, D. California, by Circuit Judge Sawyer, decreed dismissal of an equity bill under the following facts. Complainant was a sectional grantee, under a patent for an egg transportation case; defendants were commission merchants who had received such transportation cases within complainant's territory, and there sold on commission the eggs contained therein. Defendants' principals had bought the transportation cases from a sectional grantee, under the same patent for territory independent of complainant's; such seller of the transportation cases having manufactured and sold the latter within his territory, under sectional grant prior in time to the sectional grant under which complainant claimed. His Honor dismissed the bill, because complainant's sectional grant was subsequent in time to the sectional grant under which the transportation cases were made and sold. The decree of dismissal below was affirmed by the Supreme Court of the United

States, Dec. 15, 1873; no opinion being delivered.

d. The report below in McKay v. Wooster, shows that: the patent was for improvement in cases for transporting eggs; defendants' principals used such transportation cases in the shipment of eggs to defendants; said use was the infringement complained of. Defense would seem to exist under such a state of facts, without involving the question here in view; the alleged infringing use at issue, apparently being other than defendants' act. But further, without regard to issue, defendants' act of receiving the transportation cases and selling the eggs, would seem scarcely a use of the cases for transporting eggs; and as within the doctrine set forth in Brown v. Duchesne, 1856, 1 Whit. 1028, wherein the Supreme Court of the United States, by Mr. Chief Justice Taney, said: "But so far as the mere use [of the patented gaff] is concerned, the vessel could hardly be said to use it while she was at anchor in the port, or lay at the wharf. It was certainly of no value to her while she was in the harbor; and the only use made of it, which can be supposed to interfere with the rights of the plaintiff,

was in navigating the vessel into and out of the harbor . . . or if any damage is sustained on the one side, or any profit or advantage gained on the other, it is so minute that it is incapable of any appreciable value."

e. The affirmance by the Supreme Court of the United States, of the decree of dismissal below in Adams v. Burke, was Dec. 8, 1873; it discarded the theory of the court below, and took ground which had not been within the consideration of such lower court in rendering the decree. The record in said case, shows fact touching relative dates of the opposing sectional grants, which constituted reason for the decree of the court below in McKay v. Wooster. The Supreme Court disregarded such fact, in Adams v. Burke. The affirmance of the McKay v. Wooster decree of dismissal below, being made the next week, would seem subject to the exact doctrine set forth by the Supreme Court in Adams v. Burke; and hence such affirmance of the McKay v. Wooster decree, was apparently for reason outside the consideration of the court below in making such decree. The position of our Federal Supreme Court regarding the question of right of use here in

consideration, therefore seems to rest with their exposition in Adams v. Burke.

§ 79. **Franchise Discharge as to Sale.**—*a*. Right as to the vending of the invention, circuit court rule seems to place within the control of the sectional grantee, independently of act of another sectional grantee within the latter's territory. JJ. McKennan and Wheeler respectively deciding, after review of the question, and consideration of the Adams v. Burke opinion, that manufacture and sale of a patented article by one sectional grantee within his territory, did not authorize ordinary sale of such article within the independent territory of another sectional grantee.

b. In Hatch v. Adams, 1884, 22 Fed. Rep. 436, The Circuit Court of the United States, E. D. Pennsylvania, by Circuit Judge McKennan, said: "This case involves a single question, to wit: Has a purchaser of patented articles from a grantee of an exclusive right to manufacture [use] and sell under the patent in a specified part of the United States, the right to sell the articles in the course of trade, outside the designated limits covered by the grant to his vendor? In the absence

of authority to the contrary, we would feel constrained to answer this question in the negative . . . Undoubtedly, the grantee would take and hold the right conveyed subject to the limitations of the grant, and hence he could not lawfully exercise outside of the territorial limits to which he was restricted. It would be illogical, then, to assume that he could confer upon a vendee a privilege with which he was not invested, and which he could not exercise himself."

c. In Hatch v. Hall, 1884, 22 Fed. Rep. 438, The Circuit Court of the United States, S. D. New York, by District Judge Wheeler, said: "The right of the defendant to the orators' patent for the territory comprised within the state of New York would seem to afford him no right to sell for use, within the territory still owned by the orators, the patented articles, made by him in his territory."

d. In Hatch v. Hall, 1887, 30 Fed. Rep. 613, the last named Court said: "[Defendant] insists that, as Stillman was the owner of the patent, and had the right to sell the invention anywhere throughout the United States as well as in New York, his grant to . . .

[party under whom defendant claimed] of the right for that state, to be held by her as fully as it would have been held by him if the grant had not been made, carried with it to her the right to do whatever, out of New York, he could have done. His grant to her, however, was in terms a grant of the territorial right of that state. What was to be held by her as fully as he would have held it if he had not made the grant, was that right; no more or less. These words appear to have been merely a confirmation to her of what had been granted by preceding words. They are such as are frequently used in conveyances of land, and would not probably be thought to convey any right in any other lands than those conveyed, which the grantor might have. . . . Sellers in the territory of the orators would appear to be infringers there, without reference to where they obtained the goods, if not from the orators."

§ 80. **Rule of Franchise Discharge.** — *a*. The rule is clear, that an unqualified sale of a patented article by the owner of the patent, or other person so authorized by such patent owner, thereby passes such specific article

from out the claim of the patent. Such rule resting on the ground, that the article being absolutely sold by one having authority to do so, is no longer subject to claim of debarment owned by such seller; the controlling phrase of the doctrine being, "the machine, when it rightfully passes from the patentee to the purchaser or from any other person by him authorized to convey it, ceases to be within the limits of the monopoly".

b. The Supreme Court of the United States set forth such rule, respectively in: Wilson v. Rousseau, 1846, 1 Whit. 357; Bloomer v. McQuewan, 1852. 1 Whit. 730; Chaffee v. Boston Belting Co., 1859, 1 Whit. 1124; Bloomer v. Millinger, 1863, 2 Whit. 42; Mitchell v. Hawley, 1873, 2 Whit. 443. Said opinions seemingly contemplating a legal sale, involving a seller having title under the patent to the territory in question; and there seeming to be no intimation in them, by which a so-called sale made by a seller without authority to control the property right of the patent for the territory in contemplation, could be brought under the rule in consideration.

§ 81. **Authority of Seller** — *a*. In the sale of a specific patented article by a grantee under the patent for a limited territory, the seller having no right under the patent outside such limited territory, it would seem that the sale in so far as concerns license of use in territory outside of the seller's territory, is made by neither the patentee nor one authorized by the patentee.

b. There being no express authority in the seller, to pass the article from out the franchise for territory other than his own; such authority must be found in construction of law, or the sale of the article, in so far as concerns license beyond the seller's territory, would seem without ground.

§ 82. **Grant and its Infringement.** — *a*. The contention rests in the construction to be given the statutes, which provide respectively for sectional grant under a patent, and infringement of such sectional grant.

b. Such statutes in terms and in construction, seem to provide for division of the entire interest in the property right of a patent, by reference to specified sectional part of our federal territory. Such division, being with-

out limitation of the whole right under the patent touching the territory in question, and effective to cut off the patentee from any further part or lot in the patent in so far as concerns such granted territory. Such grant excluding from the territory described therein, subsequent control of the patentee, totally and under any guise; license thereafter given by such patentee, or by one acting under his authority, either express or implied, having no effect touching the making, using and vending of the patented article within the territory owned by such grantee.

§ 83. **Statutes of Grant and its Infringement.**—*a*. Up to 1836, no provision existed whereby a patent could be divided as to locality. Sec. 11, patent act of 1836, enacted: "That every patent shall be assignable in law, either as to the whole interest, or any undivided part thereof, by any instrument in writing; which assignment, and also every grant and conveyance of the exclusive right under any patent, to make and use, and to grant to others to make and use, the thing patented within and throughout any specified part or portion of the United States, shall be recorded in the Patent

Office within three months from the execution thereof". Sec. 14 of said act, enacted that: "damages may be recovered by action on the case . . . [by] grantees of the exclusive right within and throughout a specified part of the United States."

b. Sec. 36, patent act of 1870, enacted. the same being now found in sec. 4898, Rev. Sta.: "That every patent or any interest therein shall be assignable in law, by an instrument in writing; and the patentee or his assigns or legal representatives may, in like manner, grant and convey an exclusive right under his patent to the whole or any specified part of the United States". Sec. 59 of said act of 1870 substantially contained what is now found in sec. 4919, Rev. Sta., namely: "damages for the infringement of any patent may be recovered by action on the case . . . in the name of the party interested, either as patentee, assignee, or grantee."

§ 84. **Court Construction of said Statutes.**— The construction of these statutes by the courts, seems to harmonize with the ordinary meaning of the language used in them; and to show that a sectional grant under a patent,

passes to the grantee, the entire interest in the franchise exact and without change, for his territory. The same claim thereby vesting in the grantee for his territory, as previously vested in the owner of the whole right under the patent for the entire federal territory.

a. In Kempton v. Bray, 1868, 99 Mass. 353, The Supreme Court of Massachusetts, by the present Mr. Justice Gray of the Supreme Court of the United States, said: "no transfer of less than the whole of a patent right is valid, except an assignment of an undivided share in the whole patent, or a grant of the exclusive right within a specified part of the United States, either by an express assignment of the entire right within such limits, or at least by license to make, use and vend, and grant to others the right to make, use and vend, the patented article therein, exclusively of the patentee himself as well as of all other persons."

b. In Potter v. Holland, 1858, 1 Fish. 333 & 335, The Circuit Court of the United States, D. Connecticut, by District Judge Ingersoll, Circuit Justice Nelson concurring, said: "A grantee is one who has transferred to him in

writing the *exclusive* right, under the patent, to make and use, and to grant to others to make and use, the thing patented, within and throughout some specified part or portion of the United States. Such right must be an *exclusive* sectional right *excluding* the patentee therefrom. . . . In the case now before the Court, there was no transfer of an undivided interest in the whole patent, nor the exclusive right to the entire monopoly in any specific territory, excluding the patentee from all right in such specific territory. And the language of the Court is, that 'any assignment short 'of this is a mere license'. It conveys no legal right in the patent."

c. In Perry v. Corning, 1870, 7 Blatch. 203, The Circuit Court of the United States, N. D. New York, by Circuit Judge Woodruff, said: "That the assignment gave to Treadwell and Perry the entire monopoly which the patentee before had in those States, and to the exclusion of the patentee himself, is, I think, quite certain; and this is made the test of the right to sue".

d. In Nelson v. McMann, 1879, 4 B. & A. 212, The Circuit Court of the United States, S. D. New York, by then Circuit Judge

Blatchford, said: "The 'exclusive right', under a patent. to a specified part of the United States, means an exclusive right to do everything under the patent, in such specified part, which the patentee could do".

e. In Gayler v. Wilder, 1850, 1 Whit. 593–594, The Supreme Court of the United States, by Mr. Chief Justice Taney, said: "The monopoly . . . is created by the act of Congress; and no rights can be acquired in it unless authorized by statute, and in the manner the statute prescribes. By the eleventh section of the act of 1836, the patentee may assign his whole interest, or an undivided part of it. But if he assigns a part under this section, it must be an undivided portion of his entire interest under the patent, placing the assignee upon an equal footing with himself for the part assigned. Upon such an assignment, the patentee and his assignees become joint owners of the whole interest secured by the patent, according to the respective proportions which the assignment creates. By the fourteenth section, the patentee may assign his exclusive right within and throughout a specified part of the United States, and upon such an

assignment the assignee may sue in his own name for an infringement of his rights. But in order to enable him to sue, the assignment must undoubtedly convey to him the entire and unqualified monopoly which the patentee held in the territory specified, — excluding the patentee himself as well as others. And any assignment short of this is a mere license".

f. In Moore v. Marsh, 1868, 2 Whit. 185, The Supreme Court of the United States, by Mr. Justice Clifford, said: "Both assignees and grantees have an interest in the patent, but the terms are not synonymous, as used in the patent law. . . . Grants, as well as assignments, must be in writing, and they must convey the exclusive right, under the patent, to make and use, and to vend to others to be used, the thing patented, within and throughout some specified district or portion of the United States, and such right must be exclusive of the patentee, as well as of all others except the grantee."

g. In Oliver v. Rumford Chemical Works, 1883, 109 U. S. 82, The Supreme Court of the United States, by Mr. Justice Blatchford, said: "Morgan was not an assignee of the

entire right secured by the patent, nor of any undivided part of such entire right, nor of the exclusive interest in such entire right for the territory specified. He did not acquire the whole of the exclusive right or legal estate vested in the Rumford Chemical Works by the patent for the said territory, leaving no interest in his grantor for that territory, as to anything granted by the patent. It is well settled that a transfer of a right such as Morgan acquired is not an assignment, nor such a grant of exclusive right as the statute speaks of, but is a mere license."

§ 85. **Right of Sectional Grant.** — *a*. It would thus seem that a sectional grant, gives its owner the same right as concerns the territory described therein, which the patent had previously given its owner as concerns the territory described therein. The owner of the patent, previously having the exclusive right to make, use and vend the designated invention, within our entire federal territory; the owner of the territorial section of said patent, having the exclusive right to make, use and vend the invention described in the patent, within the specific portion of our federal territory designated in the grant. .

b. It would also seem that, the same act which if done prior to the sectional grant, would constitute an infringement against a patentee owning the entire incorporeal right for all federal territory, would if done subsequently to such grant within the territory carved out thereby, be an infringement against the grantee. The same incorporeal right in kind, existing alike in the patent and in the grant; the sole difference, consisting in the extent of territory subject to such right.

§ 86. **Rule in Analogy.** — English doctrine is, that the sale of the patented article by one who is the owner of patent claim thereon for certain territory, does not clear such article from patent claim thereon for independent territory owned by another party. And that if the latter party be assignee of patentee who originally owned said two patent claims, it is none the less an infringement for a stranger to use or vend within such assignee's territory, the patented article made and sold within the territory of the patent claim owned by such seller.

a. In Betts v. Willmott, 1871, L. R. 6 Ch. Ap. 244–245, Lord Chancellor Hatherley

said: "The point is this: Supposing a man to have a patent in France and a patent in England, and he establishes manufactories in each country . . .; and Mr. Grove put the case of his having sold the English patent to an assignee, and still continuing the manufacture in France, and asked if the importer of any article sold in France would not come within the doctrine of Caldwell v. Vanvlissengen, 9 Hare 415. No doubt, in the case so put, the importer would be restrained, because the license to sell, which belonged originally to the patentee, would then be vested in his assignee; and therefore no license in England given by the original patentee after he had sold the patent could authorize the use of the article, so as to defeat the right of the assignees in England. And, of course, in exactly the same way, if the original patentee assigned his patent in France, no sale by him in England would be allowed to defeat the rights of the assignee in France. In other words, it comes within the doctrine of leave and license, and there could be no leave and license in such a case. But where a man carries on the two manufactories himself, and himself disposes of the

article abroad, unless it can be shown, not that there is some clear injunction to his agents, but that there is some clear communication to the party to whom the article is sold. I apprehend that, inasmuch as he has the right of vending the goods in France or Belgium or England, or in any other quarter of the globe, he transfers with the goods necessarily the license to use them wherever the purchaser pleases. When a man has purchased an article he expects to have the control of it, and there must be some clear and explicit agreement to the contrary to justify the vendor in saying that he has not given the purchaser his license to sell the article, or to use it wherever he pleases as against himself. He cannot use it against a previous assignee of the patent, but he can use it against the person who himself is proprietor of the patent, and has the power of conferring a complete right on him by the sale of the article."

b. In Societe v. Tilghman, 1883, L. R. 25 Ch. Div. 7–8–9, Lord Justice Cotton said: "Then I come to consider how the case stands on the construction of this instrument. It is put in this way, that the Defendants

being the owners of the English patent and having the right to grant licenses of the Belgian patent, have by the grant of a license to use the Belgian patent precluded themselves from insisting on their right to say that the sale in *England* of these articles is an interference with the monopoly granted to them by the English patent. And it is contended as I understood the argument, that although there is not in express terms in this license any grant of the right to sell these things in *England* when the Plaintiffs have manufactured them under this license in *Belgium*—yet it is necessarily implied, and it is a right which is necessarily carried to the Plaintiffs by the grant of the license which the Defendants have made to them. In my opinion there is a fallacy there. This grant was simply a grant to the Plaintiffs of a license to exercise the invention in *Belgium*, notwithstanding the existence there of a patent which would otherwise have prevented them from manufacturing the articles or dealing with the invention in *Belgium*. That was the grant. The consequence of that grant undoubtedly would be that the articles made under the invention, so far as the

Belgian patent is concerned, would under that license be lawfully made by the Plaintiffs in *Belgium*, and they having made the goods would be in the position of lawful owners of these goods without any violation of rights under the Belgian law. And the consequence of that would be that they might sell these goods in any country where there was no right of any person interfering with the sale in that country, or where the municipal law of the country did not prevent the sale of them. It is the consequence of their being in *Belgium* lawful manufacturers and lawful owners of these goods, and incident to that ownership that they can sell anywhere where the law of the country does not prevent them selling. But there is no grant there of a right to sell in *England*. That would be a right incident to their legal position in *Belgium*, but would not be a right granted to them by this instrument; and the mere fact that the grantors of the license had a monopoly in *England* would not, in my opinion, import as a matter of construction into this instrument the grant of a right to interfere with that monopoly when there had been no express grant of a right to sell in

England. . . . The license is merely a license, and puts the Plaintiffs in no better position than if they were grantees of the Belgian patent."

§ 87. **Long Standing Position of Supreme Court.** —The long standing position of our Supreme Court would seem to be: (a) as against a sectional grant, no person can enjoy any right by subsequent claim under the patent, within the granted territory; (b) the use of the patented thing, as under a sectional grant, is restricted to the granted territory.

a. In Wilson v. Rousseau, 1846, 1 Whit. 400, The Supreme Court of the United States, by Mr. Justice Nelson, said: "The fourteenth section of the Patent Law authorizes any person, who is a grantee of the exclusive right in a patent within and throughout a specified portion of the United States, to maintain an action in his own name for an infringement of the right. The plaintiff comes within the very terms of the section. . . . No other party, not even the patentee, can use a right under the patent within the territory, without infringing the grant."

b. In Simpson v. Wilson, 1846, 1 Whit.

426, The Supreme Court of the United States, by Mr. Justice Nelson, said: "The second question certified involves the point, whether or not the assignment of an exclusive right to make and use, and to vend to others. planing machines, within a given territory only, authorizes the assignee to vend elsewhere, out of the said territory, the plank, boards, and other materials the product of said machines. The court have no doubt but that it does; and that the restriction in the assignment is to be construed as applying solely to the using of the machine."

§ 88. **Claim to Sectional Debarment.**—*a*. A patent being a legal claim, debarring the making, using and vending the invention throughout our federal territory, and there being no right thereunder to make, use and vend the invention within such territory, (§ 12); it would seem, that a grant of the exclusive right under such patent to a specified territory, is a legal claim debarring the making, using and vending the invention within such specified territory, and does not give right to make, use and vend the designated invention there or elsewhere.

b. The statute providing for a sectional grant under a patent, thus relating only to exclusion and not to license, would appear to be without constructive provision touching use or sale of the patented article, by the grantee or by party claiming under the grantee.

c. It appears without reason, that a grantee owning an absolute right which debars the making, using and vending of a certain invention within his specified territory, should be subject to the use or sale within his territory by a stranger, of the debarred article in question, because the latter was bought by such stranger of an independent owner of a like right of debarment for independent territory.

§ 89. Summary. — *a*. It would therefore seem that: (a) circuit court rule is that a sectional grant excludes the vending within its described territory, of a patented article made and sold originally by an independent owner of an independent sectional grant within the latter's territory; (b) the supreme court position as to lawfulness of use of patented article by a stranger within the

territory of a sectional grantee, seems restricted to peculiar conditions lying outside of the general consideration of the question; (c) the law of sales is that, the buyer simply succeeds to the previous legal position of the seller as regards the article in sale, and the owner of a property right is not stopped in procedure against an otherwise wrong-doer because the latter claims under a seller who did not own such property right; (d) the line of decisions of our supreme court to effect that a lawful sale of a patented article passes the latter outside of the franchise, contemplates as inherent condition to a lawful sale, the ownership by such seller of the franchise for the territory in question; (e) the property of a patent does not confer right of making, using and vending the invention in anywise, and a sectional grantee under such patent has thereby no right to do any such act within any territory; (f) a patent consists of a right which excludes the invention from being made, used and sold within the entire federal territory, and the statute provides for territorial division in sectional grant of such right without limitation of the latter; (g) English doctrine is that a patent claim for certain

territory does exclude from the latter the using or the vending of the patented article, irrespective of such article having been made and sold within independent territory by the independent owner of a patent claim to the latter, such two patent claims having been originally owned by one person; (h) the long standing position of our supreme court is, that as against a sectional grant no person can subsequently secure any right under the patent within the granted territory, and that the use of the invention as under a sectional grant is restricted to the territory described in the latter.

b. It would seem that a patented article, under ordinary conditions, cannot be lawfuliy used or lawfully sold within the territory of a sectional grantee, except through him; and this, irrespective of such article having been made and originally sold by an independent sectional grantee within the latter's territory.

APPENDIX.

LEADING OPINIONS

NOT IN TECHNICAL PATENT REPORTS.

PITTS *v.* HALL.

In John A. Pitts and Hiram A. Pitts v. Joseph Hall, 1854, 3 Blatch. 201, The Circuit Court of the United States, N. D. New York, by District Judge Hall, said: "It was urged, upon the argument of the demurrer, that the agreement set forth in the plea did not, upon any fair construction of its terms, give, or provide for giving, to the defendant any interest in the extended patent; and that the words used, though proper and apt, were none of them proper or apt words to confer any interest in the extended patent. But I cannot doubt that the parties intended, by the language used, to refer to and provide for an extension of the patent under the general patent law. The term 'renewal' was, in my judgment, a proper and apt word for the purpose. The 18th section of Act of July 4th, 1836, (5 *U S. Stat. at Large*, 124), under the authority of which the extension was granted, declares that, in the cases provided for in that section, 'it shall be the duty of the Commissioner to *renew* and extend the patent, by making a certificate thereon of such extension, for the term of seven years from and after the expiration of the first term'; and, also, that 'the benefit of such *renewal* shall extend to the assignees and grantees of the right to use the thing patented, to the extent of

their respective interests therein'. The parties have, therefore, followed the language of the statute, and the renewal or extension of the patent under the section just referred to, was clearly within the contemplation and intention of the parties in making the agreement. The agreement set forth in the plea must, therefore, be considered as a valid executory agreement, entitling the defendant to the undivided interest in the extended patent, upon the performance of the condition precedent in that agreement mentioned. It may, perhaps, be doubtful, whether the terms of the agreement are not words of grant and conveyance, and whether the agreement itself, even under the provisions of the patent law, would not have been a sufficient assignment of the interest to which it relates, if the condition precedent—the payment of the specified proportion of expenses of obtaining the extension—had been performed. Without discussing this question, I shall pass to another, which would necessarily arise in case it should be held to be a present grant upon a condition precedent. If the agreement is a present grant upon condition, the condition is confessedly a condition precedent. It is a condition which the defendant may or may not perform, at his election; and, by its express terms, no interest is to vest until the condition is performed. It is, however, contended, that the plea shows a readiness and an offer to perform; that the performance of the condition by the defendant was prevented by the wrongful act of the plaintiff John A. Pitts; and that the grant has therefore become absolute, and the undivided interest in the patent completely vested in the defendant. If it be admitted that

the offer to perform, and the condition charged upon the plaintiff John A. Pitts, as stated in the plea, are sufficient to enable the defendant to bring his action for a breach of the agreement, it does not necessarily follow that the grant has become absolute, so as to vest in the defendant the right granted upon the condition stated. The defendant may have done all that he can be legally required to do, to entitle him to bring his action and recover damages for the non-performance of the agreement on the part of the plaintiff John A. Pitts; or to entitle him to file his bill, and obtain a decree for a conveyance of the specified interest, on paying the proportion of the expenses required to be paid by the terms of the contract. In the first case, the fact of the non-payment of the expenses would have its due weight, upon the question of amount of damages to be awarded; and, in the second, the decree, like the grant or agreement, would be conditional, and the now defendant would only have the benefit of such a decree upon the payment into Court, or to the opposite party, of the amount of such expenses, to be ascertained under the direction of the Court. But, if the matters set up in the plea are held to be a full defence to the plaintiffs' action, the plaintiffs may be turned out of Court, and be charged with costs, and the plaintiff John A. Pitts may be wholly unable to obtain the payment of any portion of the expenses mentioned in the agreement. It is no answer to say that this is not probable, and that the damages which the plaintiffs seek to recover in this case are trifling and insignificant, compared with the value of the interest to which the defendant is entitled under the agreement. It might

be otherwise; and, if the principle contended for is to be sustained, it would equally apply in a case where the infringement had continued during the whole term of the extension, and the claim of the plaintiffs much exceeded the amount to be paid as a condition precedent to the vesting of the right. The offer to perform the condition precedent has not, in my opinion, given effect to the grant, if grant it be, so as to vest the undivided interest; and, on this ground, the plaintiffs are entitled to judgment on the demurrer. But I am inclined to think that the plea is a bad one upon another ground, and that the plaintiffs would be entitled to judgment even if the undivided one-fourth interest in the extended patent had actually vested in the defendant. The rights of joint patentees, or of assignees of undivided interests in a patent, as against each other, in respect to the making, using, and vending the patented invention, have not, so far as I have been able to discover, been discussed by any elementary writer or in any reported case. The counsel, on the argument of the demurrer in this case, declared the question to be an embarrassing one, which had never been decided; and, without intending now to express an opinion by which I shall feel bound, if, upon a further discussion of the question, a different conclusion shall be reached, I propose to put upon paper for further use the result of my reflections upon it, in the hope that the attention of parties interested may be attracted to the subject, and that the question may be brought before the Supreme Court of the United States for adjudication. In the case of joint patentees, where no agreement of copartnership exists, the relation of

copartners certainly does not result from their connection as joint patentees; and, when one joint owner of a patent transfers his undivided interest to a stranger, the assignee does not become the partner of his co proprietor. In both cases, the parties interested in the patent are simply joint owners, or tenants in common, of the rights and property secured by the patent; and their rights, powers, and duties, as respects each other, must be substantially those of the joint owners of a chattel. Part owners of goods and chattels are either joint owners or tenants in common, each having a distinct, or at least an independent, although an undivided interest in the property. Neither can transfer or dispose of the whole property; nor can one act for the other in relation thereto, but merely for his own share, and to the extent of his own several right and interest; and, at common law, the one had no action of account against the other, for his share of the profits derived from the common property. (*Story on Partnership*, ¿ 89.) A personal chattel vested in several different proprietors cannot possibly be enjoyed advantageously by all, without a common consent and agreement among them. To regulate their enjoyment in case of disagreement, is one of the hardest tasks of legislation, and it is not without wisdom that the law of England and of this country in general declines to interfere in their disputes, leaving it to themselves either to enjoy their common property by agreement, or to suffer it to remain unenjoyed, or to perish by their dissention, as the best method of forcing them to a common consent for their common benefit. (*Abbott on Shipping*, 98.) It is well settled, that a destruction or

sale of the joint property by one of the part owners, authorizes his co-proprietor to maintain trover for the conversion. (*2 Kent's Comm. 8th ed.* 351, *note.*) But, on such sale, only the right of the party who makes the sale passes to the purchaser; and the purchaser becomes a tenant in common with the owner of the remaining interest, unless and until the latter confirms the sale, or recovers the value of his share from the wrong-doer. The principles of these doctrines are, it strikes me, applicable to the case of the joint ownership of patent rights. The grant of the exclusive right to make, use, and vend to others to be used, is to the patentees jointly and not to either severally. The right, the property secured by the patent, may be granted to others by license or assignment, or by the sale of machines by the patentees jointly; and a license or assignment or sale of a machine by them, is a transfer, *pro tanto*, of the property secured by the patent. One joint owner can legally grant, assign, license, or sell only in respect to his own share or right. He cannot sell and give a good title to his co-owner's right, for the same reason that one joint owner of a chattel cannot transfer the share of his co-proprietor. And, if he appropriates any portion of the exclusive right or common property to his separate use or benefit, by either the use or the sale of the patented machine, he does what is in principle the same as the conversion, by destruction or sale, of the joint property by a tenant in common, which authorizes his co-tenant to maintain trover. I can see no objection in principle to the doctrine, that the joint owner of a patent can sustain his action for an infringement against his co-owner,

in which he can recover his actual damages, according to his interest in the patent. His rights are invaded by the act of his co-proprietor, and he is entitled to his legal remedy. This invasion is tortious, and no action founded upon a contract can be sustained, unless this tort is waived, and the tortious act confirmed; for, no contract exists, upon which such an action can be founded, without such waiver and confirmation. The injury is a violation of the exclusive right secured by the patent; and, for this injury, the action for an infringement is the appropriate remedy, and one which enables the court, without the violation of legal principles, and in the most direct and convenient mode, to do justice between the parties. In such an action, the plaintiff may recover, as he should, his actual and proper damages, proportioned to the value and extent of his undivided interest in the exclusive right, without regard to the amount which his co-proprietor has received by means of the infringement. And there is certainly nothing in the language of the statute which authorizes this form of action, (or rather recognizes it, for this form of action was given by the Common Law), (*Curtis* on *Patents*, §§ 257, 258), to prevent the action from being sustained in such a case; for, the action on the case, under the fourteenth section of the Act of 1836, may be brought in the name or names of the person or persons interested, whether as patentees, assigns, or grantees of the exclusive right within and throughout a specified part of the United States. Indeed, no satisfactory reason is perceived for holding that the part owner of a patent right cannot, like the part owner of a chattel, have his remedy, by an action on the case,

against his co-proprietor, for the exclusive appropriation of the joint property, in the same form as though the plaintiff were the sole owner, and the defendant a stranger; the reduction of the amount of damages to be recovered to a proportionate share of the value of the property appropriated, being, in both cases, the natural and necessary consequence of the partial ownership of the wrong-doer. In the case of the joint owners of a patent right, the ordinary action for an infringement is, it appears to me, the most appropriate and simple remedy, even if an action of account could be sustained. In an action of account, the amount of profits received by the joint owner would ordinarily determine the aggregate sum of which the plaintiff would recover his just proportion. And, it might well happen, indeed it would most usually be the case, that the sums received by the joint owner would be either much more or much less than the actual damages sustained by the injured party. The party selling territorial rights, or granting licenses, or selling machines, might wilfully or systematically sell the right at an insignificant price, and certainly this conduct on the part of the wrong-doer should not, and, in the appropriate form of action, would not, reduce the recovery of the party injured. The plaintiffs must have judgment on the demurrer, with leave to the defendant to amend on payment of costs."

CLUM *v.* BREWER.

In Clum v. Brewer et al., 1855, 2 Curt. 506, The Circuit Court of the United States, D. Massachusetts, by Circuit Justice Curtis, said: ". . . The defendants claim under Francis O. J. Smith. His title was originally granted to him by Morse, by a deed dated on the day of March, 1838. . . . At the date of the deed no letters-patent had been obtained. The deed could not convey, and does not purport to convey an interest in any particular letters-patent, or in any exclusive right secured by any particular letters-patent. It purports to convey 'one undivided fourth part of the invention.' As is said by the Supreme Court, in *Gayler* v. *Wilder*, 10 Howard, 493, 'the discoverer of a new and useful improvement is vested by law with an inchoate right to its exclusive use, which he may perfect and make absolute by proceeding in the manner which the law requires.' It was one quarter part of this inchoate right, which the deed undertook to convey. But the inventor has not only an inchoate right to obtain letters-patent securing to him the exclusive right to h' invention for the term of fourteen years, but also a further inchoate right to have the term extended, provided he shall fail, without fault, to obtain a reasonable remuneration for the time, ingenuity, and expense bestowed upon the same, and the introduction thereof into public use. Though it has not been expressly determined that this last right is the subject of a contract of sale, I conceive there can be no reasonable doubt that it is so. The reasoning of the Court in *Wilson* v. *Rousseau*, 4 Howard, 646,

assumes and indeed asserts that it is so. And there is nothing in the nature or incidents of such a right, to distinguish it as a subject of sale, from the inchoate right to obtain the original patent. Each appertains to the inventor by reason of his invention. Each is incomplete, and its completion depends upon the compliance by the inventor with conditions, and the performance by public officers of certain acts, prescribed by law. It is true, the title of an inventor to an extension is still further qualified by a further condition, of his failure to obtain remuneration from the enjoyment of the exclusive right, for the first term of fourteen years. But though this is an additional condition, which may render parties less willing to contract, its existence does not change the nature of the right, and it no more prevents it from being the subject of a contract of sale, than any other addition which is attached to it. Considering, then, that the title of an inventor to obtain an extension may be the subject of a contract of sale, the inquiry in this case is, whether part of it was intended to be sold. I am inclined to the opinion that a sale of 'the invention', before letters-patent are obtained, does not necessarily carry with it the exclusive right for the extended term. Because this right is not a mere incident of the invention. Its existence is made to depend, not only on matter which is subsequent to the invention, but exclusively personal to the inventor himself; and only he or his personal representatives can obtain it. This may distinguish the case from *Carnan* v. *Bowles*, 2 Bro. Ch. 80. (See also, *Pierpont* v. *Fowle*, 2 Wood and Minot, 23.)

But at the same time, it must be admitted, that where an inventor has in terms, sold to another person, a part

of his invention, he has done that which is consistent with an intent to have that other person participate in all the rights which he, as inventor, can acquire by law; and that where the invention is the subject sold, it would not be natural to expect to find in the instrument of sale, something showing an intention, that the purchaser would be interested not merely in the original letters-patent, but in any extension thereof securing the exclusive right to the same invention which was the subjectof the sale. Taking the whole of this deed together, I think it quite clear that such was the intention of the parties. It superadds to the words 'my invention', the words, 'rights and property that I may have from *any letters* patent for the same'. These terms are broad enough to include the extended letters-patent now in question. Passing over some intermediate clauses which are not decisive, though they tend to show that a community of the entire interest was contemplated, we come to the covenant of the grantor, 'to account, from the date hereof, to the said Smith, in the proportions before named, for all the proceeds of sales of rights to use said invention in any place or country, that may accrue to me *at any time*'. It can hardly be doubted that the accountability raised by this covenant was intended to be no more than co-extensive with the grant. It was manifestly inserted by reason of, and more perfectly to secure the benefit of the title conveyed; and so far as there is room for doubt upon the language of the granting part of the deed, the covenant may be resorted to, for the removal of the doubt. Looking at the deed, from this point of view, I find that the intention of the parties was, to have the grantee interested in the

rights springing from this invention, not merely during the limited period of fourteen years from the date of the letters-patent, but 'at any time'. This view of the rights of the parties is confirmed by the indenture, which bears the same date, and which had for its object, to settle the relative duties and powers of those who had become what it terms, 'joint owners of the invention.' Without examining the different clauses of this deed in detail, it may be said that throughout its provisions, no expectation is shown, that they will cease to be in force or applicable at the expiration of any particular letters-patent; or that anything less than what is denominated in the 6th article, 'the continuance of said invention as a patent right', was considered to be the subject-matter upon which they were contracting. That it was the invention, and all rights to use it, which might at any time be acquired, which the parties had in view, seems to me clear, upon the whole instrument. Nor do I understand that Professor Morse has, at any time, or does now, take a different view of this matter. His letter of the 15th of July, 1854, written soon after the extension, though it denied Mr. Smith's legal title, and is worded with a caution, quite consistent with the utmost fairness of intention on his part, certainly does not controvert the equitable title of Mr. Smith to participate in the proceeds of sales of rights under the extended patent. But I am of opinion that this cannot be conceded, without admitting at the same time that Mr. Smith became the owner of one undivided fourth part of the inchoate exclusive right, during the extended term. There was but one sale made by the deed of March, 1838. And if one undivided fourth

part of the inchoate right to be secured under any and all letters-patent, was the subject of that sale, as I think it was, Mr. Smith owns the same interest under the patent after it was extended as he owned before it was extended. I do not think what he thus acquired, was merely a right to an account of the proceeds of sales. It is not necessary in this case to determine, whether the interest of Mr. Smith became a legal title to one undivided fourth part of the original letters-patent as soon as they were issued; nor whether he was one of the assignees or grantees provided for in the 18th section of the Patent Act of 1836. (*Gayler* v. *Wilder*, 10 How. 493.) That he was an equitable owner, and entitled to call for a conveyance of the legal title to whatever was intended to be secured to him, seems very clear. For the inventor not only bargains, sells, and conveys one undivided fourth part of all rights which he may acquire from any letters-patent, but he expressly covenants, to execute deeds of conveyance of such undivided part, as soon as may be after letters-patent shall have issued. If this, by operation of law, did not give Mr. Smith a legal title, a *jus in re*, it clearly conferred on him a *jus ad rem*, an equitable right to the thing itself, and was not a mere executory contract to account for proceeds. Under the original letters-patent, the indentures of March, 1838, and June 22, 1847, show that all parties considered and treated him as a joint owner of these letters-patent, and entitled to make sales of rights secured thereby. Whatever rights he acquired by force of the deed of March, 1838, under the original, I am of opinion he had by force of the same deed, under the extended letters. As has already been said, it is

not material in this case whether his title was legal or equitable, for a court of equity, upon a bill by the legal owner of a patent right, cannot enjoin the equitable owner from using the thing patented. It considers the equitable title the true title. This case, therefore, must stand as if Smith had that legal title which Morse is under covenant to convey to him. And in that case it could not be doubted that the suit must fail. One tenant in common has as good right to use, and to license third persons to use the thing patented, as the other tenant in common has. Neither can come into a court of equity and assert a superior equity, unless it has been created by some contract modifying the rights which belong to them, as tenants in common. No such modification appears here, and the motion for an injunction must be denied."

VOSE *v.* SINGER.

In Vose et al. v. Singer et al., 1862, 4 Allen, 226, The Supreme Court of Massachusetts said: "There is not in this country any limitation of the number of persons who may be joint owners of a patent right. In England it is otherwise. The English letters patent contain a provision that if they shall at any time be vested in more than twelve persons or partners, they shall become void. But the *St.* of the U. S. of 1836, c. 357, § 11, makes patents assignable, either as to the whole interest or any undivided part thereof, by any instrument in writing; and licenses may also be granted by the patentees or their assignees to as many parties as they please. Many proprietors of patents have availed themselves of the right to make assignments, and grant licenses to a great extent; and there have been, for many years, a great number of persons interested, as part owners or licensees, in the question whether, independently of covenants or agreements, a right of contribution, in any form or to any extent, exists between such parties or any of them. The amount of property and the number of persons to be affected by this question must be very great. The question has arisen, and been propounded to counsel, in many instances; but after having made extensive inquiries, we cannot learn that it has ever before been presented to a judicial tribunal in any form. The learned counsel in this case have acknowledged their inability to find any authority in point, and have

argued the question principally by analogy. The prevailing sentiment among patent lawyers, we have reason to believe, is adverse to the right; and many of them are in the habit of advising clients to make provision on the subject, as well between part owners as licensees, by special agreements. The analogies which have been suggested by counsel, and those which have suggested themselves to our own minds, are quite unsatisfactory; because a patent right, as it exists in this country, is a species of property so unlike every other species, and is made profitable in so great a variety of ways. The authorities cited for the plaintiffs are those which relate to tenancies in common of real estate. But real estate is made profitable either by occupation with or without cultivation, or by renting it. And if either party is dissatisfied with holding it jointly or in common, he may have partition. But there is no provision for partition of patent rights; and they are so diverse in their nature that no general statement can be made as to the manner in which they are made profitable. Perhaps in a majority of cases the value of the right depends upon the peculiar circumstances and skill of the owner. At common law, no right of contribution existed between tenants in common of real estate. By *St.* 4 & 5 Anne *c.* 16, if one tenant collects and receives more than his share of the rents and profits, he is made liable to contribution, and this statute has been adopted in Massachusetts. *Munroe* v. *Luke*, 1 Met. 463. *Calhoun* v. *Curtis*, 4 Met. 413. But the statute has not been held, either in England or here, to extend to patent rights. It may be added, that the law as to respective rights of part-

owners of an interest in a patent right should be uniform through the United States, and cannot be affected by the law of any particular state in respect to real property. There is some analogy between a patent right and a right of way. A patent right is a monopoly of a certain way of doing a thing. It is an exclusive right of way, in the region of invention, secured to one for a limited period as a compensation for having first discovered it. It was never held that if one of several owners of a right of way over a tract of land used the way more than the other part owners did, he thereby became liable to them for contribution. The doctrine of contribution has never been held to apply to the use of rights of this character. Yet it would be unsafe to draw any conclusions from this to a patent right, because the analogy is so faint. There is some analogy between a patent right and a right to take tolls; for the royalty is in the nature of toll for the use of the patented way or method. Both are incorporeal rights; and a patent is sometimes made profitable by simply taking a royalty from those who use the invention, under an assignment or a license. If one tenant in common of a right to take tolls were to receive more than his share, a right of contribution would probably exist on the part of his co-tenant; but it would not be safe to apply the rule to patent rights, because the taking of tolls is simply the receipt of money for the use of the common property, but the use of patent rights and the contracts for royalties usually include other elements. The present case illustrates this remark. Each part owner sells his machines for a price supposed to include a

royalty. But he must first invest money in the purchase of machines. Then he must expend labor, skill and money in finding purchasers. And at the least, he must take the risk of losses. And each of these elements, and several others relating to the proceedings of the other party, must enter into an equitable adjustment of a contribution. A patent right is a chattel interest; therefore a tenancy in common or part ownership in it is much like tenancy in common or part ownership of other personal property. But the use of a patent right is different from the use of any other personal property; and therefore it is not safe to follow the rules adopted in regard to the mutual liabilities of part owners of ships, horses, grain, liquor, &c. It would not be safe to conclude that, because the owner in common of a horse is not liable though he retains the exclusive use of him, therefore the part owner of the patent who uses it exclusively is not liable; nor because the tenant in common of the grain or liquor who uses it exclusively and consumes it in using is liable, therefore the part owner of the patent is liable. There is a possibility that the part owner of the patent may so supply the market as to appropriate to himself the whole value of the patent; and, on the other hand, his use of it may have the effect to create a market so extensive as greatly to enhance the value of the whole patent. On the whole, then, we are compelled to reject all arguments from analogy, and look at the question upon its own apparent merits. There is nothing restrictive in the grant of the defendants to the plaintiffs and Perkins, dated March 29, 1852. It assigns to them, their representatives and assigns, 'the

sole and exclusive right to use and vend to others to be used (but not to build or make)' the machines in question, within the territory specified. It is agreed that Perkins is the purchaser of one-half the right, though this is not indicated in the assignment; and that this proportion of it was repurchased by the defendants from the administratrix of Andrews, to whom Perkins had sold his share. But the language used seems to convey to one as full a right to use and sell the machines as another. It is not in any respect distributive. Terms might easily have been used which would indicate the extent to which each party might use the right, and his liability in case he used it beyond the limitation specified; but such terms are omitted. There is nothing to restrict the party owning such moiety of the right from selling and assigning that moiety. or any fractional part of it, or as many fractional parts as he pleases. Each may purchase as many machines as he pleases; and having purchased them, he may sell them to others with the right to use and sell them; or may refuse to sell them, and may rent them, or establish manufactories, either alone or in company with others, in which the machines shall be used. Or either party may neglect or refuse to purchase, use or sell any machines or any rights, or to make his moiety profitable in any way. The right is thus subject to transfers and subdivisions, and may be used in a great variety of ways. None of the parties interested has any right to control the action of the other parties, or to exercise any supervision over them. It is difficult to see how an equitable right of contribution can exist among any of them, unless it includes all the

parties interested, and extends through the whole term of the patent right. And if there be a claim for contribution of profits, there should also be a correlative claim for losses, and an obligation upon each party to use due diligence in making his interest profitable. It is not and cannot be contended that these parties are copartners; but the idea of mutual contribution for profits and losses would require even more than copartnership. Nothing short of the relation of stock holders in a joint stock company would meet the exigencies of parties whose interests may be thus transferred and subdivided. But even as between the original parties, as there was no mutual obligation to contribute for losses, or to use any diligence to make the property profitable, and as each party was at liberty to buy, use and sell machines at his pleasure, and to sell his moiety of the right, or fractional parts of it, we think no obligation arose out of the part ownership, as being legally or equitably incident to it, to make contribution of profits. But in the absence of any contract, we think each party was at liberty to use his moiety as he might think fit, within the territory described. If the defendants have realized any profit in the manner alleged, it has been by investing capital in the purchase of machines, and the use of skill and labor in selling them; and they have taken the risk of losses. Apparently there is no more reason why the plaintiffs should claim a part of the advanced price for which they may have sold their machines, than there would have been for claiming a part of the price if they had sold their right itself for an advance. It may possibly be that the sale of the seventeen machines so far supplies the

market that the plaintiffs' moiety of the right is greatly reduced in value; but if it be so, the consequence is very remote, and dependent upon a great variety of causes. There have been patented articles in respect to which such a sale would have greatly enhanced the value of the other moiety of the right, by its tendency to create a demand. Such a consequence would also be remote. These parties must be regarded as having interests which are distinct and separate in their nature, though they are derived from the same contract; and having such interests, with the right to use them separately, they cannot for any legal use of them incur any obligation to each other.—*Plaintiffs nonsuit.*"

MATHERS *v.* GREEN.

In Robert Mathers v. Thomas Green and Willougby Green, 1865, L. R. 1 Ch. Ap. 29, Lord Chancellor Cranworth, in reversing Mathers v. Green, 1865, 34 Beav. 170, said: "On the first branch of relief sought by the bill, the Defendants insisted that the patents, though granted to the three jointly, belonged solely to the Defendant, Thomas Green, who had paid all the cost of obtaining them, and that this had been acknowledged by the Plaintiff. There was conflicting evidence on this subject, on which the Master of the Rolls decided in favour of the Plaintiff. In the view I take of this case it is not necessary that I should come to any positive decision on this point; but the inclination of my opinion is in conformity with that taken by his Honour. Perhaps I ought rather to say, that whatever the truth may be, I incline to think there is not sufficient evidence to rebut the *prima facie* presumption arising from the fact that these letters patent were granted to the three. Where such a grant has been made to two or more as joint inventors, it is dangerous for any Court to allow one of the grantees to set up a title against the others, founded on mere parol evidence or inference from doubtful conduct. The grantee who, in such a case, claims an exclusive right, ought to obtain written evidence on the subject, as was pointed out by Mr. Carpmael to Thomas Green before the grants of the letters patent were made; and if by omitting to take this precaution he is put to loss, he has only himself to blame. But in the present

case I do not feel it incumbent on me to pronounce a positive opinion as to whether the Plaintiff was or was not beneficially interested in the patents; for even if he was, he did not, in my opinion, become thereby entitled to any relief in this suit. The Master of the Rolls in his decree has declared that the Plaintiff is entitled to one third share of the letters patent, and to one-third share of the profits arising from the use of the inventions patented, subsequently to the 21st of January, 1863; and a'so to one-third part of all money which has arisen from licenses granted under the patents. With great deference to the Master of the Rolls, I do not think that he is entitled to any part of this relief. With respect to moneys received from royalties, the Defendants deny that they have received anything; and this is not met by any evidence on the part of the Plaintiff, though it would have been easy for him to have done so, for the only license alleged by him to have been granted is one to certain gentlemen trading under the firm of Cookey & Co., who must have been able to prove payment by them on account of royalty to the Defendants, if any such payment had been made. This case therefore comes to this — is the Plaintiff entitled to relief on the score that the Defendants have made profit by using the patented inventions in the manufacture and sale of their own goods? I think not. The letters patent grant to the three, their executors, administrators, and assigns, that they and every of them by themselves, their servants and agents, or such others as they may agree with, and no others, shall, for the term of fourteen years, use, exercise, and vend the said invention. The right conferred is a right to

exclude all the world other than the grantees from using the invention. But there is no exclusion in the letters patent of any one of the patentees. The inability of any one of the patentees to use the invention, if any such inability exists, must be sought elsewhere than in the letters patent. But there is no principle, in the absence of contract, which can prevent any persons not prohibited by statute from using any invention whatever. Is there then any implied contract where two or more persons jointly obtain letters patent that no one of them shall use the invention without the consent of the others, or if he does, that he shall use it for their joint benefit? I can discover no principle for such a doctrine. It would enable one of two patentees either to prevent the use of the invention altogether, or else to compel the other patentee to risk his skill and capital in the use of the invention on the terms of being accountable for half the profit, if profit should be made, without being able to call on his co-patentee for contribution if there should be loss. This would be to place the parties in a relation to each other which I think no Court can assume to have been intended in the absence of express contract to that effect. I am of opinion, therefore, that the decree is wrong in declaring that the Plaintiff is entitled to one-third share of the profits made by the Defendants from the use of the patents; and that he has failed altogether in establishing any title to relief so far as relates to the patents. The conclusion at which I have thus arrived is in strict conformity with what was done in the case of Re Russell's Patent, 2 De G. & J. 130, cited and commented on during the argument. In that case two persons were

applying for patents for the same invention, Russell, the master, and Muntz, the servant. Russell applied to have the great seal affixed to his letters patent. Muntz opposed on the ground that the invention was his, not his master's. It seemed to me on the evidence that the invention was partly that of Russell, the master, and partly that of Muntz, his servant; and I therefore decided that the great seal should not be affixed to the letters patent of Russell except on the terms that they should be assigned to a trustee for Russell and Muntz, Muntz agreeing to abandon his application for his own letters patent. To this the parties agreed, and it appears that on a subsequent day a discussion took place as to the form of the proposed trust, and it was ordered, in conformity with what I consider to be the rights of two persons jointly obtaining letters patent, that the letters patent should be assigned to two trustees, and that each patentee should have a free license to himself and his partners. That case, however, was so much one of arrangement between the parties, that if I had not been satisfied of the correctness of the ground on which it rested, I should have paused before I relied on it as an authority. . . ."

DEWITT *v.* ELMIRA.

In DeWitt v. The Elmira Nobles Mfg. Co., 1876, 66 N. Y. 459, The Court of Appeals of New York said: "The plaintiff does not claim to recover of the defendant for the use of the patent-right to the patented invention, referred to in the complaint, by virtue of any contract, expressed or implied, or any agreement by the defendant to pay the plaintiff any compensation or royalty for the right to use the same. In substance, the allegations of the complaint are of a use of the patented invention by the defendant without the consent of, or any license or permission by, the plaintiff. The arrangement and agreement between Watrous, the owner of the patent in common with the plaintiff, and the defendant, is not set out in the complaint, or its terms disclosed. It does not appear from any allegation, and was not claimed by the counsel for the appellant, that the latter is entitled to compensation from the defendant by the terms of the arrangement and agreement. No claim is asserted under it. The plaintiff s claim rests wholly upon the rights confirmed by law upon him as an owner of an undivided interest in the patent, to recover compensation for its use to the extent of his interest, from one using it without his permission. The action thus stated is simply an action for an infringement of the patent and for damages, the plaintiff waiving the tort and seeking for an accounting and to recover as upon a *quantum meruit*. Whatever may be his legal rights, they are not varied by a change

in the form of action, and do not depend upon contract, but arise under the patent-right laws of the United States, of which the United States Courts have exclusive jurisdiction. (R. S. U. S., § 711; *Hovey* v. *Rubber Tip Pencil Co.*, 57 N. Y., 119; *Dudley* v. *Mayhew*, 3 id , 9.) The first cause of demurrer, to wit, that the court has no jurisdiction of the subject of the action, is well assigned, and entitles the defendant to an affirmance of the judgment. But, if we pass that question, the demurrer was properly sustained by the court below for the reason that the complaint does not state facts sufficient to constitute a cause of action. The allegations of the complaint as to the arrangement and agreement between Watrous and the defendant are consistent with the fact that Watrous merely stipulated and agreed that he would claim no damages in respect to his share and interest in the patent, for an infringement thereof in the use of the patented invention by the defendant. This would leave the defendant liable in damages, for a violation of the rights of the patentees, with an estoppel or stipulation operative against one of the owners, effectual to defeat a recovery by him in respect to his share and proportion. Or, consistently with the averments in the complaint, the arrangement and agreement of Watrous may have been a license and permission by him for a use of the invention by the defendant. If such was the effect of the arrangement, the license of one or more of several owners in common of letters patent confers a right as against all; and the remedy of the other tenants in common is by an action for an account for whatever may have been received by them. Judge Curtis lays down the proposition in these

words: 'One tenant in common has as good right to use, and to license third persons to use the thing patented as the other tenant in common has. Neither can come into a court of equity and assert a superior equity unless it has been created by some contract modifying the rights which belong to them as tenants in common. (*Clum* v. *Brewer*, 2 Curt. C. C. Rep., 506). If, as may be claimed, the arrangement and agreement of the defendant with Watrous was a general or limited assignment, an assignment for a special purpose, and to a limited extent, of his interest in the patent right, then, by such assignment it may be claimed that the defendant became a joint owner with the plaintiff in the invention, or thing patented, either generally or to a limited exteut, or a particular territory, and had a right to use it without the consent of the plaintiff, and is not liable to account to him for the profits made by said use. (*Mathers* v. *Green*, L. R., 1 Ch. Ap., 29.) The question in *Pitts* v. *Hall* (3 Blatch. C. C. Rep., 201) arose upon a special agreement between the parties, and its construction and effect; and the decision does not affect the case in hand. I incline to the opinion that the plaintiff has not, by his complaint, made a cause of action entitling him to relief in any court; but I prefer to rest the judgment on a want of jurisdiction, in the State courts, over the subject-matter of the action. State courts will entertain jurisdiction of actions upon contract and other actions in which patent rights come in question collaterally. (*Middlebrook* v. *Broadbent*, 47 N. Y., 443; *Beebe* v. *McKenzie*, id., 662.) But here the action is directly for a violation of rights conferred by the patent laws of the United States, and depends

entirely upon the effect to be given to those laws and the relation established by them between tenants in common of patents, and the resulting legal rights of joint owners of patents between themselves and between one or more of several owners in common and third persons, and does directly arise 'under the patent-right laws'. These laws, and not the convention and agreement of the parties, are the foundation of the action. The defendant has not, by his acts or by any agreement with the plaintiff, recognized the validity of the patent or of any title of the plaintiff thereto, and is not estopped from contesting both. For the reason last stated, the judgment must be affirmed. All concur, except Miller, J., not voting; Rappallo, J., concurring, on the ground of insufficiency of complaint; Folger and Andrews, JJ., absent. Judgment affirmed."

GATES *v.* FRASER.

In Gates v. Fraser et al., 1881, 9 Ill. Ap. 624, The Appellate Court of Illinois, First District, said: "From the pleadings and agreed facts, it appears substantially that letters patent were issued July 10, 1866, to Gates and Fraser, as assignees of Gates, for an improved shoe for ore stamping machinery, whereby they became equal owners of the patent. Gates was the inventor, and gave to Fraser a one-half interest, with the agreement made between them, at or about the time of the issuing of the letters patent, that they should divide equally between themselves all moneys received by each from license fees or royalties, or from any other source accruing from the patent. Pursuant to the agreement, they divided the moneys for a period of about twelve years, and down to January 1, 1878. Gates became a bankrupt in May, 1878, when his interest in the patent, together with his other assets, passed to his assignee in bankruptcy. On the 14th day of May, 1879, Gates re-purchased his half interest at the assignee's sale, notified Fraser of the same, and requested him to account for and pay over to Gates one-half of all moneys received or to be received by Fraser for license fees from and after that date, Gates at the same time offering to account for moneys received in like manner by him. When this case was before us at the former term, we held, that under the allegations of the bill, confessed by the demurrer, appellant and Fraser occupied the relation of partners in respect to the ownership of the

patent, and that, as such, Fraser was liable to account to his co-partner for moneys received by him for license fees. On the subsequent hearing in the court below, Fraser set up in his answer the bankruptcy of Gates, and the consequent dissolution of the partnership, if any ever existed, and insisted that as part owner of the patent he is not liable to account to his co-owner, either for the use of the same or for moneys received by him or claimed to be due from Fraser and Chalmers for license fees. We are thus brought to a consideration of the case wholly divested of any question arising out of partnership relations. What, then, are the rights and liabilities of mere joint owners of a patented invention in respect to contribution? Can one of two or more joint owners be required, in the absence of any agreement, to account to his co-owners for the use by him of the patent, or for moneys received by him for royalties or license fees, where he has granted to a third person the right to manufacture and vend the patented article? When we look into the books for light on these questions. it must be confessed the search is not very helpful, especially so far as concerns the liability to account for license fees. One is a little surprised at the dearth of adjudications upon a subject which it would naturally be supposed must have come frequently before the courts of determination. Alluding to this subject, Mr. Justice Chapman, in delivering the opinion of the Supreme Court of Massachusetts, in Vose v. Singer, decided in 1862 (4 Allen, 229) said: 'Many proprietors of patents have availed themselves of the right to make assignments and grant licenses to a great extent, and there have been for many years a great

number of persons interested, as part owners or licensees, in the question whether independently of covenants or agreements, a right of contribution in any form exists between such parties, or any of them. The question has arisen and been propounded to counsel in many instances; but after having made extensive inquiries, we cannot learn that it has ever before been presented to a judicial tribunal in any form.' Since that time the subject has been discussed, directly or incidentally, in several cases, but in every instance, so far as we have examined, they were cases of a *use* of the invention by one part owner or his assignee, and not the case of moneys received for a license given by him to a third party. We find such expressions as: 'Each party is at liberty to use his moiety as he may see fit'; 'They cannot, for any legal use of them, incur any obligation to each other', Vose v. Singer, *supra*; 'Each, as an incident of his ownership, has the right of use of the patent, or to manufacture under it'; 'The nature of the property is such that either owner may use it, and neither can exclude the other from the use'; 'Each owner can, at the same time, have, use and enjoy the thing patented', De Witt v. Elmira M'f'g. Co. 12 N. Y. Sup. Ct. R. (5 Hun.) 302. And in Curtis' Law of Patents, §§ 186–191: 'In respect to the use of the exclusive privileges granted by the patent, each tenant in common holds an equal right with the others to exercise those privileges. If A, by exercising those privileges, gains more than B, or if B chooses to remain inactive, and not to exercise his rights under the patent, how can A be *made accountable* to B in respect to the gains which have resulted from the exercise of a right

which is vested in him as much as it is in B?' We shall not undertake to collate the authorities bearing on this branch of the subject, but we think it may be considered as settled that for the *use* of a patent right by one part owner or his assignee, there is no legal liability to account to his co-owner. This exemption from liability arises out of the peculiar nature of the property. It is said that while a patent right is a chattel interest, and part ownership in it, is in many respects like part ownership of other personal property, yet the use of a patent right is different from the use of any other property; and that therefore it is not safe to follow the rules adopted in regard to the mutual liabilities of part owners of ships, horses, grain, etc. Vose v. Singer, *supra*. Assuming the right of *user* without liability to account to be settled, it is when we advance a step further, and inquire as to the right of contribution in respect to moneys received by a part owner of a patent for a license given by him to a third party, that the subject is involved in obscurity and some doubt. If, as was assumed by the New York Court of Appeals in De Witt v. Elmira M'f'g. Co. 66 N. Y. 459, the license of one of several owners in common of letters patent confers the right of all, it would seem clear that there should be contribution, for in such case the other owners are excluded from the territory covered by such license, and as that might be co-extensive with the entire territory covered by the patent, such a license would operate as a conversion of their entire interest in the patent. But we find no other case which supports such an assumption; nor are we able to see upon what principle it can be held

that the license of one part owner confers the right of all. One part owner may convey the entire interest in partnership property, but a mere joint owner of property can convey only his individual interest. Joint ownership of a patent does not create a partnership; and as a sale and assignment by one joint owner of a patent of his interest could not affect the interest of his co-owner, *a fortiori* his license could not. It was ruled by Hall, J., in Pitts v. Hall, 3 Blatch. 201, that a part owner of a patent can maintain an action for an infringement by his co-owner, and recover as his damages a proportionate share of the value of the property appropriated. Mr. Curtis criticises this opinion as being opposed to the right of user without liability to account, which each tenant in common may equally exercise in respect to the subject-matter of the patent. In Dunham v. Indianapolis & St. Louis R. R. Co. 7 Bissell, 223, there is a remark of Judge Drummond to the effect that, 'perhaps under certain circumstances, if one of the patentees has received more than his share of the profits arising from the thing patented, either in the use or sale of it, or from licenses, he might be held accountable to the other joint patentees.' But this remark of the learned judge is little more than a query, and not the expression of an opinion one way or the other. In numerous other cases which we have examined the question as to the right of contribution for license fees is left untouched, except in so far as licensing may or may not be considered one of the ways in which a part owner may use his interest in the patent. Suffice it to say we have found no case in which the right of contribution, under the circumstances of the

present case, has been expressly affirmed, nor, on the other hand, in which it has been expressly denied; and we shall therefore leave it, as we think the authorities have left it, as a question not yet definitely settled. But there is one aspect of this case in view of which we think appellant was entitled to an accounting. Gates was the inventor of the patent and gave Fraser a half interest which the latter occupied under an agreement made between them, that they would divide equally between themselves all moneys received by either for license fees or from any other source accruing from the patent. Fraser paid no other consideration for his interest. This agreement was acted upon by the parties for many years. Fraser admits in his answer that they continued to account with each other down to January, 1878, after which he refused to divide, being advised that he was under no obligation to do so. It is alleged in the bill, and not denied in the answer, that neither Gates nor Fraser individually made, used or sold to others to be used, the patented article, but that their entire business as patentees consisted in licensing others to make and vend the same, and that they mutually agreed upon a tariff of license fees. The agreement to divide was one which it was competent for the parties to enter into, and was upon a good and sufficient consideration. It created a valid obligation on the part of Fraser in favor of his co-owner, to divide so long as he retains his interest in the patent and continues to receive royalties on licenses issued by him. It is fairly presumable, under the circumstances, that the agreement to divide was the moving consideration which induced Gates to convey to Fraser his

moiety of the patent, and it would be most inequitable and unjust that after thus obtaining his title, he should refuse to perform the agreement which formed the consideration of the grant. But whatever may have been the inducement which prompted the grant, Fraser took his interest under an agreement to divide, and he can only hold it *cum onere*. It is a familiar principle, that a party cannot affirm his contract in part, and avoid it as to the residue. Nor can he rescind his contract without returning whatever he has received under it. He must put the other party in the same position he occupied at the time the contract was entered into. Hunt v. Silk, 5 East, 249; Besley v. Dumas, 6 Bradwell 291. But it is insisted that by Gates' bankruptcy the agreement to divide was extinguished. We think otherwise. The agreement was a continuing contract, and was, as we have seen, an incident attaching to the ownership of both Gates and Fraser, binding alike upon the respective moieties of each, so long as they retained them. As such, we think it was assignable in equity. By his assignment in bankruptcy, Gates' interest in the patent became vested in his assignee. The assignee took it, charged with the same incidents and clothed with the same rights as appertained to it while in the hands of Gates. Whatever rights or remedies Gates had, the assignee succeeded to, and could enforce. Bump's Bankruptcy (10 Ed.), 493; Foster v. Hackley, 2 B. R. 407. The bankruptcy of Gates did not extinguish the agreement to divide, nor affect the condition on which Fraser held his title to the patent. It only extinguished Gates' right to enforce the agreement when he was no longer the owner of an interest in the patent.

Fraser's rights and liabilities in respect to the property remained the same after as before the bankruptcy, at least as to the assignee or a purchaser at the assignee's sale. The assignee sold Gates' interest in the property at assignee's sale, and Gates was the purchaser. It was immaterial who might be the purchaser, whether a stranger or Gates; he would take just the interest which the assignee had, neither more nor less, and that was Gates' former interest. The purchaser happened to be Gates, and he thus became rehabilitated with the same rights as co-owner with Fraser, which he had prior to filing his petition in bankruptcy. Our conclusion is, first, that so long as Fraser continues to exercise the rights of a joint owner of the patent, by granting licenses and receiving license fees therefor, he is liable to account; and secondly, that in such case the Statute of Frauds can have no application. The judgment of the court below is reversed, and the cause is remanded, with directions that it be referred to a master, to take an account, according to the prayer of the bill. Reversed and remanded."

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