Barnard Vs. Gibson

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Court : US Supreme Court

Decided On : 1849

Appeal No. : 48 U.S. 650

Appellant : Barnard

Respondent : Gibson

Judgement :

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Barnard v. Gibson *

48 U.S. (7 How.) 650

APPEAL FROM THE CIRCUIT COURT OF THE UNITED

STATES FOR THE NORTHERN DISTRICT OF NEW YORK

SYLLABUS

Where a decree in chancery refers the matters to a master to ascertain the amount of damages, and in the meantime the bill is not dismissed, nor is there a decree for costs, the decree is not a final one from which an appeal will lie to this

Court, although there is a perpetual injunction granted.

The amount of damage which will follow from restraining a party from using a machine held under a patent right is a proper consideration to be addressed to the circuit court, but does not constitute a ground of appeal.

The question being whether or not the decree of the circuit court was final, the Reporter thinks it proper to insert the whole of that decree, together with the statement of facts, as he finds it prepared by MR. JUSTICE NELSON.

" *Circuit Court, United States* "

"JOHN GIBSON"

"v. In equity"

"FREDERICK J. BARNARD and others"

"I. W. W. Woodworth conveyed to John Gibson the exclusive right to the Woodworth planing machine in and for the City and County of Albany, with the single exception of two rights in the Town of Watervliet in said county. With this exception, the whole right of the county was in Gibson."

"II. The two machines the right to use which was thus excepted consisted first of a machine in use at the time in said town by Rousseau and Easton, which had been erected under the first term of the patent, and the right to continue which they claimed during any extension of the grant, and second of a machine which Gibson had conveyed to Woodworth and by him to Rousseau and Easton."

"III. Woodworth, on 19 May, 1842, agreed with

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Rousseau and Easton to make an assignment to them by which they would become vested more fully with the right of running the machine in the Town of Watervliet, which they claimed under the first term of the patent, and also to assign to them the right to use the other machine which had been conveyed to him by

Gibson, of even date with this agreement. In consideration of which, Rousseau and Easton paid at the time $200, and, in case the extension should be obtained, and assignment of the two machines, as above stipulated for, made, they would pay in addition $2,000 in four equal annual installments."

"IV. This agreement of 19 May, 1842, was modified by an endorsement on the same, signed by all parties 26 April, 1843, in which it was recited that Rousseau and Easton had on that day executed and delivered to Woodworth eight promissory notes of $250 each, payable at different periods, the last one 1 July, 1846; in consideration thereof, the said Woodworth agreed that upon payment of said notes as they became due he would make the assignments stipulated for in the said agreement referred to."

"V. On 12 August, 1844, Woodworth assigned all his interest in this contract with Rousseau and Easton in respect to the two machines and all right and title to the use of the same to J. G. Wilson, by which he took the place of Woodworth."

"VI. On 13 November, 1844, Gibson renounced and released all right or claim, if any, to these two machines, to J. G. Wilson, this having been supposed necessary to enable Wilson to sue Rousseau and Easton for breach of their contract, or for an infringement of the Woodworth patent and extension by the use of the machines in the Town of Watervliet, after refusing to fulfill their contract; Gibson claimed no right to the use of the two machines in said town, as he had already passed to Woodworth all the right which he ever had in the same. The release was given for abundant caution, the better to secure to Wilson the right which he had acquired by the assignment from Woodworth."

"VII. On 5 December, 1845, J. G. Wilson granted to F. J. Barnard & Son a license to construct and use two machines in the Town of Watervliet, for which he was to receive $4,000, but it was then and there agreed that if the decision of the Supreme Court of the United States in a case then pending between Wilson and Rousseau and Easton should be against Wilson so as to exclude him from the use of the said two machines in the said town, then he was to repay to Barnard & Son $2,000, paid to him on that day in part

satisfaction of the purchase money, but if the decision should be in favor of Wilson, and Barnard & Son should be put in possession of the right to erect and use the two machines in said town then they were to pay to Wilson a further sum of $2,000."

"VIII. Upon the foregoing state of facts and upon the pleadings and proofs in the case, it is quite clear that down to the time of the grant of Wilson to Barnard & Son, 5 December, 1845, Gibson, the complainant, possessed the exclusive right and title to the planing machine in and for the County of Albany, with the exception of the two rights in the Town of Watervliet -- namely the right to use one claimed by Rousseau and Easton under the first grant, and more effectually secured to them by Woodworth, and the one sold and assigned by Gibson to Woodworth, and by him to Rousseau and Easton."

"And further that Wilson possessed no interest in any right to the use of the planing machine in the Town of Watervliet except in the two so derived from Woodworth by assignment of 12 August, 1844, and which had before been sold to Rousseau and Easton, and of which they were in the actual use and enjoyment. Wilson therefore could grant his interest, whatever it might be, in these two rights, and nothing more, and this was all that could pass to Barnard & Son under the grant of 5 December, 1845. The terms of that agreement also establish that it was the interest of Wilson in these two rights which he intended to sell, and Barnard & Son to purchase."

IX. The failure of Rousseau and Easton to fulfill their agreement of purchase with Woodworth, the interest in which belonged to Wilson, did not, of itself, operate to annul and cancel the contract. It was a contract partly executed; $200 of the purchase money had been paid and promissory notes given for the residue. The machines had been erected, and were in operation, and although a court of equity might have decreed the contract to be delivered up and cancelled upon terms, until then Rousseau and Easton must be deemed in the lawful use and enjoyment of the two rights under the patent. And even assuming the contract to be annulled

and the parties remitted to their original rights, it is clear that Wilson had power to grant but one of the rights in said Town of Watervliet, as the other was secured to Rousseau and Easton, under the decision of the court in Wilson v. them.

An injunction was accordingly issued.

On 11 April, 1848, the Circuit Court of the United States for the Northern District of New York was in session at Utica, when the following decree was passed:

"This cause having been brought on to be heard upon pleadings and proofs, and Mr. Wm. H. Seward having been heard on the part of the plaintiff, and Mr. Marcus T. Reynolds on the part of the defendants, and due deliberation having been had, it is ordered, adjudged, and decreed, that the defendants in this cause be, and they are hereby, perpetually enjoined from any further constructing or using in any manner, and from selling or disposing in any manner, of the two planing machines mentioned in said bill as erected by them in the Town of Watervliet in the County of Albany, or either of said machines, which machines are machines for dressing boards and plank, by planing, tonguing, or grooving, or either, or in some separate combination, constructed upon the principle and plan specified and described in the schedule annexed to letters patent issued to Wm. W. Woodworth, administrator of William Woodworth, on 8 July, 1845, which letters were a renewal upon a formal surrender for an imperfect specification of letters patent issued to Wm. Woodworth on 27 December, 1828, and extended on 16 November, 1842, to take effect on 27 December, 1842, and again extended by act of Congress on 26 February, 1845, and from infringing upon or violating the said patent in any way whatsoever."

"And it is further ordered, adjudged, and decreed that it be referred to Julius Rhodes, Esq., of Albany, counselor at law, as a master *pro hac vice* in this cause, with the usual powers of a master of this court, to ascertain and report the damages which the plaintiff has sustained, arising from the infringement of his rights by the defendants, by the use of the said two machines by them."

"And it is further ordered that the report of the said master herein may be made either to this Court in term time or to one of the judges thereof at chambers in vacation, and that either party may, on ten days' notice to the other of time and place, apply, either to this court in term time, or to one of the judges thereof at chambers in vacation, for confirmation of such report."

"And it is further ordered, that either party may at any time, on ten days' notice of time and place to the other, apply to this Court in term time or to one of the judges thereof in vacation, for further directions in the premises."

"And the question of costs, and all other questions in this cause, are hereby reserved until the coming in of the said report."

"And the complainant shall either pay to the defendants or set off against the damages to be awarded the sum of two

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thousand dollars, which he offered in his bill to pay them, with interest from 5 December, 1845."

An appeal from this decree brought the case up to this Court.

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MR. JUSTICE Mc LEAN delivered the opinion of the Court.

The parties claim conflicting interests as assignees of Woodworth's patented planing machine. The cause was submitted to the circuit judge, who decreed that the defendants below be perpetually enjoined from any further constructing or using in any manner the two planing machines &c.;, and the case was referred to a master to ascertain and report the damages which the plaintiff has sustained, arising from the infringement of his rights by the defendants by the use of the said two machines. The report of the master to be made in term time, or to one of the judges at chambers in vacation, and on ten days' notice either party to move for

confirmation of the report &c.; The question of costs was reserved until the coming in of the report, &c.;

A motion is made to dismiss this appeal, on the ground that the decree is not final.

No point is better settled in this Court than that an appeal may be prosecuted only from a final decree. The cases are

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numerous where appeals have been dismissed, because the decree of the circuit court was not final. It is supposed there was a departure from this uniform course of decision, at the last term in the case of *Forgay v. Conrad,* 6 How. 201.

In that case, the Court said

"The decree not only decides the title to the property in dispute, and annuls the deeds under which the defendants claim, but also directs the property in dispute to be delivered to the complainant, and awards execution. And according to the last paragraph in the decree, the bill is retained merely for the purpose of adjusting the accounts referred to the master. In all other respects, the whole of the matters brought into controversy by the bill are finally disposed of as to all of the defendants, and the bill as to them is no longer pending before the court. . . . If these appellants, therefore, must wait until the accounts are reported by the master and confirmed by the court, they will be subjected to irreparable injury."

The decree in that case would have been executed by a sale of the property, and the proceeds distributed among the creditors of the bankrupt, and lost to the appellants, before the minor matters of account referred to the master could be adjusted and acted on by the court. The course of procedure in the circuit court was irregular, and the consequent injury to the defendants would have been irreparable. Effect should not be given to its final orders by the circuit court until the matters in controversy shall be so adjusted as to make the decree final. Any other course of proceeding will, in many cases, make the remedy by an appeal of no value.

The decree in the case under consideration is not final within the decisions of this Court. The injunction prayed for was made perpetual, but there was a reference to a master to ascertain the damages by reason of the infringement; the bill was not dismissed, nor was there a decree for costs. In several important particulars, this decree falls below the rule of decision in *Forgay v. Conrad.* The execution of the decree in that case would have inflicted on the defendant below an irreparable injury. The bill was dismissed as to the principal matters in controversy, and there was a decree for costs.

It is said that the decree in this case, by enjoining the defendants below from the use of their machines, destroys their value and places the defendants in a remediless condition. That in the course of a few months their right to run the machines will expire, and that no reparation can be obtained for the suspension of a right by the act of the court. It is alleged, too, that many thousands of dollars have been invested in the machinery which by such a procedure becomes useless.

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The hardship stated is an unanswerable objection to the operation of the injunction until all the matters shall be finally adjusted. If the injunction has been inadvertently granted, the circuit court has power to suspend it or set it aside until the report of the master shall be sanctioned. And unless the defendants below are in doubtful circumstances, and cannot give bond to respond in damages for the use of the machines, should the right of the plaintiff be finally established, we suppose that the injunction will be suspended. Such is a correct course of practice, as indicated by the decisions of this Court, and that is a rule of decision for the circuit court.

The appeal is dismissed.

ORDER

This cause came on to be heard on the transcript of the record from the Circuit Court of the United States for the Northern District of New York, and was argued by counsel. On consideration whereof, and it appearing to the Court here that the decree of the court below complained of is not a final decree within the meaning of the act of Congress, it is thereupon now here ordered and decreed by this Court that this cause be and the same is hereby dismissed for the want of jurisdiction.

* MR. CHIEF JUSTICE TANEY did not sit in this cause, being indisposed at the time it was argued.