Bloomer Vs. Millinger

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Appeal No. : 68 U.S. 340

Appellant : Bloomer

Respondent : Millinger

Judgement :

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Bloomer v. Millinger

68 U.S. (1 Wall.) 340

ERROR TO THE CIRCUIT COURT FOR THE

WESTERN DISTRICT OF PENNSYLVANIA

SYLLABUS

1. A grant of a right by a patentee to make and use and vend to others to be used a patented machine within a term for which it has been granted will give the purchaser of machines from such grantee the right to use the machine patented as

long as the machine itself lasts, nor will this right to use a machine cease because an extension of the patent, not provided for when the patentee made his grant, has since been allowed and the machine sold has lasted and is used by the purchaser within the term of time covered by this extension, the rule being distinguishable from that applied to the assignee of the right to make and vend the thing patented, who holds a portion of the franchise which the patent confers and whose right of course terminates with the term of the patent unless there is a stipulation to the contrary.

2. *Bloomer v. McQuewan,* 14 How. 589, and *Chafee v. Boston Belting Co.,* 22 How. 217, approved.

3. How far parol proof may be introduced to show verbal agreements of the parties at the time when deeds were executed, and so to prove mistake or fraud in not executing what it was understood should be executed. The question raised on argument but not decided by the Court.

Bloomer, the appellant here, filed a bill in equity in the Circuit Court for the Western District of Pennsylvania. He set forth in it that he was owner of the exclusive right to make and use and vend to others to be used within the County of Alleghany, in Pennsylvania, the patented planing machine of Woodworth; that subsequently *to the 27th December, 1849,* and about the 1st January, 1850, the respondent, Millinger, had put in operation in that county three of these machines, and was continuing to use them without any lawful

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authority. The prayer was for an account and for an injunction against the use of these three machines.

The case, as appearing by the bill and answer, was thus:

On the 27th December, 1828, letters patent were granted to Woodworth for an improved planing machine for fourteen years -- that is to say, up to 27th\\ December, 1842.

On the 16th November, 1842 (Woodworth himself being dead, but his estate being represented by an administrator), an extension of the patent was granted by the *Commissioner* or *Board of Commissioner of Patents* for the term of *seven* years from the expiration of the original patent -- that is to say, *from the 27th December, 1842, to the 27th of December, 1849.*

On the 2d June, 1843, the administrator of Woodworth, by deed (called, in the argument, Exhibit A), reciting "the extension of said letters patent for the term of *seven years* from and after the expiration of said patent," sold and conveyed to one *William* Lippincott, his heirs and assigns, the right to construct and use, and vend to others to construct and use, "during the said extension," the patented machine, within the County of Alleghany, in the state of Pennsylvania; covenanting that such right should be exclusive throughout the limits specified, during the "term aforesaid."

On the 26th February, 1845, *Congress,* by act, granted an extension of the patent for the term of *seven years from the expiration of the extension granted by the commissioner,* and on the 14th of March following, the administrator sold and conveyed his interest in the "letters patent and the franchises thereby granted and secured," for "the said term of *seven years created and extended by Congress,* " to one Wilson; a second deed -- not specially important in the case, but to the same effect exactly -- that is to say, for the term of seven years created and extended by the said *act of Congress* -- being made July 9, 1845, and after the patent had been surrendered for a defective specification.

Wilson was thus invested with the interest under the second or Congressional extension, but with nothing more.

In this state of things, *William Lippincott,* still holding his right under the deed of 2 June, 1843 (called Exhibit A), for

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Alleghany County, under the extension granted by the *commissioner,* conveyed *it,* on the 10th April, 1846, to James Lippincott and one Millinger, the present

defendant, and by a second instrument (called Exhibit B), dated three days afterwards (13th April, 1846), the *administrator,* reciting that in consequence of the surrender and renewal of the patent, doubts had arisen as to rights given by instruments executed prior to the reissue, licensed and empowered this same Lippincott and Millinger

"to construct and use exclusively the patented machine in the County of Alleghany, . . . and also within said territory to license and empower any other person or persons to construct and use machines *for the term of time for which the patent was extended by the Board of Commissioners hereinbefore referred to; being for the term of seven years and no longer from and after the expiration of the original term of fourteen years.* "

The deed declared that the administrator intended thereby "to confirm . . . all right, title, and interest to construct and use, and the right to license others to construct and use said machines," which had been granted *by the indenture of 2d June, 1843* (Exhibit A), and concludes thus:

"No other, or greater, or other, or further grant or conveyance is hereby made &c.; than was granted by the indenture aforesaid, and upon the same terms and conditions."

Lippincott and Millinger were thus vested with the right for Alleghany County under the commissioner's extension, in such way as given by the deeds already mentioned.

On the 24th June, 1847, the administrator granted to *Bloomer* (the complainant) his "full consent, permission, and license to construct and use, and vend to others to construct and use," the patented invention "during the *two* extensions" within that part of Pennsylvania west of the Alleghany Mountains, "excepting Alleghany County, for the first extension," this "first extension" being that which had been previously granted to Lippincott and Millinger, the respondent in this suit. And on the 2d September, 1847, this same Lippincott and Millinger, by endorsement upon the administrator's deed of 13 April, 1846, conveying it *to them,* conveyed

to him, Bloomer aforesaid, whatever rights in the patent they held; Bloomer, however, stipulating that he would in no way interfere with certain machines mentioned in the transfer as belonging &c.;, one to A., and one to B. &c.;,

"nor interfere in any manner with the use of the *three* machines now erected, and in operation and use by the said *Millinger;* but the right, title, and use of the machines of the persons hereinbefore named, shall remain and be in them or their assigns for and during the time limited by the *written instruments.* "

In addition to this deed endorsed -- from Lippincott and Millinger to Bloomer, of 2d September, 1847 -- these same parties, Lippincott and Millinger, executed on the *10th January, 1848,* still another deed to Bloomer by which they assigned to him

"all their right, title, and interest in and to the said planing patents . . . within said County of Alleghany, as fully as the same is vested in us by force of the several hereinbefore recited conveyances, * and giving to the said Bloomer and his assigns full power and authority to construct and use, and vend to others to construct and use, said patent as aforesaid, within said county . . . for and during the full end and term of time unexpired and yet to come of said extension of said patent, to-wit, until the 27th day of December, 1849."

And on the same day, Bloomer, the complainant, executed a deed giving to Millinger, the respondent,

"his full consent, and permission, and license to construct and use, and vend to others to construct and use, *during the first extension herein set forth,* to-wit, from the 27th day of December, 1842, until the *27th day of December, 1849,* the right to use the said renewed patent, and to vend to others to use *three* planing machines upon the principle, plan, and description of the said renewed patent and amended specifications, within the County of Alleghany."

How far Millinger had accepted this deed was not so plain.

In addition to the defense, as already indicated, from the pleadings, Millinger, the respondent, by his answer, averred and offered to prove that when the reassignment of 10th January, 1848, from Lippincott and himself to Bloomer was executed, Bloomer agreed that he would execute to Millinger "a deed of assignment of the right to the said extension, so far as regarded the three machines," and "the said deed of assignment from the said Bloomer" -- Millinger's answer went on to say --

"was to be executed by the two parties, and was to be so worded as that respondent should have all the rights and privileges, and was to stand precisely in the position as to the rights, enjoyments, and privileges, as respected the patent right to said three machines, as if the assignment from respondent and Lippincott had never been made, and so as to place the respondent in the same situation as he would have stood under the assignment of the 2d of June, 1843, or by any other agreement between the parties, and to all the benefit of any renewals to which respondent would have been entitled under the assignment of said extension by the Commissioner of Patents, on the 2d of June, 1843, or any other agreement between the parties;"

that the plaintiff, in fulfillment of the verbal agreement, did execute a deed, left it at the place of business of the respondent, and that he refused to accept or sign the same, because it did not carry out the alleged agreement.

Some parol evidence was taken on behalf of the respondent to substantiate these allegations. But the complainant's general right, and the use of the three machines by the respondent, Millinger, *after the expiration of the term of extension granted by the commissioner,* was not denied.

The court below dismissed the bill, and on appeal here, two principal questions -- in substance these -- were made:

1. Whether, under the deeds of June 23, 1843 (Exhibit A), conveying to the assignor of Millinger, in such strict terms, a right to the extension of the patent for but *seven* years, and the deeds of 10 and 13 April, 1846 (Exhibit B), by which this

right was conveyed, in such like terms, to Millinger -- taken in connection with Bloomer's stipulation

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of 13 April, 1846, and his deed of 10 January, 1848, that Millinger should use his three machines during the said term for which the patent had been extended by the commissioner -- Millinger could use his machines after the expiration of that term, and during the new term for which an extension had been granted by Congress.

2. If he could not do so under the deeds as set forth in the pleadings, he could introduce parol evidence to show what he alleged in his answer and offered to prove as to the license intended to have been executed by Bloomer on the 10th January, 1848.

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MR. JUSTICE CLIFFORD, after stating the case, delivered the opinion of the Court:

Counsel of the complainant concede that the machines

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were constructed and put in operation by the consent and license of the assignees of the patentees, and that the respondent had the full right to continue to use and operate the same throughout the entire period of the extension granted by the Commissioner of Patents. But they deny that he had any right to continue to use or operate them under the second extension, which was granted by the act of Congress. All of those machines were constructed and put in operation before the act of Congress was passed, and of course under an authority founded upon the patent as it existed at the time the authority was conferred. Regarding the transaction in that point of view, the argument is that the respondent could not lawfully continue to use and operate the machines under the extension granted by

Congress, inasmuch as such a use of the invention was not in the contemplation of the parties when the respondent was authorized to construct them and put them in operation.

Two principal defenses were set up by the respondent in the court below.

First, he insisted that inasmuch as he constructed the machines and put them in operation under the authority of the patentee or his assigns, with the right to continue to use and operate them during the entire term of the patent as it was then granted, he cannot now be deprived of the right to use the property which he was thus induced to purchase, and which he in that manner lawfully acquired.

Secondly, he insisted that the complainant, at the time the respondent transferred to him the right he acquired under the assignment to him of the 10th of April, 1846, agreed that he, the complainant, would execute to him, the respondent, a deed of assignment of the right to the extension in question, so far as respects the three machines now in controversy; and he insisted that parol proofs were admissible and sufficient to establish the fact of such an agreement. On the other hand, the complainant denies that any such agreement was ever made, and he also insists that parol proofs are not admissible to establish such a theory.

Confessedly the latter question is one of difficulty under

the circumstances, but it is wholly unnecessary to decide it in this case, as the respondent was and is clearly entitled to judgment upon the other ground. He constructed his machines or caused them to be constructed under the authority of the patentee or his assigns, and consequently must be regarded in the same light as a grantee or assignee under those who had the legal control of the patent. Builders of machines under such circumstances have the same rights as grantees or assignees.

When the respondent had purchased the right to construct the machines and operate them during the lifetime of the patent as then existing, and had actually

constructed the machines under such authority, and put them in operation, he had then acquired full dominion over the property of the machines and an absolute and unrestricted right to use and operate them until they were worn out.

Patentees acquire the exclusive right to make and use, and vend to others to be used, their patented inventions for the period of time specified in the patent, but when they have made and vended to others to be used one or more of the things patented, to that extent they have parted with their exclusive right. They are entitled to but one royalty for a patented machine, and consequently when a patentee has himself constructed the machine and sold it, or authorized another to construct and sell it, or to construct and use and operate it, and the consideration has been paid to him for the right, he has then to that extent parted with his monopoly, and ceased to have any interest whatever in the machine so sold or so authorized to be constructed and operated. Where such circumstances appear, the owner of the machine, whether he built it or purchased it, if he has also acquired the right to use and operate it during the lifetime of the patent, may continue to use it until it is worn out, in spite of any and every extension subsequently obtained by the patentee or his assigns.

Provision is made by the eighteenth section of the Act of the 4th of July, 1836, for the extension of patents beyond the time of their limitation. By the latter clause of that section,

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the benefit of such renewal is expressly extended to assignees and grantees of the right to use the thing patented to the extent of their respective interests therein. 5 Stat. at Large 125. Under that provision, it has repeatedly been held by this Court that a party who had purchased and was using a patented machine during the original term for which the patent was granted had a right to continue to use the same during the extension. *Wilson v. Rousseau,* 4 How. 646. Founded as that rule is upon the distinction between the grant of the right to make and vend the machine and the grant of the right to use it, the justice of the case will always be obvious if that distinction is kept in view and the rule itself is properly applied.

Purchasers of the exclusive privilege of making or vending the patented machine in a specified place hold a portion of the franchise which the patent confers, and of course the interest which they acquire terminates at the time limited for its continuance by the law which created it, unless it is expressly stipulated to the contrary. But the purchaser of the implement or machine, for the purpose of using it in the ordinary pursuits of life, stands on different ground. Such certainly were the views of this Court in the case of *Bloomer v. McQuewan,* 14 How. 549, where the whole subject was very fully considered. Attention is drawn to the fact that there was considerable diversity of opinion among the judges in disposing of that case, but the circumstance is entitled to no weight in this case, because the Court has since unanimously affirmed the same rule. *Chaffee v. Boston Belting Co.,* 22 How. 223. In the case last mentioned, the Court said that when the patented machine rightfully passes from the patentee to the purchaser or from any other person by him authorized to convey it, the machine is no longer within the limits of the monopoly. By a valid sale and purchase, the patented machine becomes the private individual property of the purchaser, and is no longer specially protected by the laws of the United States, but by the laws of the state in which it is situated. Hence it is obvious, said the Court, that if a person legally acquires a title to that which is the

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subject of letters patent, he may continue to use it until it is worn out or he may repair it or improve upon it as he pleases in the same manner as if dealing with property of any other kind. Webbs.Pat. Cases, 413, note *p.*

Considering that the question has been several times decided by this Court, we do not think it necessary to pursue the investigation. The decree of the circuit court is therefore.

Affirmed with costs.

* These were the deeds of June 2, 1843 (Exhibit A), that of 10 April, 1846, and that of 13 April, 1846 (Exhibit B).