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**New Marshall Engine Co. Vs. Marshall Engine Co.**

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**Court :** US Supreme Court

**Decided On :** Feb-19-1912

**Appeal No. :** 223 U.S. 473

**Appellant :** New Marshall Engine Co.

**Respondent :** Marshall Engine Co.

**Judgement :**

New Marshall Engine Co. v. Marshall Engine Co. - 223 U.S. 473 (1912)

U.S. Supreme Court New Marshall Engine Co. v. Marshall Engine Co., 223 U.S. 473 (1912)

**New Marshall Engine Company v. Marshall Engine Company**

**No. 107**

**Submitted December 15, 1911**

**Decided February 19, 1912**

**223 U.S. 473**

*ERROR TO THE SUPERIOR COURT*

*OF THE STATE OF MASSACHUSETTS*

## SYLLABUS

The federal courts have exclusive jurisdiction of all cases arising under the patent laws, but not of all questions in which a patent may be the subject matter of the controversy. Courts of a state may try questions of title and construe and enforce contracts relating to patents. *Wade v. Lawder*, [165 U. S. 624](#) .

Page 223 U. S. 474

A suit to compel assignment of a patent and to enjoin manufacturing and sale of article covered thereby because the patent is an improvement on an earlier one and included in a covenant to convey all such improvements is based on general principles of equity, and is within the jurisdiction of the state court.

Where the injunction granted against sale of articles manufactured under a patent is only an incident to a decree for specific performance of a contract to convey the patent as an improvement of an earlier one, the relief is appropriate, and, if it does not determine questions of infringement, is within the jurisdiction of the state court.

203 Mass. 410 affirmed.

On June 1, 1886, Letters Patent 342,802, were issued to Frank J. Marshall for an improvement in pulp-beating engines. Shortly before the patent expired, he organized the Marshall Engine Company, and on September 15, 1902, assigned to it the patent and "all improvements thereon and renewals of the same." Marshall was elected president of the company, but neglected to have the assignment recorded within the time required by law. It contained, however, a provision for further assurance, and on October 8, 1904, after the patent had expired, Marshall executed an additional instrument whereby, after reciting the former assignment, he transferred the patent and "all further improvements thereon and renewals thereof."

In September, 1903, at the time the first assignment was made, Marshall had on file an application for a patent on "an improvement on patent 411,251, granted to

E. R. Marshall, and embodies features shown in patent 342,802, granted in 1886 to myself." There is no further reference in the record to patent 411,251. Marshall's application was granted, and on April 14, 1903, Letters Patent 725,349 were granted to him.

No formal assignment was made, but it is found as a fact that, between September 15, 1903, and the receivership, the complainant manufactured nine or ten engines embodying the improvement covered by patent 725,349.

Page 223 U. S. 475

On June 13, 1905, a receiver was appointed for the Marshall Engine Company. Immediately thereafter, Marshall organized under the laws of Massachusetts a new company bearing his name, and assigned to it this patent 725,349. The New Marshall Engine Company took with notice of the complainant's right.

The Marshall Engine Company, of New Jersey, claimed title to this patent 725,349 as an "improvement" on patent 342,802, which passed by virtue of the assignment of September 15, 1902. It thereupon filed, through its receiver, a bill in the Superior Court of Franklin County, Massachusetts, asserting this title and praying that the defendants, Marshall and the New Marshall Engine Company, should be required to execute and deliver to it an assignment in due form to patent 725,349, so as to entitle it to be recorded in the Patent Office, and also that the defendants, their successors and assigns should be enjoined from manufacturing or selling machines covered by patent 725,349.

The defendants answered, admitting or denying the several allegations of the bill, but setting up no affirmative defense. The case was referred to a master, who found in favor of the complainant. Thereupon the defendants moved to dismiss the bill because

"it presents questions involving an inquiry as to the construction and scope of the patents therein mentioned, of which questions the federal courts have exclusive jurisdiction."

The motion was overruled, and a final decree was entered in favor of the complainants. The decision was affirmed by the Supreme Judicial Court of Massachusetts, and the case was brought here by writ of error.

Page 223 U. S. 478

MR. JUSTICE LAMAR, after making the foregoing statement, delivered the opinion of the Court.

The federal courts have exclusive jurisdiction of all cases arising under the patent laws, but not of all questions in which a patent may be the subject matter of the controversy. For courts of a state may try questions of title, and may construe and enforce contracts relating to patents. *Wade v. Lawder*, [165 U. S. 627](#) . The present litigation belongs to this class. The controlling fact for determination here is whether patent 725,349 belongs to the

Page 223 U. S. 479

Marshall Engine Company, of New Jersey, or to the New Marshall Engine Company, of Massachusetts. The complainant did not, by its bill in the state court, raise any question as to the validity or construction of the patent, nor did it make any claim for damages for infringement. The suit was an ordinary bill for specific performance to compel Marshall to assign to complainant the improvement on patent 342,802, in compliance with his covenant for further assurance. If patent 725,349 was an improvement thereon, as on the face of the application and letters patent it appeared to be, then the complainant was entitled to a decree requiring Marshall to make a conveyance which could be properly recorded for the protection of the true owner.

Marshall had, however, in violation of his contract, previously assigned patent 725,349 to the New Marshall Engine Company, which took with notice of the prior transfer. This company therefore held the legal title as trustee for the complainant. Under the circumstances, the state court had jurisdiction to pass on the question of ownership, and to enter a decree requiring Marshall, as patentee, and the New

Marshall Engine Company, as trustee, to make an assignment in due form to the complainant. This jurisdiction was based on general principles of equity jurisprudence, and did not present a case arising under the patent law.

It is, however, urged that the state court was ousted of the jurisdiction to enter a decree for specific performance, because the bill went farther, and prayed that the defendants, and each of them, should be enjoined from manufacturing or selling the machines covered by patent 725,349. It is claimed that this was, in effect, an application and decree for injunction against infringement, and could only be granted by a federal court.

But the allegations of the complainant's bill do not involve any construction of the meaning or effect of patent

Page 223 U. S. 480

725,349, nor does it charge that the manufacture or sale of engines by the defendants would be an infringement of the patent, or of any right of the complainant, if in fact patent 725,349 belonged to the New Marshall Engine Company. The injunction was asked for only as an incident of a finding that the title was vested in the complainant.

"The bill . . . must be regarded and treated as a proceeding to enforce the specific execution of the contracts referred to and not as one to protect the complainants in the exclusive enjoyment of a patent right. . . . It is to prevent the fraudulent violation of these contracts, therefore, that the complainant seeks the aid of the court and asks for an injunction."

[Brown v. Shannon](#), 20 How. 56, [61 U. S. 57](#) . As said in [Wilson v. Sandford](#), 10 How. 99,

"the injunction is to be the consequence of a decree sanctioning the forfeiture. He alleges no ground for an injunction unless the contract is set aside."

Here, the injunction asked for is to be the consequence of the decree sustaining the complainant's title. It alleges no ground for injunction unless that title is

established.

The state court had jurisdiction of the subject matter of the controversy. The relief granted was appropriate to the cause of action stated in the bill. The decree must therefore be

*Affirmed.*

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