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NOTES

DAMAGES FOR THE INFRINGEMENT OF A PATENT.

Just when damages or profits will be granted in a bill against the infringer of a patent is an interesting question.

Before the Act of Congress of 1870 the infringer was regarded as a trustee and recovery was allowed the plaintiff of all profits the defendant had made. The Act provided that the plaintiff be given "in addition to profits, to be accounted for by defendant, damages which the complainant has sustained thereby." To procure this relief in equity some equitable grounds must exist. An action for damages or profits alone must be pursued at law. A bill for a mere naked account of profits will be dismissed.[1]

[1] *Root* v. *Lake Shore R. R.*, 105 U. S. 189.

Relief in the form of damages and profits will be given even though the patent has expired if the application for an injunction has been made a sufficient time before, so that in the ordinary course of proceedings a final decree would issue before the expiration of the patent.[2] The expiration of the patent therefore will not *per se* oust equity jurisdiction.[3]

In the recent case of *Draper* v. *American Loom Company,* 161 Fed. 728, though the bill was filed three months before the expiration of the patent, an injunction was refused and damages were awarded, to be secured by a bond filed by the defendant. The defendant in this case was a manufacturer who used a small shuttle of a loom, patented by the complainant, on looms in his factory. The reason given by the Court for refusing an injunction is, that to stop the defendant's looms for the remaining time during which the patent was to run, would result in damages to him incommensurate with the loss suffered by the plaintiff if the use were not enjoined. A case in which a preliminary injunction was refused on the same *ratio decidentis,* was invoked to substantiate this position. *Westinghouse* v. *Burton Co.,* 77 Fed. 301. In an earlier case in apparent conflict, the Court said that the fact that a patent will expire in a short time is a reason *a fortiori* for granting relief inasmuch as the owner has only a short period remaining in which to enjoy the exclusive benefits and privileges of his invention.[4] Much emphasis was also placed in this case upon the fact that the defendant knowingly invested his money in an infringing business.

There is a difference in facts between the case just mentioned and *Draper* v. *American Loom Co.,* 161 Fed. 728. In the former the defendant was violating the patented article in its entirety, while in the latter, *Draper* v. *American Loom Company,* only a small portion of a patent was being infringed. A further difference exists. In the former case the defendant was using the invention, a telegraph instrument, in the only manner in which it could be utilized by the complainant company for profit; in the latter case the complainant was a manufacturer, the defendant a user of a portion of the complainant's invention. This distinction is brought out by Curtis, J., in *Forbush* v. *Bradford,* 21 Monthly L. J. 471, in the following language: "The complainants are makers of looms but do not

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[2] *Clark* v. *Wooster,* 119 U. S. 322.

[3] *Singer Mfg. Co.* v. *Wilson Sewing Machine Co.,* 38 Fed. 586.

[4] *American Bill Co.* v. *Western Telegraph Co.,* 58 Fed. 409.

use them. So that this particular mode of infringement by the use of the thing patented though it is a violation of the exclusive right claimed by the complainant does not deprive them of a monopoly which they desire to retain in their own hands."

The law seems to be that, where both are manufacturers, an injunction will be decreed even after the expiration of a patent to prevent the sale of articles manufactured surreptitiously during its continuance.[5] Certainly, then it would appear that an injunction should issue in such cases prior to the expiration of the patent.

The law in regard to when damages and profits will be awarded appears to be as follows: (1) An injunction will issue giving the right to an account of profits and damages suffered in addition by the plaintiff, unless (2) in the discretion of the Court the injury upon the business of the infringer would be entirely out of proportion to the plaintiff's damages, in which case profits alone will be allowed; (3) if the patent expires before an injunction has been issued relief will be given in profits and if the facts justify it damages as well.[6] Thus in the latter two sets of facts the effect of the inhibition against an account for profits alone in equity is avoided, by including in the same bill a prayer for an injunction which will be refused, and the other relief of profits or damages granted.

The Effect of a Condition in a Bill or Note upon its Negotiability.

The case of *Riech* v. *Daigle* (Supreme Court of North Dakota, June 19th, 1908, 117 N. W. 346), holds that a promissory note that contains the following stipulation, "This note subject to the conditions of hotel purchase contract of even date herewith," is non-negotiable, and hence an endorser thereof takes the same subject to all the legal defenses or setoffs existing in favor of the maker of such note at the time the action thereon is brought.

While the case accords with a long line of decisions on this point, it suggests the question as to what references or collateral agreements can be set forth in a note without destroying its negotiability, and further, the second question as to

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[5] *Crossley* v. *Derby Gas Light Co.*, 4 L. J. Ch. 25.

[6] *Beedle* v. *Bennett*, 122 U. S. 71.

whether you can go beyond the face of the note to determine whether the reference or collateral agreement makes the note a conditional one.

Under the commercial law a statement of the consideration for the undertaking may be stated on the face of the note, provided no condition is created in the promise or order. For example, "Pay A or order $1,000 one month from date, for stock," has been held negotiable.[1] Likewise the Negotiable Instrument Act (Sect. 3, Sub Sec. 2) is declaratory of the commercial law, that "an unqualified order or promise to pay is unconditional though coupled with a statement of the transaction which gives rise to the instrument." *Rogers* v. *Smith,* 47 N. Y. 324; *Donaldson* v. *Grant,* 15 Utah, 231.

As pointed out by Professor Ames in his criticism of the Act (Brannen on Negotiable Instrument Law, p. 44), it is not clear just what these words mean or how much latitude they allow for references to be made on the face of a note to a collateral agreement. The American cases are in quite accord with *Reich* v. *Daigle* (above) that a provision in a note "subject to contract of even date" or "as per contract" makes such note non-negotiable.[2]

None of the cases however treat the question as to just when a reference to or statement of the transaction which gives rise to the instrument ceases to be a mere reference and becomes a condition or contingency. Will the maker of a note that contains the reference that it is given "for a horse" be allowed to plead that the reference was made so as to provide for the contingency of a possible death of the horse before delivery or that the horse was dead at the time the note was given and thus prove a failure of consideration? That is, a statement of the transaction which gave rise to the instrument may be a mere reference or it may express a condition as between the maker and the payee of the note. Likewise a statement "as per contract of even date" might be only a reference to the transaction or it might refer to a contract which makes the payment of the note conditional as between the maker and the payee.

This brings forth the second question, as to whether you can

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[1] *Coffman* v. *Campbell,* 87 Ill. 98; *Griffin* v. *Weatherby,* L. R. 3, Q. B. 753.

[2] *Cushing* v. *Fields,* 70 Me. 50; *Parker* v. *Am. Exch. Bank,* 27 S. U. 1071; *Hickman* v. *Rayl,* 55 Ind. 551; *Post* v. *Kinzina Hemlock A. Co.,* 171 Pa. 615; *Reed* v. *Cossett,* 153 Pa. St. 156, *contra; Jury* v. *Baker,* E. B. & E. 156.

go beyond the face of the note in determining whether or not the reference or collateral agreement makes the note conditional and, therefore non-negotiable. The whole basis of the commercial law answers the question in the negative, for the negotiability of a bill or note cannot be made to depend upon the fulfillment of a condition. It must be a bill or note when executed.[8] This is clearly the law in cases where the condition is expressed on the face of the note. The doubt exists in those cases where it is uncertain whether the reference or statements on the face of the note do or do not express a condition. In the case of *Jury* v. *Baker* (above) Lord Campbell, C. J., held, that in an action on a promise to pay, where there was certainty as to the payor, payee, and amount and date, that the words "as per memorandum of agreement" did not of themselves make the promise conditional, but it was incumbent on the defendant in his plea to prove that such was their effect. See *Jarvis* v. *Wilkins,* 7 Mes. and W. 410. If this case be followed the maker of any note upon which there is a reference, which of itself expresses no condition, may in an action against him by an innocent endorsee set up the equities of the collateral agreement refered to or those arising from the transaction stated.

The Effect of Consent as Negativing Crime.

The very interesting question of how far the consent of the person against whom an otherwise criminal act has been done prevents that act from being a crime is suggested in the recent case of *State* v. *Young,* 96 Pac. Rep. 1067. One statute in the jurisdiction makes adultery a felony and another justifies a killing done in preventing a felony directed against the homicide or his wife. A suspecting that B contemplated adultery with his wife, slew B, the wife not being present. The defense was that the statute justified the killing but it was *held* that the danger to the wife was not sufficiently imminent; and further, that the statute did not apply because the wife's consent to the contemplated adultery prevented it from being a felony.

A long and almost uniform line of decisions has held that the consent of the person injured does not prevent the in-

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[8] *Kingston* v. *Long,* Bailey, Bills 6th Ed. 16; *Colehan* v. *Cooke,* Willis, 393.

jurious act from being a crime.[1] The reason is two-fold: first, because the state desires to punish the public disorder arising from a crime irrespective of the private injury, or as has been said by a learned author, "there are three parties here, one being the state which does not allow the others to deal on a basis of contract with the public peace;"[2] and secondly, in case of the more serious crimes the state desires to protect the lives and health of its citizens.[3] This is so even though the offender commit the crime with no malice or anger.[4] Further, consent to an act for which relief is ordinarily given in a civil action does not bar that relief, where the act complained of involved a breach of the peace or an intention to do real hurt.[5]

There are a number of crimes an element of which is the lack of consent on the part of the one that the crime primarily affects, such as rape and those crimes involving the hostile taking of another's property, as larceny. As an element of these crimes is a lack of consent, when the consent is given, one element of the crime is absent and of a necessity the crime does not exist. And even here where there is neither a breach of the peace nor real injury but where there is a loss of chastity not consented to, although the act was consented to,[6] the state negatives the consent.[7]

While some courts seem to have decided that the consent of the injured party nullifies the criminality of an act, on close examination the decisions will be found to only apparently support such a proposition. Thus in one case the Court decides that where two enter into an agreement to fight, there can be no conviction for assault; not because consent nullifies the crime, but because the defendant in that jurisdiction has been guilty of an affray and not of an assault.[8] The one case which does allow the consent of the injured party to free the defendant from culpability to the state confuses the questions of malice and intent to injure and cannot be approved.[9]

If the suggestion of the Court in the principal case be law,

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[1] Bishop on Crimes, Vol. 1, Sec. 258 and cases cited.
[2] Cooley on Torts, 3rd Ed. 188.
[3] *Reg.* v. *Coney*, 8 Q. B. D. 534, Per Stephen, J.
[4] *Com.* v. *Colberg*, 119 Mass. 350.
[5] *Adams* v. *Waggoner*, 33 Ind. 531.
[6] *Reg.* v. *Case*, 4 Cox, C. C. 220.
[7] See article by J. H. Beale, Jr., in VIII Harv. L. Rev., 325.
[8] *Champion* v. *State*, 14 Ohio, 439.
[9] *State* v. *Beck*, 1 Hill (S. C.), 233.

it is submitted that the right to kill to prevent a felony will be of little use. The one interfering would always do so at his peril since he has no means of knowing whether the felony is by consent or not. And the defendant could not argue that the commission of a felony that is being assented to creates the same belief in his mind as though there were a real felony as in *State* v. *Yanz*, 54 L. R. A. 780, because the state justifies not because of the slayer's state of mind, but because of its protection to the one against whom a felony is being directed. If, as the case suggests, no felony is being committed, there is no justification for the homicide.

Unlawful Acts and Purposes in Boycotts.

In America, mercantile and labor monopolies appear generally to be on the same footing and to be lawful, except only as the means used or the purposes intended are unlawful.[1] All courts agree that there is a right in an individual to work or not to work, to trade or refrain from trading, as he sees fit, a contract relation always being absent. Some courts hold this right absolute irrespective of the motive or injury,[2] while others hold it conditional upon the justification for the injury to the correlative right in another.[3] Then again, some courts hold that what one may do as an individual he may do as one of a combination,[4] while others hold that this accumulated power must be limited and justification must appear.[5] Among this latter class, there is a diversity of opinion as to what is proper justification.

New York, New Jersey and Missouri are cited[6] as upholding the absolute right of mankind to act in the aggregate exactly as in individual capacity. But when we consider the com-

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[1] Crucial Issues in Labor Agitation, Prof. Smith, 20 Harv. L. R. 253, 345, 429.

[2] *Hunt* v. *Simonds*, 19 Mo. 583 (1854); *Deltz* v. *Winifree*, 80 Tex. 400.

[3] *Walker* v. *Cronin*, 107 Mass. 555 (1871).

[4] *Lindsay* v. *Federation*, 96 Pac. (Mon.) 127 (1908); *National Protective Assn.* v. *Cummings*, 170 N. Y. 315 (1902).

[5] *Plant* v. *Woods*, 57 N. E. 1011, Mass. (1900); *Arthur* v. *Oakes*, 63 Fed. 310.

[6] Law as to Boycotts, Prof. Weyman, 15 Green Bag, 208; 17 Green Bag, 21, 210.

petition between the two unions in the New York case,[7] and that *Curran* v. *Galin* was not overruled, the decision of Parker, C. J., is not necessarily against the general authority. A recent case,[8] in New Jersey, holding that "establishing pickets and threatening economic harm by one who does not employ labor (a labor union) for the purpose of unionizing a shop, interferes with the free flow of labor and that the enticer is not such a competitor in the market as to justify", places it with the general authority. The dissenting opinion of Holmes, J., in *Plant* v. *Woods*[9] differs rather on the character of justification than in regard to the general rule.

A boycott is generally held to be an unlawful conspiracy because the purpose is unlawful—as to unionize an open shop,[10] to bring one into a dispute to which he is not a party,[11] to induce the discharge of a workman because he does not belong to the union,[12] to secure to the union the right to decide finally grievances, not common to all members, between employer and employees,[13] or to compel an employer or trader to acceed to demands which he has a legal right to refuse.[14] Malicious injury should always be unlawful. When the cause arises in competition of trade[15] or labor[16] or the purpose is the improvement of wages or the condition of labor, and such purpose is not too remote, it is generally lawful, but, when freedom of trade or labor or public policy are invaded, the courts are more ready to hold it unlawful.[17]

So, also, the boycott may be an unlawful conspiracy because of the means used, such as the imposition of fines to compel compliance of members,[18] establishing pickets to do or threaten

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[7] *National Protective Assn.* v. *Cummings,* 170 N. Y. 315; *Curran* v. *Galen,* 152 N. Y. 33.

[8] *Jonas* v. *Glass Assn.,* 66 Atl. (N. J.) 953 (1907); *Barr* v. *Essex Trades,* 53 N. J. Eq. 443 (1902).

[9] 57 N. E. 1011; *Veghelan* v. *Gunter,* 167 Mass. 92 (1896).

[10] *Barnes* v. *Berry,* 156 Fed. 72 (1907); *Shine* v. *Fox Bros.,* 159 Fed. 357.

[11] *Pickett* v. *Walsh,* 78 N. E. (Mass.) 753 (1906).

[12] *Berry* v. *Donovan,* 188 Mass. 353 (1905).

[13] *Reynolds* v. *Davis,* 84 N. E. 427 (1908).

[14] *Barnes* v. *Union,* 232 Ill. 425; 83 N. E. 940 (1908).

[15] *Mogul Steamship Co.* v. *McGregor,* L. R. 23, Q. B. D. 598; *McCauley* v. *Tierney,* 19 R. I. 255.

[16] *Arthur* v. *Oakes,* 63 Fed. 310 (1894).

[17] Trade and Labor Disputes, Prof. Lewis, 44 Amer., L. R. 465.

[18] *Boutewell* v. *Marr,* 71 Ver. 1 (1899).

violence,[19] interfering with the free flow of trade or labor by annoying persuasion of pickets,[20] by threats of economic harm or by bribery or offers of economic advantage,[21] by distributing or posting circulars characterizing as "unfair," "legalized highwaymen" and "scabs" and by requesting not to deal when the circumstances are such as to make this a threat or a bribe.[22] Under the Sherman Anti-trust Act, any act which essentially obstructs the free flow of commerce between the states or restricts, in that regard, the liberty of a trader engaged in business, is unlawful.[23] The coercive acts which the Court enjoins may be without threats or commission of violence or personal injury if the purpose is unlawful, as the threat of a strike, unless they cease dealing as they lawfully may.[24] So also, where the purpose is unlawful (to unionize a shop) the boycott is unlawful equally if accomplished by mere persuasion as by resort to acts of physical violence.[25] Persuasion or argument is lawful provided it is of such character as to leave the person solicited to do as he pleases.[26]

To determine the character of the act, the strength, character, and reputation for peaceful methods of the combination, the sentiment of the community, or what a reasonable man might expect upon refusal to act as requested, should be considered by the Court to ascertain the free agreement. In the late case in Montana,[27] the acts appear to be held lawful because of the peculiar interpretation of the surrounding facts. This case goes to the extreme in favor of lawfulness of the acts and purpose while *Barnes* v. *Union*[28] marks the extreme in declaring such a boycott unlawful.[29]

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[19] *Brace Bros.* v. *Evans*, 18 Pitts., L. J. 399 (1888); *Erdman* v. *Mitchell*, 207 Pa. 79 (1893); *Barnes* v. *Chicago Union*, 232 Ill. 425; *Goldfield* v. *Goldfield*, 159 Fed. 500 (1908).

[20] *Vegelahn* v. *Gunter*, 167 Mass. 92; *George Jonas* v. *Glass Assn.*, 66 Atl. (N. J.) 953.

[21] *Casey* v. *Cincinnati Union*, 45 Fed. 135 (1891).

[22] *Rocky Mountain Co.* v. *Montana Fed.*, 156 Fed. 809 (1907).

[23] *Loewe* v. *Lawlor*, 208 U. S. 275 (1908), Danbury Hatter's Case.

[24] *Purvis* v. *Brotherhood*, 214 Pa. 353 (1907).

[25] *Barnes* v. *Union*, 232 Ill. 425.

[26] *Goldfield* v. *Goldfield*, 159 Fed. 500.

[27] *Lindsay* v. *Federation*, 96 Pac. 127.

[28] *Barnes* v. *Union*, 232 Ill. 425.

[29] For discussion of the English Law see: Prof. Dicey's Article in 17 Har. L. R. 511; Prof. Lewis, 18 Har. L. R. 444, and 44 Amer. L. R. 465, and Prof. Smith, 20 Har. L. R. 253, 345, 429.