

UNITED STATES CIRCUIT COURT FOR THE NORTHERN DISTRICT OF
CALIFORNIA

Earl v. Southern Pac. Co.

75 F. 609 (1896) · Decided August 17, 1896

SUMMARY

The court denies the Southern Pacific Company's motion to dismiss for lack of personal jurisdiction in a patent infringement action, holding that jurisdiction may be obtained in a district where valid service can be made. It also rejects defendant Graham's jurisdictional objection because he had previously appeared in the court and was personally served in the district. Based on a prior adjudication sustaining the patent's validity, the court grants the complainant's motion for a preliminary injunction.

CASE DETAILS

COURT	United States Circuit Court for the Northern District of California
WRITING FOR THE COURT	Morrow
JURISDICTION	California
DECIDED	August 17, 1896
DISPOSITION	other
PROCEDURAL POSTURE	Plaintiff brought a patent-infringement suit in equity seeking a preliminary injunction. Southern Pacific Company and Robert Graham moved to dismiss for lack of personal jurisdiction based on their alleged nonresidence in the Northern District of California.
STANDARD OF REVIEW	On a motion for a preliminary injunction, a prior adjudication sustaining the patent creates a strong presumption in favor of patent validity. The defendant bears the burden of showing new evidence of such conclusive character that it probably would have produced a different result in the prior adjudication, with every reasonable doubt resolved against the defendant.
PRECEDENTIAL VALUE	published
PARTIES	Edwin T. Earl v. Southern Pacific Company, Robert Graham

TOPICS

- patent infringement
- personal jurisdiction
- injunctions
- civil procedure

PRACTICE AREAS

patent law

civil procedure

remedies

QUESTIONS PRESENTED

1. Whether the federal court had personal jurisdiction over Southern Pacific Company, a Kentucky corporation doing business in the Northern District of California, in a patent-infringement suit.
2. Whether the court had personal jurisdiction over Graham when he was not an inhabitant of the district but was personally served there.
3. Whether Earl was entitled to a preliminary injunction based on the prior adjudication sustaining the validity of the patent.

HOLDINGS

1. The court had jurisdiction over Southern Pacific Company because the statutory restriction requiring civil suits to be brought in the district where the defendant was an inhabitant did not apply to patent suits, and jurisdiction could be obtained in any district where valid service could be made.
2. The court had personal jurisdiction over Graham because he had previously submitted to the court's jurisdiction without objecting to residence and was personally served in the district in the present action.
3. A prior adjudication in the same circuit sustaining the validity of the patent after a bona fide contest is sufficient to support a preliminary injunction, unless the defendant presents new evidence so conclusive that it probably would have changed the result of the prior case.

KEY QUOTATIONS

"The only exception to this genera] rule seems to be where the new evidence is of such a conclusivo character that, if it liad been introduced in the former case, it probably would have led to a different conclusion." (611)

"It is clear that the presumptions must be in favor of the patent, and that it cannot be overthrown by a mere doubt." (612)

FACTUAL BACKGROUND

Earl held reissued letters patent relating to a ventilator and combined ventilator and refrigerator car. He previously prevailed against Robert Graham in an action at law involving the patent, obtaining a verdict and judgment. Earl alleged that Graham and Southern Pacific jointly used cars containing the patented invention in the Northern District of California and threatened to continue doing so. Southern Pacific was a Kentucky corporation, and Graham was personally served in the district.

PROCEDURAL HISTORY

Earl previously obtained a verdict and judgment against Graham in an action at law in the same court concerning the patent. He then filed this suit seeking to restrain the defendants from making, using, or selling cars and ventilators embodying the patented invention. The court denied both jurisdictional motions and granted Earl's motion for a preliminary injunction.

DISPOSITION

other

CASES CITED

- Southern Pac. Co. v. Denton, 146 U.S. 202, 13 S. Ct. 44
- In re Hohorst, 150 U.S. 659, 14 S. Ct. 221
- In re Keasbey & Mattison Co., 160 U.S. 221, 16 S. Ct. 273
- Smith v. Manufacturing Co., 67 F. 801
- Button Works v. Wade, 72 F. 298
- Putnam v. Bottle-Stopper Co., 38 F. 234
- Heysinger v. Rouss, 40 F. 584
- Eagle Manufg Co. v. David Bradley Manufg Co., 50 F. 193
- Edison Electric Light Co. v. Beacon Vacuum Pump & Electrical Co., 54 F. 687
- Macbeth v. Glass Co., 54 F. 173
- Woodard v. Stamping Co., 68 F. 717
- Johnson Steel Street Rail Co. v. William Wharton, Jr., & Co., 152 U.S. 252, 257, 14 S. Ct. 608
- Ladd v. Cameron, 25 F. 37
- Cantrell v. Wallick, 117 U.S. 689, 6 S. Ct. 970
- Edison Electric Light Co. v. Electric Manuf'g Co., 10 C.C.A. 106, 61 F. 834

OPINION

Earl v. Southern Pac. Co. 75 F. 609

MORROW, J.

MORROW, District Judge (after stating the facts). The patent in this suit was involved in an action at law in this court wherein Edwin T. Earl, the complainant herein, was the plaintiff, and Robert Graham, one of the defendants herein, was the defendant. That action was brought on for trial in March last, and resulted in a verdict and judgment in favor of the plaintiff, and against the defendant. The plaintiff thereupon brought this action, to restrain the defendants from making, using, and selling any cars or ventilators containing the patented invention. The bill charges that the defendants in the Northern district of California have jointly used large numbers of cars containing and embracing the invention described and patented in and by said reissued letters patent, and the claims thereof numbered 3, 4, 5, 7, and 8, and have infringed upon the exclusive rights secured to the complainant by the said claims, and that the defendants are now using said cars contain*610ing said patented invention, and threaten to continue using them. The bill further charges that the Southern Pacific Company is a railway corporation engaged in transporting and hauling for hire the cars containing the said patented invention, and in operating and manipulating the ventilators while hauling said cars. The Southern Pacific Company has appeared specially for

the purpose of objecting to the jurisdiction of the court, and moves to dismiss the bill of complaint on the ground that the court has no jurisdiction of the person of said defendant, in that it appears upon the face of the bill that the defendant is a corporation organized and existing under the laws of the state of Kentucky, and is therefore an inhabitant of the state of Kentucky, and not an inhabitant-of the Northern district of California. The motion is based upon the provisions of the act of March 3, 1887, as corrected by the act of August 13, 1888 (25 Stat. 433). The act provides: "But no person shall be arrested in one district for trial in another in any civil action before a circuit or district court; and no civil suit shall be brought before either of said courts against any person by any original process or proceeding in any other district than that whereof he is an inhabitant." The supreme court has held that under this act a corporation incorporated in one state only, and doing business in another state, is not thereby liable to be sued in a circuit court of the United States held in the latter state. *Southern Pac. Co. v. Denton*, 146 U. S. 202, 13 Sup. Ct. 44. But it has also been held that this exemption does not apply to an alien or a foreign corporation sued here, and especially in a suit for the infringement of a patent right, exclusive jurisdiction of which is conferred upon the circuit court by the fifth subdivision of section 711 of the Revised Statutes, and jurisdiction of the defendant may be obtained in any district where a valid service can be made on the defendant. *In re Hohorst*, 150 U. S. 659, 14 Sup. Ct. 221; *In re Keasbey & Mattison Co.*, 160 U. S. 221, 16 Sup. Ct. 273; *Smith v. Manufacturing Co.*, 67 Fed. 801; *Button Works v. Wade*, 72 Fed. 298. The motion of the Southern Pacific Company to dismiss the action as against that corporation will therefore be denied. The defendant Graham also objects to the jurisdiction of the court on the ground that he is not an inhabitant of the Northern district of California. He was a defendant in the original action at law in this court, and he submitted to the jurisdiction of the court without objection on this ground, and a judgment was rendered against him. The present action is based upon alleged infringements in this district, and the defendant was personally served in this district. This is sufficient to give jurisdiction in his case. Aside from this, the same reasons upon which the motion of the Southern Pacific Company to dismiss has been denied are applicable to the defendant Graham. *Button Works v. Wade*, supra. We come now to the question whether, on the showing made upon the order to show cause, the complainant is entitled to a preliminary injunction. The right to such an injunction is based upon the prior adjudication in this action at law. The general rule on this subject is stated in *Bob. Pat. § 1181*, as follows: "A judgment in this circuit court of the same circuit, sustaining the patent between the same parties and upon the same issues, is sufficient evidence of its validity for the purposes of a subsequent injunction." See, also, section 1184, and the following authorities: *Putnam v. Bottle-Stopper Co.*, 38 Fed. 234; *Heysinger v. Rouss*, 40 Fed. 584; *Eagle Manufg Co. v. David Bradley Manufg Co.*, 50 Fed. 193; *Edison Electric Light Co. v. Beacon Vacuum Pump & Electrical Co.*, 54 Fed. 687; *Macbeth v. Glass Co.*, Id. 173; *Edison Electric Light Co. v. Electric Manufg Co.*, 57 Fed. 616; Id., 10 C. C. A. 106, 61 Fed. 834; *Woodard v. Stamping Co.*, 68 Fed. 717; *Johnson Steel Street Rail Co. v. William Wharton, Jr., & Co.*, 152 U. S. 252, 257, 14 Sup. Ct. 608. In *Edison Electric Light Co. v.*

Beacon Vacuum Pump & Electrical Co., *supra*, Colt, J., used the following language: "The general rule is that where the validity of a patent has been sustained by a prior adjudication, and especially after a long, arduous, and expensive litigation, the only question open on motion for a preliminary injunction in a subsequent suit against another defendant is the question of infringement, the consideration of other defenses being postponed until final hearing. *Brush Electric Co. v. Accumulator Co.*, 50 Fed. 833; *Robertson v. Hill*, 6 Fish Pat. Cas. 405, Fed. Cas. No. 11,925; *Cary v. Spring-Bed Co.*, 27 Fed. 299; *Coburn v. Clark*, 15 Fed. 804; *Manufacturing Co. v. Hickok*, 20 Fed. 116; *Green v. French*, 4 Ban. & A. 169, Fed. Cas. No. 5,757; *Blanchard v. Reeves*, 1 Fish. Pat. Cas. 103, Fed. Cas. No. 1,515; *Goodyear v. Rust*, 6 Blatchf. 229, Fed. Cas. No. 5,584; *Cary v. Manufacturing Co.*, 24 Fed. 141; *Manufacturing Co. v. Woodruff*, 5 Biss. 414, Fed. Cas. No. 12,368; *Manufacturing Co. v. White*, 1 McCrary, 155, 1 Fed. 604; *Putnam v. Bottle-Stopper Co.*, 38 Fed. 234; *Consolidated Bunting Apparatus Co. v. Peter Schoenhofen Brewing Co.*, 28 Fed. 428; *Newall v. Wilson*, 2 De Gex, M. & G. 282; *Davenport v. Jepson*, 4 De Gex, F. & J. 440; *Bovill v. Goodier*, 35 Beav. 427. The only exception to this general rule seems to be where the new evidence is of such a conclusive character that, if it had been introduced in the former case, it probably would have led to a different conclusion. The burden is on the defendant to establish this, and every reasonable doubt must be resolved against him. *Ladd v. Cameron*, 25 Fed. 37; *Cantrell v. Wallick*, 117 U. S. 689, 6 Sup. Ct. 970; *Winans v. Eaton*, 1 Fish. Pat. Cas. 181, Fed. Cas. No. 17,861; *Machine Co. v. Adams*, 3 Ban. & A. 96, Fed. Cas. No. 752; *Spring Co. v. Hall*, 37 Fed. 691; *Lockwood v. Faber*, 27 Fed. 63; *Glaenger v. Wiederer*, 33 Fed. 583; *Cary v. Spring-Bed Co.*, 26 Fed. 38." In the case of *Edison Electric Light Co. v. Electric Manuf'g Co.*, *supra*, Seaman, J., sitting in the circuit court, adopted the rule laid down by Judge Colt, and said: "The decisions and text-books agree upon the general rule stated in the opinion of Judge Colt (54 Fed. 67!)), — that an adjudication of the validity of his patent, after bona fide contest, and especially after long and expensive litigation, entitles the complainant, to a preliminary injunction in a suit against other infringers, and that the only question open upon his motion therefor is that of actual Infringement by the defendant of the claim so adjudged valid. Other defenses are then reserved to final hearing, and injunction issues as of course in the same court, and by comity in other courts. One exception to this rule is sometimes allowed, and that is where there is clear showing of a meritorious defense which was not before the court in the original suit, and which, had it entered into consideration, would probably have defeated the patent or claim. * * * The question here is whether there is such clear showing of merit for this claim now asserted that the defendants should be relieved from the general rule by denying in their case the usual injunctive order, and the primary inquiry is, what must be the measure of proof demanded? Must it be of the quality and quantity required to defeat the patent at final hearing, — 'clear, convincing, and beyond reasonable doubt,' as held by Judge Colt, — or will it suffice, for denial of the motion, that it shows 'a defense which puts the case in doubt,' as held by Judge Hallett? It is clear that the presumptions must be in favor of the patent, and that it cannot be

overthrown by a mere doubt. I think the true test for proof upon the motion is that it shall be sufficient to raise a presumption that it would have defeated the patent, had it been produced at the trial. This would demand at least the full measure required to overcome the presumptive force of the patent, and that every reasonable doubt be resolved against the defense here, as it would be there, as held by Judge Oolt. In the eyes of the law, at this stage the complainants stand upon their rights, with their letters patent confirmed after arduous contests, and entitled to preliminary injunctions against infringers; and the defendants must place themselves entirely within the exception to the rule, if they invoke the privileges of that exception, and would deprive the complainants of the fruits of their hard-earned victories.” This case having been affirmed in the circuit court of appeals for the Seventh circuit (10 O. O. A. 106, 61 Fed. 834), the views of Judge Seaman upon this question are therefore of high authority. In *Woodard v. Stamping Oo.*, supra, it was held that the same weight should be given to a verdict and judgment at law as is ordinarily accorded to a decree in equity at final hearing sustaining a .patent, and that upon a motion for a preliminary injunction the presumption in favor of the validity of the patent arising from the previous adjudication should prevail. In my opinion, the defendants have not made such a showing as to bring them within the exception to the general rule just stated. The motion for a preliminary injunction in favor of complainant will therefore be granted.