COMMENT.

An interesting point in patent law which, we believe, has never come up in this country, was recently decided by the House of Lords. The case is that of *Badische Anilin und Soda Fabrik* v. *Basle Chemical Works, Bindschedler*, 77 Law Times Rep. 573. Defendants, who were large chemists in Basle, manufactured and sent goods which, they admitted, infringed the appellants' patent, to a London firm, through a firm of forwarding agents at Basle, who sent the goods by mail to the London firm according to their directions. Plaintiffs claimed an injunction against both the defendants and the London firm; the latter immediately gave bonds not to infringe in the future and Justice North granted an injunction against the defendants. The Court of Appeal by a vote of two to one, vacated the injunction and the House of Lords has just unanimously affirmed their action.

The real ground of the decision was that the sale was consummated in Basle, the postoffice being the agent of the buyer, especially in this case, as the particular carrier was named by the buyer. Therefore the defendant committed no act in England, nor any act punishable under the English laws. The fallacy of Justice North's reasoning is that he considers that an illegal act is being done and as the defendants are parties to it they may be punished; as he himself says, he doesn't care a straw where the property in the goods was or whether the injunction could be enforced. But Lord Herschell says. "Acts which here would be infringements of the patent, are no infringement, if they are done in a country which is not within the ambit of the patent."

The whole arrangement between the defendants and the London firm seems to have been a scheme to evade the English patent laws. The defendants having no agents in England and performing their part of the scheme entirely without the country, could not, of course, be punished under English laws. The London firm were the only infringers in England of the patent.

In the only analogous cases in this country the articles were patented both in the United States and in the foreign country. *Boesch* v. *Graff*, 133 U. S. 697, is the leading case. Here it was held that where an article is patented both in the United States and in a foreign country, a dealer residing in the United States cannot import and sell the articles here without the license or consent of the owner of the United States patent, although they were purchased in the foreign country from a person authorized to sell them there. Nor according to *Featherstone* v. *Ormonde Cycle Co.*, 53 Fed. 110, can the licensee of the foreign patent export and sell in this country the articles without the

consent of the owner of the United States patent. Apparently it would be otherwise if the purchase was made from the owner of or licensee under *each* patent; but if the article was thus sold in the foreign country with a prohibition against importation into the United States, any such importation and sale in the United States would be an infringement (*Dickerson* v. *Matheson*, 57 Fed. 524). It will be noticed that the action in all these cases was against the vendee, not the vendor. But we do not see how, on true principles of law, the vendor could in the foreign country, whether the article was there patented or not, be enjoined by our courts from selling them.

In determining the many questions which arose under the newly-adopted constitution, one of the essential principles of civil liberty, that no State shall pass a law impairing the obligation of contracts, was laid down by the Supreme Court of the United States in the now celebrated Dartmouth College case. Although this proposition has been since then universally recognized, there has nevertheless been a tendency to gradually narrow the scope of the word "contract," thus preventing many frauds, while still protecting all valid agreements. The case of *Douglass* v. *Commonwealth of Kentucky*, 18 Sup. Ct. Rep. 199, shows a laudable inclination of the court to so construe this principle as best to guard the interests and morals of the public.

The Mayor and Council of the City of Frankfort had, under a power given by the State constitution, granted in 1875, permission to conduct a lottery, upon an agreement to pay to the city a certain sum of money, and in consideration of an annual license fee of $2,000, and certain other taxes. This right had been acquired by the plaintiff in error by contract with the widow of the lottery grantee, and he had since then conducted the business. In 1891 a new constitution was adopted in Kentucky, which expressly prohibited lotteries and revoked all privileges or charters heretofore granted. The highest courts of the State had previously in several cases asserted that said contract was valid, and on the faith of these decisions plaintiff in error claimed to have spent large sums of money in increasing the scope of the business.

The Supreme Court of the United States refused to hold itself bound, however, by decisions of a State Court upon a statute alleged to be in violation of the Federal Constitution, and laid down the proposition that no State has a right "to contract away its power to establish such regulations as are reasonably necessary from time to time to protect the public morals against the evils of lotteries." The rule previously laid down in *Stone* v. *Mississippi*, 101 U. S. 814, was followed; but the court denied the assertion that the principle there decided was modified by *New Orleans* v. *Houston*, 119 U. S. 265, in which the revocation attempted was under an act of the legislature, while in the former the act was

justified by power of the constitution itself. Therefore, a grant of permission to operate a lottery is not a contract, such that it cannot be impaired, but is simply a license, revocable at pleasure, and under which no vested rights can accrue, no matter what has been done under a belief that such revocation is impossible.

Another case, that of *Dudley* v. *James*, 83 Fed. 345, has just been reported, in which Judge Barr in Kentucky, though on somewhat different grounds, adopts the view laid down by Judge Baker in Indiana (see December number YALE LAW JOURNAL page 138), and declares that office deputy marshals cannot enjoin a new marshal from removing them under the Civil Service Rules. He maintains that since the Act of May 28, 1896, as well as previously, the terms of deputy marshals expire, unless otherwise specially provided by law, with the term of the principal marshal, and that thereafter they are not in the Civil Service of the United States, and hence the rule of the President bringing office deputies within the classified civil service has no application after the expiration of the term of the principal marshal, and therefore the deputy has no standing in court to bring a bill for an injunction, even if an injunction would lie.