

FIRST DIVISION

[G.R. No. 14101. September 24, 1919.]

ANGEL VARGAS, *plaintiff-appellant*, vs. **F. M. YAPTICO & Co. (LTD.)**, *defendant-appellee*.

Charles C. Cohn for appellants.

John Bordman for appellee.

DECISION

MALCOLM, J :

Rude wooden implements for tilling the soil have been in use in the Philippines, possibly not since the Israelites "went down to sharpen every man his share and his coulter," but certainly for many years. Iron plows called "Urquijo" and "Pony" have latterly been the vogue.

Angel Vargas, a farmer acquainted with local conditions and alive to the commercial possibilities, took it upon himself to produce, with the native plow as the model, an improved, adjustable plow. On July 22, 1910, he made application for a United States patent to cover his so-called invention. On March 12, 1912, letters patent were issued by the United States Patent Office in favor of Vargas. On April 24, 1912, a certified copy of the patent was filed in the Division of Patents, Copyrights, and Trademarks of the Executive Bureau, Government of the Philippine Islands. The patent and its registry was also published in the newspaper, *El Tiempo*.

Since 1910, Vargas has engaged in the manufacture of these plows in the city of Iloilo, Philippine Islands. On the plows there was first stamped the words "Patent Applied For," later after the patent had been granted, changed to "Patented Mar. 12, 1912." Ninety per cent of the plows in use in the Visayas (Iloilo and vicinity) are said to be Vargas plows.

During this same period, the firm of F. M. Yaptico & Co. (Ltd.), was engaged in the foundry business in the City of Iloilo. It openly held itself out as a manufacturer of plow parts. It has in fact produced points, shares, shoes, and heel pieces in a considerable amount adapted to replace worn-out parts of the Vargas plow.

Such was the existing situation when, in the early part of 1918, the owner of the patent, and thus the proper party to institute judicial proceedings, began action in the Court of First Instance of Iloilo to enjoin the alleged infringement of U. S. Patent No. 1020232 by the defendant F. M Yaptico & Co. (Ltd.), and to recover the damages suffered by reason of this infringement. The court issued the preliminary injunction as prayed for. The defendant, in addition to a general denial, alleged, as special defenses, that the patent lacked novelty or invention, that there was no priority of ideas or device in the principle and construction of the plow, and that the plow, whose manufacture it was sought to have enjoined by the plaintiff, had already been in public use for more than two years before the application of the plaintiff for his patent. The parties subsequently entered into a stipulation that the court should first resolve the question of whether or not there had been an infraction of the patent, reserving the resultant question of damages for later decision. After the taking of evidence, including the presentation of exhibits, the trial judge, the Honorable Antonio Villareal, in a very exhaustive and learned decision, rendered judgment in favor of the defendant and against the plaintiff, declaring null and without effect the patent in question and dismissing the suit with costs against the plaintiff. The preliminary injunction theretofore issued was dissolved.

From this judgment the plaintiff has appealed, specifying five errors. The principal assignment No. 1 is, that the trial court erred in finding that the patented invention of the plaintiff is lacking in novelty and invention. Defendant, in reply, relies on three propositions, namely: (1) The judgment of the trial court in finding the patent granted plaintiff void for lack of novelty and invention should be affirmed; (2) The patent granted plaintiff is void from the public use of his plow for over two years prior to his application for a patent, and (3) If the patent is valid, there has been no contributory infringement by defendant.

Before resolving these rival contentions, we should have before us the relevant law. Act No. 2235 of the Philippine Legislature, enacted on February 10, 1913, in effect makes the United States Patent Laws applicable in the Philippine Islands. It provides that "owners of patents, including design patents, which have been issued or may hereafter be issued, duly registered in the United States Patent Office under the laws of the United States relating to the grant of patents, shall receive in the Philippine Islands the protection accorded them in the United States under said laws." (Sec. 1.) Turning to the United States Patent Laws, we find the Act of Congress of March 3, 1897, amendatory of section 4886 of the United States Revised Statutes, reading as follows:

"Any person who has invented or discovered any new and useful art, machine, manufacture, or composition of matter, or any new and useful improvements thereof, not known or used by others in this country. before his invention or discovery thereof, and not patented or described in any printed publication in this or any foreign country, before his invention or discovery thereof, or more than two years prior to his application, and not in public use are on sale in this country for more than two years prior to his application, unless the

same is proved to have been abandoned, may, upon payment of the fees required by law, and other due proceeding had, obtain a patent therefor." (29 Stat. L., 692, 7 Fed. Stat. Ann. [2d Ed.], p. 23.)

When a patent is sought to be enforced, "the questions of invention, novelty, or prior use, and each of them, are open to judicial examination." The burden of proof to substantiate a charge of infringement is with the plaintiff. Where, however, the plaintiff introduces the patent in evidence, if it is in due form, it affords a *prima facie* presumption of its correctness and validity. The decision of the Commissioner of Patents in granting the patent is always presumed to be correct. The burden then shifts to the defendant to overcome by competent evidence this legal presumption. With all due respect, therefore, for the critical and expert examination of the invention by the United States Patent Office, the question of the validity of the patent is one for judicial determination, and since a patent has been submitted, the exact question is whether the defendant has assumed the burden of proof as to anyone of his defenses. (See *Agawan Co. vs. Jordan* [1869], 7 Wall., 583; *Blanchard vs. Putnam* [1869], 8 Wall., 420; *Seymour vs. Osborne* [1871], 11 Wall., 516; *Reckendorfer vs. Faber* [1876], 92 U. S., 347; 20 R. C. L., 1112, 1168, 1169.)

As hereinbefore stated, the defendant relies on three special defenses. One such defense, on which the judgment of the lower court is principally grounded, and to which appellant devotes the major portion of his vigorous argument, concerns the element of novelty, invention, or discovery, that gives existence to the right to a patent. On this point the trial court reached the conclusion that "the patented plow of the plaintiff, Exhibit D, is not different from the native plow, Exhibit 2, except in the material, in the form, in the weight and the grade of the result, the said differences giving it neither a new function nor a new result distinct from the function and the result obtained from the native plow; consequently, its production does not presuppose the exercise of the inventive faculty but merely of mechanical skill, which does not give a right to a patent of an invention under the provisions of the Patent Law." In thus finding, the court may have been right, since the Vargas plow does not appear to be such a "combination" as contains a novel assemblage of parts exhibiting invention. (See *Stimpson vs. Woodman* [1870], 10 Wall., 117 — rollers; *Hicks vs. Kesley* [1874], 18 Wall., 674 — wagons; *Hails vs. Wormer* [1874], 20 Wall., 353 — stoves; *Washburn & Moen Mfg. Co. vs. Beat "Em All Barbed Wire Co.* [1892], 143 U. S., 275 — barbed wire; *Lynch vs. Dryden* [1873], C. D., 73 — walking cultivators; *Torrey vs. Hancock* [1910] 184 Fed., 61 — rotary plows.)

A second line of defense relates to the fact that defendant has never made a complete Vargas plow, but only points, shares, shoes, and heel pieces to serve as repairs. Defendant's contention is that in common with other foundaries, he has for four years cast large numbers of plow points and shares suitable for the use of either on the native wooden plow or on the Vargas plow. A difference has long been recognized between repairing and constructing a machine. If, for instance, partial injuries, whether they occur from accident or from wear and tear, to a machine for agricultural purposes

are made this is only re-fitting the machine for use, and thus permissible. (Wilson vs. Simpson [1850], 9 How., 109.) Even under the more rigorous doctrine of Leeds & Catlin Co. vs. Victor Talking Machine Co. ([1909], 213 U. S. 325), it may be possible that all the defendants has done is to manufacture and sell isolated parts to be used to replace worn-out parts.

The third defense is, that under the provisions of the statute, an inventor's creation must not have been in public use or on sale in the United States (and the Philippine Islands) for more than two years prior to his application. Without, therefore, committing ourselves as to the first two defenses, we propose to base our decision on the one just suggested as more easily disposing of the case. (See 20 R. C. L., 1140-1142.) We do so with full consciousness of the doubt which arose in the mind of the trial court, but with the belief that since it has been shown that the invention was used in public at Iloilo by others than Vargas, the inventor, more than two years before the application for the patent, the patent is invalid.

Although we have spent some time in arriving at this point, yet, having reached it, the question in the case is single and can be brought to a narrow compass. Under the English Statute of Monopolies (21 Jac. Ch., 3), and under the United States Patent Act of February 21, 1793, later amended to be as herein quoted, it was always the rule, as stated by Lord Coke, Justice Story and other authorities, that to entitle a man to a patent, the invention must be new to the world. (Pennock and Sellers vs. Dialogue [1829], 2 Pet., 1.) As said by the United States Supreme Court, "it has been repeatedly held by this court that *a single instance of public use of the invention* by a patentee for more than two years before the date of his application for his patent *will be fatal to the validity of the patent* when issued." (Worley vs. Lower Tobacco Co. [1882], 104 U. S., 340; McClurg vs. Kingsland [1843], 1 How., 202; Consolidated Fruit Jar Co. vs. Wright [1877], 94 U. S., 92; Egbert vs. Lippmann [1881], 104 U. S., 333; Coffin vs. Ogden [1874], 18 Wall., 120; Manning vs. Cape Ann Isinglass and Glue Co. [1883], 108 U. S., 462; Andrews vs. Hovey [1887], 123 U. S., 267; Campbell vs. City of New York [1888], 1 L. R. A., 48.)

On the facts, we think the testimony shows such a public use of the Vargas plow as to render the patent invalid. Nicolas Rocas, a farmer, testified that he had bought twenty Vargas plows, of which Exhibit 5 was one, in December, 1907; and Exhibit 5, the court found, was a plow completely identical with that for which the plaintiff had received a patent. The minor exception, and this in itself corroborative of Rocas' testimony, is, that the handle of plow Exhibit 5 is marked with the letters "A V" and not with the words "Patent Applied For" or "Patented Mar. 12, 1912." Salvador Lizarraga, a clerk in a business house, testified that he had received plows similar to Exhibits D, 5, and 4, for sale on commission in May, 1908, from Bonifacio Araneta, partner of Vargas in the plow business. Ko Pao Ko, a blacksmith, testified that he had made fifty plow frames in 1905 for Vargas and Araneta, of which Exhibit 4 is one; Exhibit 4, the court found, is a plow identical with that patented by Vargas, but without share and mould-board. Alfred Berwin, an employee in the office of Attorney John Bordman,

testified that on September 21, 1908, he had knowledge of a transaction wherein Vargas and Araneta desired to obtain money to invest in a plow factory. George Ramon Saul, a mechanic of the "Taller Visayas" of Strachan and MacMurray, testified that he had made Vargas plow points and shares of the present form upon order of Araneta and Vargas in 1906 and 1907. William MacMurray, proprietor of the "Taller Visayas," corroborated the evidence of the witness Saul by the exhibition of the account against Vargas and Araneta wherein, under date of December 31, 1906, appears the item "12 new soft steel plow shares forged and bored for rivets as per sample." Against all this, was the testimony of the plaintiff Angel Vargas who denied that Saul could have seen the Vargas plow in 1906 and 1907, who denied that Roces purchased the Vargas plow in 1907, who denied that Lizarraga could have acted as an agent to sell two plows in November, 1908, who denied any remembrance of the loan mentioned by Berwin as having been negotiated in September, 1908, who denied that Ko Pao Ko made fifty plows one of which is Exhibit 4, for Araneta and Vargas in 1905. Plaintiff introduced his books to substantiate his oral testimony. It is hardly believable that five or six witnesses for the defense would deliberately perjure themselves under oath. One might, but that all together, of different nationalities, would enter into such a conspiracy, is to suppose the improbable.

Tested by the principles which go to make the law, we think a preponderance of the evidence is to the effect that for more than two years before the application for the original letters patent, or before July 22, 1908, there was, by the consent and allowance of Vargas, a public use of the invention covered by them.

To conclude, we are not certain but that appellee has proved every one of his defenses. We are certain that he has at least demonstrated the public use of the Vargas plow over two years prior to the application for a patent. Such being the case, although on a different ground, we must sustain the judgment of the lower court, without prejudice to the determination of the damages resulting from the granting of the injunction, with the costs of this instance against the appellant. So ordered.

Arellano, C. J., Torres, Johnson, Araullo, Street, Avanceña and Moir, JJ., concur.