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New Jersey Court of Errors and Appeals.

SATTERLEE ARNOLD and wife,
Appellants,

and

JAMES TALCOT,
Appellee.

**Brief of Ap-
pellee.**

On the 28th September, 1891, James Talcot obtained a judgment in the Supreme Court of this State against Satterlee Arnold for \$6,200.53 debt and \$38.91 costs.

By the bill filed in this case he seeks to enforce the payment of the amount due on that judgment out of certain equitable assets which the defendants claim to be the property of Mrs. Arnold the wife of the judgment debtor.

The origin of the debt was as follows:

For several years prior to 1879 Satterlee Arnold jointly with one Sarah Harter carried on the business of manufacturing knit goods at the city of Troy in the State of New York, under the partnership name of Satterlee Arnold & Co. (p. 9, 103).

The manufactured goods were consigned to James Talcot, a reputable commission merchant of New York City, to be sold on commission, the firm receiving from him from time to time advances on

the consignment which were expected to be repaid as the goods were sold.

On the 15th January, 1879, Arnold & Co. failed and made an assignment for the benefit of their creditors; their liabilities as stated by Mr. Arnold being at that time about \$80,000 and their assets \$40,000. (p. 10, 69).

At that time, Arnold & Co. were indebted to Mr. Talcot for advances, \$128,000, to secure which he held the goods which had been consigned to him (p. 104).

The account was not closed until the knit goods were all sold in 1884, and then a balance of \$4,122.04 was found to be due to Mr. Talcot, for which suit was commenced in the Supreme Court of the State of New York in and for the City of New York, May 8, 1885, (p. 166).

To that suit, Mr. Arnold appeared and filed his answer to the complaint, and on November 21, 1885, judgment was entered in favor of the plaintiff for \$4,589.59 (p. 180).

In September, 1891, (Arnold and wife having removed to this State) an action was brought on that judgment in the Supreme Court of this State, (p. 164) and judgment rendered for \$6,200.53 debt, and \$38.91 costs (p. 181).

A bill for discovery was then filed in the Court of Chancery, against Arnold and his wife, (p. 1) and an answer was filed by them, (p. 20) and the hearing was commenced and evidence taken before Vice-Chancellor Van Fleet (p. 55).

During the examination of Arnold and wife, it was found to be advisable to enlarge the scope of the bill, and permission was given complainant to file an amended bill (p. 116).

The amended bill will be found on pages 25-30, and the answer with copies of certain agreements annexed will be found on pages 31 to 53.

After the death of Vice-Chancellor Van Fleet, the case was by consent referred to Vice-Chancellor

Reed and was heard by him, and by agreement of counsel the evidence previously taken was used on the hearing, p. 118.

So much for the history of the case, so far as relates to the incurring of the debt claimed by the complainant to be due to him from Arnold & Co. The debt was contracted prior to their failure in January, 1879, but the amount of it was not ascertained until 1884, (p. 104.)

The evidence shows that Arnold was somewhat of an inventive genius, and prior to his failure he had procured several patents in his own name for sewing machine improvements.

Ex. 3, Patent No. 119,958, issued Oct. 17, 1871.

" 4, " No. 204,338, " June 18, 1878.

" 5, " No. 104,532, " June 21, 1870.

" 6, " No. 205,336, " June 25, 1878.

See pp. 34 and 182.

One of them, No. 104,532, he had used in his manufacturing business up *to the time of his failure* in January, 1879, (page 146.)

Subsequently to his failure he procured seventeen other patents of which three

Nos. 241,116 dated May 10, 1881.

" 378,822 " Feb. 28, 1888.

" 378,813 " Same date.

were issued to him in his own name—p. 34.

One No. 242,038 dated May 10, 1881, was issued to D. C. Phillips and Saterlee Arnold jointly (p. 57 line 27), and assigned to Anna M. Arnold (p. 34 line 23, p. 37, line 1-10.)

Thirteen of them were issued to Anna M. Arnold assignee (p. 34 and 57.)

The exclusive right to use part of the patents to wit: Nos. 104,532, 241,116 and 249,734 was granted to the Norfolk & New Brunswick Hosiery Co. on the 10th of April, 1882, (p. 38.)

The limited use of these same patents and nine

others was granted April 2, 1886, to Abraham G. Jennings and others, (p. 44.)

Others were used by the defendants themselves or the use of them granted to The Arnold Sewing Machine Company incorporated in 1888, to manufacture machines to be supplied to said grantees (p. .)

These patents especially those of which the use was granted to the said lessees proved very profitable.

On his examination in supplemental proceedings in Brooklyn, in January, 1891, (p. 17.) Mr. Arnold admitted that Mrs. Arnold had received \$15,000 a year for five years previously.

By the agreement with the Norfolk and New Brunswick Hosiery Co. above mentioned, annexed to defendant's answer (p. 38,) it appears that that Company agreed to pay for the use of the three patents to wit:

Nos. 104,532
241,116
249,734

a royalty of fifty cents per dozen on all shirts and drawers in making which either of the patents might be used and also agreed that such royalties should amount to \$1,000 per month, in every twelve months after January 1, 1883, (p. 40.)

That agreement is still in existence; continues till November, 1898, and the \$1,000 per month has been paid. (Arnold Ex., p. 125.)

The Jennings agreement provided that the grantees should pay on its execution \$5,000, in cash and \$20,000, on or before May 1, 1886. It further provided that they should pay certain royalties which should amount to at least \$3,000 per annum, after July 1, 1886, for six years, (p. 48, line 8.)

These payments were made. (pp. 118 and 119.)

From these two agreements more than \$200,000. have been received, by admission of the defendants, How much more we have no means of ascertaining.

The evidence further shows by the sworn admission of the defendant Satterlee Arnold, that in addition to the two agreements mentioned, Mrs. Arnold holds the title to real estate in Verona, Essex Co., for which she paid \$5,000 (p. 28), which she purchased a month or two prior to his examination in June, 1896.

She also holds \$10,000 U. S. bonds and \$1,000 bond to the Toledo & O. Central R. R. Co., (p. 129.)

These were all paid for from money received from the lease to the Norfolk & New Brunswick Hosiery Co. (p. 129).

By the agreement with that Company, Mrs. Arnold was to furnish it with Anchor Sewing Machines, (p. 41, lines 30-40,) and to do so, they organized the Arnold Sewing Machine Co. with a capital of \$100,000. The plant, including land, tools, and fixtures, owned by Mrs. A. were turned over to the company. They claim they were worth \$75,000 and for that amount she received stock of the Company.

Mr. Arnold's Ev.,	p. 149,	line 12-40
"	"	126, " 12-30
"	"	121 & 122

The stock in that Company, the land at Verona, the \$10,000 on U. S. bonds and the \$1,000 Toledo & O. Central bond and the two agreements with the two Companies before named, together with all the patents still alive we claim to be equitably chargeable with the payment of complainant's judgment and the Chancellor so decreed.

That decree is resisted on the ground that the business which Mr. Arnold carried on after his failure in January, 1879, (including all his inventions for which he procured patents) *was the sole and separate business* of his wife, and that he conducted the business simply as her agent.

This, I think, is the only—certainly it is the vital-question, on which the case turns.

That the inventions for which the patents were procured, were solely the fruit of the inventive genius of Mr. Arnold, and that the development of them so as to make them productive, and indeed the whole management of the business, was actually his work, is not denied by any evidence in the case.

There is literally no evidence that she took any part in the business, whatever, or that she had any qualification or fitness for any part of it.

There is no evidence, I think, that she did anything except as she says, that she drew checks to pay for work done in the shop at Troy (p. 64), and that she gave to her husband a power of attorney to manage the bank account (p. 66).

The only evidence of her active participation in the business, given by her husband, I think is on p. 124, when he was asked :

“ Q. You made an other agreement, you say, a copy “of which is attached to your answer, which agreement was made with the Norfolk & New Brunswick Hosiery Co., you or your wife did. A. My “wife did.”

Which was true in so far as she appears to be named as the party of the first part in that agreement and to have signed it.

When his attention was specially directed to this question of his wife's experience by the question on p. 127.

“Ques. Had your wife had any experience whatever in business of this kind, before these agreements were made, or this alleged agreement,” relating to the Arnold Sewing Machine Co.

His only answer was.

“ *Well I don't know let her answer that herself.*

Indeed her claim that the business was her “sole and separate business,” rests not on any pretence of her organization of, or active participation in the business, but that in 1879 after Arnold's failure she made an agreement with him by virtue of

which she purchased as the Vice-Chancellor states it "the future products of the inventive ability of "her husband, *and claims to have established a* "separate business of experimentation and of machine building, and of selling and leasing the "said machines."

The alleged agreement is stated by her as follows: p. 62.

"The agreement was with Mr. Arnold, who "assigned to me these patents in consideration that "I would pay him \$1,200 a year, and that I would "pay all the shop expenses for the development of "these patents, and for all the experimenting and "that I would take all the risk from my private "fortune for that purpose, and in consideration of "his salary and for that risk, and the amount of "this money which I paid out, all the inventions, "as they became developed after due experimenting and became patented should be mine."

To the interrogatory of the bill "under what agreement between them said assignments were made, or said patents were issued" to Mrs. Arnold p. 29. the defendants answered p. 35.

"That by the terms of the agreement the defendant Anna M. Arnold *promised and agreed* to give "the defendant Satterlee Arnold employment in "and about the improvement and development and "and perfection of the inventions and devices of the "defendant Satterlee Arnold, and to furnish out of "her own means the labor and materials and funds "necessary to conduct experiments to that end, "and to pay to the defendant Satterlee Arnold the "sum of *twelve hundred dollars per annum for* "his services in that behalf which it was estimated "was about what he would be able to earn in a "mercantile employment, which sum of twelve "hundred dollars per annum was to be paid by "supplying the family needs out of her own funds to "the extent of twelve hundred dollars in each year

“and giving him credit therefor and said Satterlee
 “Arnold agreed, in consideration thereof to employ
 “the best of his skill and labor in the development
 “and perfection of his inventions and devices as
 “aforesaid, and that all inventions devised by him
 “and all patents theretofor and thereafter issued
 “there upon if any were to be the property of the de-
 “fendant Anna M. Arnold, which agreement was ful-
 “ly kept and performed on the part of both defend-
 “ants, except that the defendant Anna M. Arnold,
 “has at various times allowed and paid to said Sat-
 “terlee Arnold various sums, as he had need of
 “the same for the support of the family in excess
 “of said sum of twelve hundred dollars per *an-*
num.”

Mr. Arnold states the agreement in substantially the same terms in his evidence, (pp. 10 and 11 and p. 91.)

That Mrs. Arnold furnished money to some extent for the development of the patents, and directly or indirectly for the support of the family, until the patents began to be productive, which, so far as appears by the evidence, was when the lease was made to the Norfolk & New Brunswick Hosiery Co. in April, 1892, I am not disposed to question, but under what special arrangement with her husband this was done, does not, I think, satisfactorily appear.

The agreement both defendants say was in writing, but cannot now be found. The patents were carefully preserved in a locked tin box kept in their dwelling. Was not that the natural place in which to keep so important agreement? Yet, neither of them says it was kept there.

Neither of them can tell who wrote the agreement. It was made in January, 1879, (p. 60, answer 35,) but neither of the defendants can tell when it was signed or where it was signed nor do they say that it was signed.

Nor does either of them say it has ever been

seen by them since it is alleged to have been made. Is it not significant that neither in their answer to the original bill nor in Arnold's examination under supplementary proceedings, any allusion is made to the alleged agreement having been reduced to writing.

Such an agreement, it is fair and reasonable to presume, would have fully stated the extent of Mr. Arnold's control of the business, yet, it is said in the answer, p. 36, line 30-40 "that he had no authority to act for the defendant Anna M. Arnold "except as mentioned in the said power of attorney, and in other powers of attorney *now obsolete* "and *destroyed or lost*, but all of which were similar in their tenor to that of which a copy is annexed."

That power of attorney confers no authority whatever in relation to the general management of the business, but is strictly limited to the bank account which it is alleged was kept in her name. Unquestionably it was made to satisfy the bank.

The power of attorney, or the copy produced is dated April 11th, 1882, and the agreement with the Norfolk and New Brunswick Co. under which she received an advance of \$2,000 is also dated April 11th, 1882.

See also Mrs. Arnold, Ev., p. 66, line 10-40.

Also " " 75.

Mr. Arnold, " " 94 & 95.

It would seem therefore that the business was conducted by Arnold according to his own judgment and at his own discretion. Even the bank account being absolutely under his control.

It is true that in the answer, p. 36, line 204, Mrs. Arnold says that she "personally engaged in the "negotiations for all licenses, and has in every "case executed her own individual judgment, and

"has decided upon the advisability, or otherwise of "accepting propositions offered," but the only evidence given by her in support of this assertion is found on page 73, line 30.

She was asked: "Have you ever made any contract with any body for the use these patents?" And her reply was: "And I have licensed the Norfolk and New Brunswick Honey Co. I have given a license to H. A. Jennings & Co."

The only evidence given by Mr. Arnold on this point is that *Mrs. Arnold assisted* about the negotiation of the New Brunswick agreement, (p. 80, lines 30-40.)

That she had no experience in this kind of business would seem to be substantially admitted, for when attention was called to it and the question was distinctly asked Mr. Arnold his only answer was, "*Well, I don't know*, let her answer that herself." She never did answer it. Evidently it was not deemed prudent to ask her to do so, when she was examined, (p. 155, &c.)

But Mr. Arnold's complete control and management of the business seems to be fully established by the evidence relating to the organization of the Arnold Sewing Machine Co.

By the terms of the licenses before referred to the licensor agreed to furnish the licenses with machines and to provide for their manufacture. The business was carried on at 47 York Street, Brooklyn, in the name of Mrs. Arnold; she owned the property and invested in it \$50,000 to \$60,000; she sold it in 1888 to the Arnold Sewing Machine Co. and received for it \$75,000 of the company's stocks.

In the "Nineties" she sold the stock it is alleged to Mr. H. M. Symonds, whose wife was Mr. Arnold's sister. She took in payment Mr. Symond's note for fourteen thousand odd dollars and continued to hold the stock as collateral security. In 1895 Mr. Symonds died and the note it is alleged was

paid to Mrs. Arnold, *i. e.*, *she received \$3,000 from Mr. Symond's estate and all the stock.* The stock is actually hers, free from any lien, (pp. 121, 122, 123, 149).

That is Mr. Arnold's evidence given June 15, 1896, before Vice Chancellor Reed on the hearing of the case and in the presence of Mrs. Arnold.

On the same occasion Mr. Arnold testified that he himself was the manager and president of the company, holding in his own name *one share* of stock; that the capital stock was \$100,000 of which *Mrs. Arnold then held \$75,000* (p. 126).

He also testified that he had hypothecated his one share to Mr. Symonds to secure a loan of \$200, (p. 7, line 20).

On the *same day* Mrs. Arnold testified that *she had been a stockholder* in the Company, but *did not remember to what amount*; that she had transferred her stock to H. M. Symonds, and that *at the time of her examination she was not a stockholder* for any amount, (pp. 72 and 73).

Under a charter calling as he says for five directors, after much prodding he managed to name three, *himself president and manager*, Mr. Schermerhorn who is secretary and treasurer, and is a stockholder owning possibly one share transferred to him by Mr. and Mrs. Arnold to qualify him to act as director, and the *third director* is Mr. Calber, a patent attorney of Washington City, *who is not a stockholder*, (pp. 132, 133).

The evidence as stated shows that Mrs. Arnold transferred her \$75,000 of stock to Mr. Symonds early in the "Nineties" (p. 122, line 18, *for*) which transfer for a note of \$14,000 no reason was given.

Is it not a strange coincidence that *early in the nineties* an effort was being made by complainant to collect his debt and in *May, 1891*, Mr. Arnold was put under examination in supplemental proceedings, p. 627.

And what can be the explanation of the fact that Mr. Arnold testified (p. 123, line 1-15) that the Symond's estate restored the \$75,000 of the stock in the Sewing Machine Co. to Mrs. Arnold in 1895, and yet in their answer to an amended bill filed 1896, they say, "*that the defendant Anna M. Arnold is not now the owner of any of said stock, That all the stock formerly held by her, the number of shares of which she cannot now recollect was assigned by her several years ago.*" (p. 37, line 5-14.)

This was no hap-hazard statement, but a deliberate one and made in response to the prayer of the bill (p. 29, lines 30-40) that they answer "*What stock of said Company they or either of them own or have at any time held.*"

Again when under examination on supplementary proceedings in 1891, he stated that the capital stock of the Arnold's Sewing Machine Co. was issued "for machinery, tools and fixtures *and a contract.*" (p. 14, lines 1-10.)

In the ~~annexed~~^{amended} bill they were asked what agreement if any, they or either of them had with this Company—(p. 29, lines 30-40,) and they answered, (p. 36,) that there was an agreement, but *omitted* to state its particulars or scope. Nor could we procure from them a copy of it. See p. 84.

In fact, the evidence clearly shows that the whole business was his business, and his wife exercised no oversight to control over it.

The bank account was in her name, but entirely under his control. He deposited the money and checks and drew on the account *ad libitum*.

In the very nature of the case he must have settled the terms of the various contracts. She had no adaptation for the business.

He suggested the scheme. He kept such books of account as were kept. So far as appears he never rendered any account to his wife and she never required any.

In the organization and management of the Arnold Sewing Machine Co. it does not appear that she was ever consulted, or that she was even consulted as to the purchase of the property in Brooklyn used for the manufacture of the machines which was transferred to the Sewing Machine Co. when it was incorporated.

It does not appear that she knew of the organization of that Company or took any part in fixing the amount of its capital stock. She could not tell how much of that stock she had received for the transfer to it of the Brooklyn property, (p. 73.)

She did not even know when examined that she held any of its stock, (p. 72, line 39) and yet, her husband says \$75,000 of it stands in her name, and is actually hers (p. 123).

She never took any active interest in that company, so far as appears, or knew anything about its business; but her husband owning, as he claims, only one share of the stock, was director, manager and president, the only other director being secretary and treasurer, and holding a nominal amount of stock, and the other a patent attorney in Washington and owns not a *single share of the stock* (p. 133).

Whether any of the stock is held by other parties does not appear, but under the evidence, the fair inference, is such is not the case.

The business then certainly was under his absolute control, as much so as it was possible to make it, and the pretense of its being in any sense his wife's separate business is inconsistent with the evidence.

The evidence is insufficient to prove that any such agreement as is claimed, was ever made.

That Mrs. Arnold advanced her own money from time to time to help her husband to complete and utilize his inventions, may be, and I believe is true, and she may be entitled to some protection to that extent by the court, but that the advances were made under the alleged agreement is not proved.

The alleged agreement if made was not only inherently vicious as a contract between husband and wife, but was also void because its object and its effects were to protect the husband's property from being taken to pay his debts.

The common law incapacity to contract with each other still exists in this State notwithstanding the married woman's act—certainly so as to all matters which do not strictly pertain to her separate estate.

That act preserved to Mrs. Arnold her legacy of \$10,000 received from her uncle in 1879. That was her personal estate, and with it she was entitled to carry on business in her own name as her own separate business and for her own personal benefit, and under the law of this State she could lawfully have employed her husband as her agent to manage the business, and if such employment is in absolutely good faith and not merely colorable, the proceeds of the business will be her own and not subject to the claims of the husband's creditors.

But if all these patents had been procured prior to January, 1879, though none of them had been as yet productive, I think it will hardly be contended that any transfer of them to his wife through the form of a sale or lease would have been sustained as against his creditors.

As *against them* it certainly would have been invalid because of the incapacity of the parties to make it. And is it not equally certain that the business resulting from such purchase would in no proper sense have been *her separate* business.

It may be true that a creditor has no claim on the services or skill of his debtor in the sense that the debtor cannot be compelled to work or exercise his skill for the creditor's benefit; but it is equally true that, while creditors take the risk of the health and thrift of their debtors, they give them credit on the faith, not alone of their present

property, but also of their future earnings, whether such earnings are to proceed from mere manual labor, or from the exercise of their skill and genius.

The inability of the creditor to compel his debtor to labor, is admitted. It is equally true that he cannot compel him to be honest. But what I insist on, is, that in either case, he is not to be protected if he has property which he seeks to conceal; or he, of his own volition, puts to profitable use, his labor, knowledge or skill, he cannot by any bargain or agreement with his wife, protect the fruits of his labor or skill from the payment of his honest debts, except when it is placed beyond all controversy or reasonable doubt that his labor is performed solely as an agent in managing his wife's *separate business*.

What I insist on, is that when the alleged agreement was made between Arnold and his wife, she *had no separate business*, and she had *no money or personal estate* of any kind, except her right to receive, in due time, the legacy of \$10,000.

Her husband had inventive skill, which he had before that time exercised and had secured several patents for what he called useful inventions. That had been at least, a part of his business.

The business, so far as it was business, *was his and solely his*.

Whether he would continue it or not depended on his own volition.

If he decided to do so he could not by any agreement with his wife or by any gift or grant, stamp the business as her sole and separate business in any such sense as that word is understood in the law.

It would be nothing less than an attempt to make a voluntary settlement of the fruits of his skill and industry on his wife and family, and if successful would strike still another blow at the

confidence which underlies and sustains the whole business of the country

Such an arrangement or agreement, I submit would be contrary to the policy of the law, and open a very wide door for the practice of fraud.

That the necessary effect of such an arrangement as is here claimed to have been made must be to hinder creditors in enforcing their debts admits of no argument. This case is in itself evidence of it. The law would therefore imply that if the business was not in good faith, Mrs. Arnold's separate business but only colorably so, the intention of the parties was fraudulent in fact as well as in law.

I have already attempted to show that the management of the business has been such as to preclude the idea of its being hers.

The evidence seems to be irresistible. Certainly he could not have done otherwise than he did in its management if he had claimed it to have been his own.

And Mrs. Arnold could hardly have given less attention to it if she had disclaimed having had any interest in it.

As to the view taken by our Courts of Contracts or arrangements of a somewhat similar character I need only refer to

Belford v. Crane, 1 C. E. Green, 270.

Quidort's Adm. v. Pergeaux, 3 C. E. Green, 480.

National Bank v. Sprague, 5 C. E. Green, 25.

Chuton v. Hummell, 10 C. E. Green, 47.

Wesch v. Wirta, 7 Stewart, 127.

Kutcher v. Williams, 13 Stewart, 438.

In *National Bank v. Sprague* the Chancellor said:

"The fact that Sprague devoted his time to
"rebuilding and fitting up and keeping the hotel,

"and in a measure abandoned all other business for
 "it, shows that it was intended as *his business not*
 "hers; and that it was in her name to prevent his
 creditors from reaching it."

p. 25. In all cases where the business is carried
 on by both, "and the *labor and skill* of the husband
 "are contributed and mixed up with hers, the
 "business will be considered as that of the husband,
 "and not that of the wife and the proceeds will not
 "be protected for her as against his creditors."

In Quidort's Adm. v. Pergeaux, *supra*, it was
 claimed by the wife that the business was set up
 with her money and was conducted by her with
 the advice and assistance of her husband, who for
 his services was to have his support and that of his
 family out of the profits, and the residue was to be
 for herself as a part of her separate estate, but
 the property was held by Chancellor Zabriskie to
 be liable for the husband's debt and the wife was
 allowed out of it the amount she had originally put
 into the business.

Mr. Bump in his work on Fraudulent Conveyan-
 ces states the law which is applicable to this case
 in this wise:

"If she" (the wife) "has a separate estate she
 "may employ her husband and compensate him for
 "his services. Such employment however, must
 "be in good faith and not merely colorable. If the
 "*character of an agent is assumed* in an improper
 "case, the law disregards it. An arrangement by
 "which the husband acts as his wife's agent with-
 "out any compensation or for a compensation that
 "is insufficient, is in effect, an attempt to make a
 "voluntary conveyance of the products of his skill
 "and labor in her favor, and is void as against his
 "creditors."

I would also refer to Glidden, et als, vs. Taylor,
 et als, 16 Ohio State Reports, 517, as in some as-
 pects quite similar to the present. The Court
 held that the arrangement was in effect an attempt

to make a voluntary settlement of the products of his skill and industry in favor of his wife and therefore void.

Mr. Bishop in his Law of Married Women presents the law as it has been held by the courts of the different States in Chapters 33 and 34.

His conclusion as I understand it is found at the end of Section 456, where he says, "Where the claims of creditors are opposed, the transaction must be in good faith, not colorable, a mere device to defraud them."

In support of the insistent by Counsel before the Vice Chancellor that inasmuch as his creditors had no right to require him to labor or to exercise his inventive skill for their benefit, the law, and equity also, would recognize and sustain an arrangement by which "his industry and his talent and all the results which might grow from them" were given to his wife.

He cited to sustain his argument the case of *Abbey v. Deyo*, 44 N. Y., 343.

The law of New York as cited by counsel Sec. 2, Chap 90, Session laws N. Y., 1860, differs from our Married Woman's Act only, I think, in that it is declarative of a right on the part of the wife to carry on business; which seems to me to be fully by implication, embraced in our own laws.

The case cited arose under that act. It was tried in the Court below before a jury and the presiding Judge left it to the jury to find "*whether the plaintiff was in fact carrying on business for herself, her husband merely acting as her agent, or whether the business was in fact her husband's and the agency a form or device of carrying on business with her own means and her son's services. If the former, the wife could hold the property. If the latter, it belonged to the creditors.*"

The jury found for the wife, and the Court on the hearing said their verdict was conclusive.

The language of the Court was very broad but admitted that after all whatever form or shape the arrangement between husband and wife presented, the vital question to be settled by both Court and jury was the business carried on was bona fide, or only colorably the separate business of the wife.

In that respect as I understand it, the case has been cited with approval but I have not found any case which has approved the broad language of Commissioner Hunt.

It was further contended by Counsel that the patents were never transferred to the wife by her husband; they were not property in his hands. The inventions before they were patented were merely ideas and could not be in any sense recognized as property.

It is not necessary to discuss the question as to the precise time when the abstract mental conception was reduced to such concrete form as to become property. There can be no question that the rights secured by the patents were property as soon as the patents were issued and as such liable to be used in payment of his debts.

The crucial question is whether the patents at the time when they were transferred to his wife, or issued to her as his assignee were bona fide, her *separate estate*. If such assignment was a mere device, merely colorably a Court of Equity will brush aside all that is fraudulent.

Whatever may be said as to such of the patents as were issued to Mrs. Arnold, as assignee, there can be no question as to Mr. Arnold having had a right which is recognized as property in all such as were issued directly to himself.

There were at least five such, to wit:

204,938,	issued	June 18, 1878	to S. A.
104,532,	"	June 21, 1870	"
205,336,	"	June 25, 1878	"

119,958 issued October 17, 1871 to S. A. See p. 32.
 242,038, " May 24, 1881, to S. A. & D. C.
 Phillips.

III.

As to the four patents issued before the failure of Arnold & Co. in January, 1879, the evidence is not entirely conclusive as to the time when, or by what means they came into Mrs. Arnold's possession as she claims.

It is not pretended that she gave any consideration for them unless they were embraced in the alleged agreement made with her husband after the failure of Arnold & Co.

It does appear that Mrs. Arnold had nothing of her own with which to purchase them until after she began to receive money from her legacy. She says that at the time of that failure they were absolutely without anything except her "inheritance," *i. e.*, her legacy. (p. 62. line 13.)

They were asked specifically in the bill to state what assignments of patents had been made to her and under what agreement, (p. 29.)

They answered (p. 32,) that two patents Nos. 119,958 and 104,532. had been issued prior to January, 1879, and that No. 104,532. had been *subsequently* assigned to Mrs. Arnold, but omitted to state when such assignment was made or on what consideration.

They evade a direct answer and take refuge under an allegation that the patent so assigned was at the time of the *assignment of Arnold & Co.* "wholly unyielding and could not be made to yield any profit, nor were they, or either of them of any value without the further employment of the knowledge and inventive skill of Satterlee Arnold and the expenditure of additional money "in experiment" (p. 32.)

Mrs. Arnold (p. 60, lines 10-20,) says the agreement between herself and husband made in *the year 1879*, "referred to *all the patents which were to come* and that had already been *invented*."

Mr. Arnold (pp. 76 and 77) says he thinks he made an assignment to his wife of *some patents* (in his answer he said *only one*) that were then issued, *before the assignment of Arnold & Co.* but can't tell who drew it or where it is.

In answer to a question by the Vice Chancellor (p. 77) he says "There were *two or three* patents that I then held of doubtful value. I didn't know the value of them and they were all assigned to my wife."

That assignment was made before the failure of Arnold & Co., January 16, 1879, while the agreement set up in this case he says was made after *that failure*.

Mrs. Arnold then puts the time of the transfer of these patents to her in *the year 1879*. And he puts it prior to his failure, but gives us no other date. The failure was January 16, 1879. Can there be a doubt as to his insolvency, or that the patents were put over to Mrs. A to save them from the anticipated assignment of Arnold & Co.

No consideration as I have already said is pretended to have been paid by Mrs. Arnold. Indeed she admits she had nothing with which she could have purchased them.

The pretense that they had no value is conspicuously untrue. He himself used No. 104,532 up to the time of his failure (p. 146).

And when the profitable leases were made to The Hosiery Co. and Denning & Co., the first patent named in the leases was No. 104,532, (p. 38, line 36, p. 44, line 20.)

From those leases they received over \$200,000. How much of it was for the use of this one patent cannot be told.

I insist, therefore, that the transfer of the pat-

ents issued prior to January, 1879, was, if made at all a gift, made without consideration, with the knowledge of Arnold's insolvency, and was therefore void as to his creditors, and the decree of the Chancellor is as favorable to Mrs. Arnold as the case will warrant and even more so.

The evidence as to how much of her "inheritance" was used for developing the patents at Troy, is very meagre.

She says she did not rent the shop, but had the use of part of it, with one or two workmen, (p. 64-267).

We utterly failed in our efforts to ascertain what her rent ^{and} expenditures were at Troy, (see pp. 85, 87, 92 and 93).

Arnold admitted (p. 89) that his wife did ^{not} pay for *all the* development work at Troy.

I submit therefore,

1. That the pretended gift or assignment to Mrs. Arnold, of the patents issued before January, 1879, was void, and they are equitably liable with the proceeds received from them for payment of complainant's judgment.
2. That the agreement made between the defendants, in January, 1879, if any was made, is void, as to complainant, both because of their incapacity to contract with each other, and because it was evidently made to cover Arnold's interest in the patents and to hinder the complainant, in the recovery of any balance which might be found to be due to him.
3. That if the alleged agreement, has any validity whatever, even in a Court of equity, it will only be recognized so far as to constitute Mrs. Arnold a creditor of her husband, to the amount she expended for him.

This amount even, has been repaid to her many times.

4. All the property and assets, Mrs. Arnold now holds, which came from the use or leases of the patents, together with the unexpired patents, and the unexpired leases, should be held to be liable for complainant's judgment, and appropriated for its payment.

THEO. LITTLE,
Of Counsel with Appellee.

The present case is a very simple one. It is a case of a man who has been married for many years and who has a family of four children.

All the property and assets of the man are now in the hands of his wife. The man is now a widower and his wife is the sole owner of all the property and assets. The man is now a widower and his wife is the sole owner of all the property and assets. The man is now a widower and his wife is the sole owner of all the property and assets.

THE COURT OF CHANCERY
OF THE COUNTY OF MIDDLESEX

In the matter of the estate of the late John Doe, deceased.

Between the said John Doe, deceased, and the said John Doe, deceased.

And the said John Doe, deceased, and the said John Doe, deceased.

And the said John Doe, deceased, and the said John Doe, deceased.

And the said John Doe, deceased, and the said John Doe, deceased.

And the said John Doe, deceased, and the said John Doe, deceased.

And the said John Doe, deceased, and the said John Doe, deceased.

And the said John Doe, deceased, and the said John Doe, deceased.

And the said John Doe, deceased, and the said John Doe, deceased.

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NEW JERSEY

Court of Errors and Appeals.

Between

SATTERLEE ARNOLD and
ANNA M. ARNOLD,
Appellants,

and

JAMES TALCOTT,
Respondent.

*On Appeal
from
Chancery.*

BRIEF FOR APPELLANTS

I.

Little time need be spent in discussing the status of the letters patent assigned to Mrs. Arnold previous to the failure of the firm of Arnold & Harden. They are practically valueless, and none of Mrs. Arnold's property has resulted from them. Even if their transfer to her was void, all that can be decreed would be their assignment to a Receiver to apply on the respondent's judgment. Mrs. Arnold's other property cannot be reached by the decree.

But it is quite clear that the learned Vice-Chancellor is right in holding that the transfer of these letters patent is perfectly valid. There was no proof of legal

or actual fraud in their transfer; nor was there in fact any existing indebtedness at the time it was made. The indebtedness to the respondent depended upon the contingency of a failure to realize respondent's advances on goods in his hands to be sold; and under the principles stated by Beasley, *C. J.*, in the recent case of *Severs vs. Dodson*, 34 Atl. Rep., 7, the contingency did not arise until the goods were sold.

II.

The real point of contest in this case is of course with regard to the other letters patent and the profits of the business carried on in part with their aid.

(a) AS TO THE LETTERS PATENT, WE SUBMIT THAT BOTH THEY AND ANY PROPERTY THAT IS FAIRLY THEIR OUTGROWTH, IS BEYOND THE REACH OF MR. ARNOLD'S CREDITORS.

It would have been perfectly competent for Mr. Arnold to give to his wife and family, without consideration, his industry and his talent, and all the results that might accrue from them. No creditor can complain of such a disposition. The patents which the wife secured were not transferred to her by her husband. They were never property in his hands. They were simply ideas. The model which he made of his invention was a chattel, and, if made out of his materials, could be seized for his creditors unless transferred for a consideration. But the idea of which that model was an illustration was not property. He could explain it to anyone and give anyone the benefit of it, and his creditors could no more reach the patent he gratuitously permitted his wife to take than they could a copyright of a sonnet he might have composed and permitted his wife to have. When the inventions which the husband thought out were transferred to the wife they were not property which any creditor of his could seize. There could be no property in them until the wife complied with those final requirements of the Act of Congress which authorizes the issue of letters patent, and no compulsion could be exercised

on him or her by his creditors to compel compliance with those requirements. The making of an invention, like the composition of a literary production, is an intellectual act, and it cannot be dissociated from the physical organ, the brain, which produces it.

If a court of equity can take possession of a mere thought or idea, it may equally take possession of the person of him who is its author, and that is simply slavery as a remedy for debt. There is no property right in an invention. One having made an invention may by proper proceedings procure the exclusive right to the application thereof. This exclusive right is the patent, and that is the property. If the transfer of the privilege granted to the maker of an invention, once assigned, by the Act of Congress, did not carry to Mrs. Arnold any property rights or interests, and if she had stopped there without taking further proceedings in relation to the invention, respondent's case could never have been maintained, or any other action of a similar character. The other proceedings which she did take, which resulted in the issue to HER of certain letters patent, made those patents her original property.

(b) AS TO THE BUSINESS, AND THE PROPERTY IN WHICH ITS GAINS HAVE BEEN INVESTED, WE SUBMIT THAT THE LEARNED VICE-CHANCELLOR IS IN ERROR BOTH IN FACT AND IN LAW.

He finds (case, page 190) that there was no written agreement between Mr. and Mrs. Arnold, nor what he calls "any single verbal agreement, embodying the points now said to have been covered by a written agreement." He was not justified in reaching this conclusion. The appellants were called as witnesses by the respondent, and their evidence must be taken as true unless overcome. Had the bill called for answer on oath the answer on this point would have been conclusive unless overcome by two witnesses or equivalent testimony. The case is not changed simply because the respondent took a different course, and called appellants as witnesses at the trial. He is at

least bound to overcome their testimony by preponderance of evidence; he in fact opposes nothing to it whatever.

We call attention here to an error in the printed case which crept into the stenographer's minutes. Both Mrs. Arnold (p. 58) and Mr. Arnold (p. 76) are recited as having been sworn for the *defendants*; in fact they were called on the part of *complainants*, as is evident from an inspection of the testimony.

Both Mr. and Mrs. Arnold are positive as to the terms of the agreement, and Mrs. Arnold is equally positive that it was in writing. The learned Vice-Chancellor weakly puts it (p. 190) "she says that she *thinks* that this agreement was put in writing, but she cannot find it." Reference to her testimony at pages 59 and 62 will give a very explicit account of the agreement, and a clear recollection that it was in writing. True, Mr. Arnold is not sure that it was written, but says that to the best of his memory it was (page 76).

We call attention to another error in the printed case. The context shows that the word "limited" in line 15 of page 80 is an evident mistake for "written."

Mr. Arnold's recollection as to the terms of the agreement is perfectly distinct (page 91 *et seq.*) and we submit that its existence must be established.

Treating the agreement between Mr. and Mrs. Arnold as established, or even assuming only the tacit understanding between them granted by the Vice-Chancellor, we submit that the business, the fruits of which the respondent now seeks to gather, belongs to Mrs. Arnold and is beyond the reach of Mr. Arnold's creditors. Herein is the Vice-Chancellor's error in law.

First, let us bear in mind that the agreement was made in the State of New York (case, p. 60, 76). Therefore we should look to the law of that State; for if the agreement were valid there it is valid everywhere. The statute of New York, which is very like our own, will be found in New York Session Laws of

1860, Chapter 90, Section 2, and provides that "A married woman may bargain, sell, assign, transfer her separate personal property and carry on any trade or business and perform any labor or services on her sole and separate account; and the earnings of any married woman from her trade or business, labor or services, shall be her sole and separate property, and may be used or invested by her in her own name."

The invariable interpretation of this statutory provision in the State of New York has been that the trade or business conducted by a married woman upon her own capital, may be conducted by her by means of any agency which any other owner of property might employ, and that therefore she might do such things through her husband as her agent.

In *Knapp vs. Smith*, 27 N. Y., 276, it was held that a married woman might manage her personal property by means of her husband as agent.

In *Gage vs. Dauchy*, 34 N. Y., 293, it was held that a wife might employ her husband to transact her business, and that although no agreement for his compensation was made between them, the property thereby acquired would not become subject to the payment of his debts.

In *Buckley vs. Wells*, 33 N. Y., 518, it was held that a married woman was entitled to the profits of a mercantile business conducted by her husband in her name, where the capital was furnished by her, and that the application of an indefinite portion of the income to the support of the husband, did not impair the wife's title. It was said that although the law does not require the wife to support the husband, it does not prohibit her from doing so, and where the property does not come from him this circumstance furnishes no evidence of fraud.

This brings us to the case of *Abbey vs. Deyo*, 44 N. Y., 343, which the learned Vice-Chancellor in the case now under appeal, repudiates and refuses to follow: In this case Hunt, Commissioner (afterwards

Justice of the United States Supreme Court) says: "In arguing this point the appellant's counsel insists that the services, the time and talents of the husband are valuable, and he has no more right to give them to his wife, as against his creditors, than to give her his property to their prejudice. The one, he says, is as much their property as the other. This argument is entirely unsound. The property of a debtor, by the laws of all commercial countries, belongs to his creditors. He must be just before he is generous. He must pay before he gives. Not so with his talents and his industry. Whether he has much, or little, or nothing his first duty is to support his family. The instinctive impulse of every just man holds this to be the first purpose of his industry. The application of the debtor's property is rigidly directed to the payment of his debts. He cannot transport it to another country, transfer it to his friend, or conceal it from his creditor. Any or all of these things he may do with his industry. He is at liberty to transfer his person to a foreign land. He may bury his talent in the earth or he may give it to his wife or friend. No law, ancient or modern, of which I am aware, has ever held to the contrary. No country, unless both barbarous and heathen, has ever authorized the sale of the person of a debtor for the satisfaction of his debts."

This case, which thus strongly lays down the principles above stated, has been cited and approved down to the present time. *Woodworth vs. Sweet*, 51 N. Y., 8; *Noel vs. Kinney*, 106 N. Y., 74, 3rd Nat'l Bank *vs. Guenther*, 123 N. Y., 568.

The learned Vice-Chancellor repudiates this decision, but it seems to us that it formed part of the agreement between Mr. and Mrs. Arnold and cannot be passed by. It was decided in 1871, long before the making of the agreement, and must be taken as really a part of the statute.

In *Third National Bank vs. Guenther*, *supra*, it was held that a married woman who is possessed of a

separate estate and engaged in a separate business, may employ her husband to carry on the same and may agree to compensate him for his services.

She may also agree with her husband to support the family, and although such agreement so long as it remains executory, cannot be enforced against her, yet if when she entered into it, she was solvent and did so without fraudulent intent, she had the right to do so.

The case cited below by the respondent of *Coleman vs. Brown*, 93 N. Y., 17, has no applicability to the present case.

It thus appears by the unchanged and unqualified course of decision in the State of New York that the contract between Mr. and Mrs. Arnold was valid at the time and place of its inception. It was performed in large part in that State, and accordingly under the statute the profits and business in which the wife's private capital was invested belonged to her. The success of the business has no relevancy in the discussion of the question. That her husband, as her agent, was largely responsible for that success, is equally irrelevant. This is not the first case when the servant's industry and sagacity has made a considerable sum for his master out of comparatively small beginnings. This wife invested at the outset \$10,000 in the business. It is perfectly obvious that at the time when it was invested no other person, no matter how rash, would have expended a like sum on the same prospects. Nor were all the patents of the wife, put together, at the time she made this agreement or at the time when they were issued, worth anything like such a sum. If it be argued that the New York law will not apply to a business carried on in this State, we dispute the proposition; but the argument is immaterial, because in the first place it is impossible to separate the New Jersey earnings from the New York earnings, and secondly, because the law in this State in no wise differs from that in New York.

In *Tresch vs. Wirtz* 7 Stew. 124, the learned Vice-Chancellor Van Fleet says :

"Nor does the fact that a husband assists his wife, by working for her, or managing her business, make her property liable for his debts. A married woman may allow her husband to manage her separate estate, without necessarily subjecting it, or the profits arising from his management, to the claims of his creditors. *Aldridge vs. Muirhead*, 11 Otto 399. A man's creditors cannot compel him to work for them. A debtor is not the slave of his creditors. The marital relation does not disqualify a husband from becoming the agent of his wife. All the property of a married woman is now her separate estate; she holds it as a *feme sole*, and has a right to embark it in business. She may lawfully engage in any kind of trade or barter. If she engages in business, and actually furnishes the capital, so that the business is in fact and truth hers, she has a right to ask the aid of her husband, and he may give her his labor and skill without rendering her property liable to seizure for his debts. *Voorhees vs. Bonesteel*, 16 Wall. 31."

See also *Kutcher vs. Williams*, 13 Stew. 436.

After citing the cases of *National Bank vs. Sprague*, and *Quidorts vs. Pergeaux*, the Vice-Chancellor well says, that it is true that at the date of these decisions the third section of the present married woman's act had not been enacted, yet he seems to give effect to them. He furthermore ignores the well considered Federal cases which he frankly cites, but does not meet, and places his entire reliance on the case of *Glidden, Murphin & Co. vs. Taylor et al.*, 16 Ohio St., 510. That case differs vitally from the one in hand, both as to the statutes of Ohio and as to the facts of the case. The following is the decision :

SYLLABUS—A husband who had failed in a manufacturing business, commenced business anew with the money of his wife, with her consent, and carried on the business professedly as her agent, for years making large profits therein. A principal source of

the profits was the personal services and skill of the husband. The wife gave no personal attention to the business. There was no contract between her and her husband as to his compensation; and no accounts were kept between the parties. Part of the proceeds of the business was applied to the support of the family, part used by the husband, and part invested in real and personal property in the name of the wife. In a suit by the creditors of the husband to subject the property so purchased to the payment of his debt :
Held—

1. The wife cannot claim the whole of the property as profits arising from her separate money.

2. Where she thus suffers her money to be employed by the husband, and blended with his earnings, so that it cannot be separated, the most favorable position she can be allowed to assume is that of a preferred creditor in equity, and, as such entitled to her money and interest.

From a statement in the argument of counsel and reference in the opinion in the above cause, it appears that by an "Act of the Legislature, of April 3, 1861," there was secured to a married woman, "the rents and issues" of real estate "belonging to her at marriage or which might have come to her during coverture, by conveyance, gift, etc., or by purchase with her separate money or means. The act also secured to her "the increase and profits" of personal property, "including rights in action" which she held at the time of marriage or which might have come to her during coverture by gift, etc., or by purchase with her separate money or means.

In the opinion, after concluding that the money paid in the business by the wife was her separate property the opinion goes on as follows :

"In this view of the cause, the first question that arises is, as to the legal character of the transactions by which the real estate in controversy, and which the plaintiffs seek to subject to the payment of their

judgment was acquired.

"Can this property be truly said to be the product or result of the investment of the money given to Mrs. Taylor by Mr. Weston.

"It seems to us, rather, that it is the product of the manufacturing business established and carried on by the husband.

"In the prosecution of this business, he had its entire management and control. Being skilled in the business, he worked at it himself, employed the hands, purchased stock and superintended it in all its branches. True, it was carried on in the name of the wife, and Mr. Taylor assumed to be acting only as her "agent and trustee." This is the only feature that distinguishes it from ordinary cases of men carrying on business on their own account.

"Disrobing, then, the transactions of all matters of form, and looking at the naked facts, it appears that Mr. Taylor, being skilled in the business, established a manufactory for the manufacture and repair of various kinds of machinery, which was conducted under his sole charge for several years; that under his energetic, skillful and prudent management, the business was profitable; that after applying so much of the profits as was necessary to keep up the establishment, he applied the remainder to the purchase, in his wife's name, of the real estate described in the petition, of a note of sixteen hundred dollars, said at the time of the trial to be worth twelve or thirteen hundred dollars; that the entire accumulations from the business, above expenses, amounted to six or seven thousand dollars; and that in establishing and conducting the business he had used the money of Mrs. Taylor, his wife.

"The foregoing is the substance of the transaction, and the question is, whether, the title of Mr. Taylor to the property thus acquired is in equity unimpeachable by the plaintiffs who are antecedent creditors of the husband?

"The property in controversy, can, in no just sense, be said to be the income, increase or profits of the money given to Mrs. Taylor.

"The money was used by the husband in carrying on the business and from the profits made therefrom the purchases were made; and it is pertinently argued by Mrs. Taylor's counsel, that there is no rule in such a case for the division of the profits. The consequence claimed on her behalf, is, that she should hold the whole of the property against the creditors or at the furthest, that the creditors should be allowed only what would be fair wages to the husband as an employee of the wife.

"In regard to the last part of this claim it may be remarked, that no such relation as employer and employee for wages was stipulated for, or contemplated between the husband and wife. The testimony of Taylor himself, is, that 'he told his wife in the commencement of the business, that he would do the best he could, support the family, *spend what money he desired* and invest the residue for her benefit in her name.' To this she made no objection, and in speaking of the manner in which he did act, he says: "That he received the proceeds of the business, supported his family and himself, therewith, spent what money *he desired to*, and with the surplus purchased the property.

"It is further to be noted, that the difficulty of making a division is no way attributable to the creditors. They are entitled to have the property of the husband appropriated to the payment of his debts; and if the wife authorizes or permits her money to be so mixed with the products of the business and industry of her husband, that it cannot be separated, this furnishes no reason why she should gain and the creditors lose thereby.

"Without entering into an exposition of the consequences, that would follow the adoption of a rule sustaining the present claim of Mrs. Taylor, it is sufficient to say, that we are satisfied, that sound, public

policy, and the principles of law and equity alike forbids its adoption; and that where a wife thus suffers her own money to be employed by her husband and blended with his earnings, so that it cannot be separated, though the business may be conducted in her name, the most favorable attitude she could be allowed to assume in a controversy with his creditors, is, that of a creditor in equity. At law she can, of course, have no standing as a creditor."

The Court concludes that the wife is entitled to her money and interest.

It would seem that the Judge based his decision upon the limited meaning of the words "increase and profits of personal property" in the Ohio statute. Notice also that in the arrangement between the husband and wife the husband was to spend what money he desired.

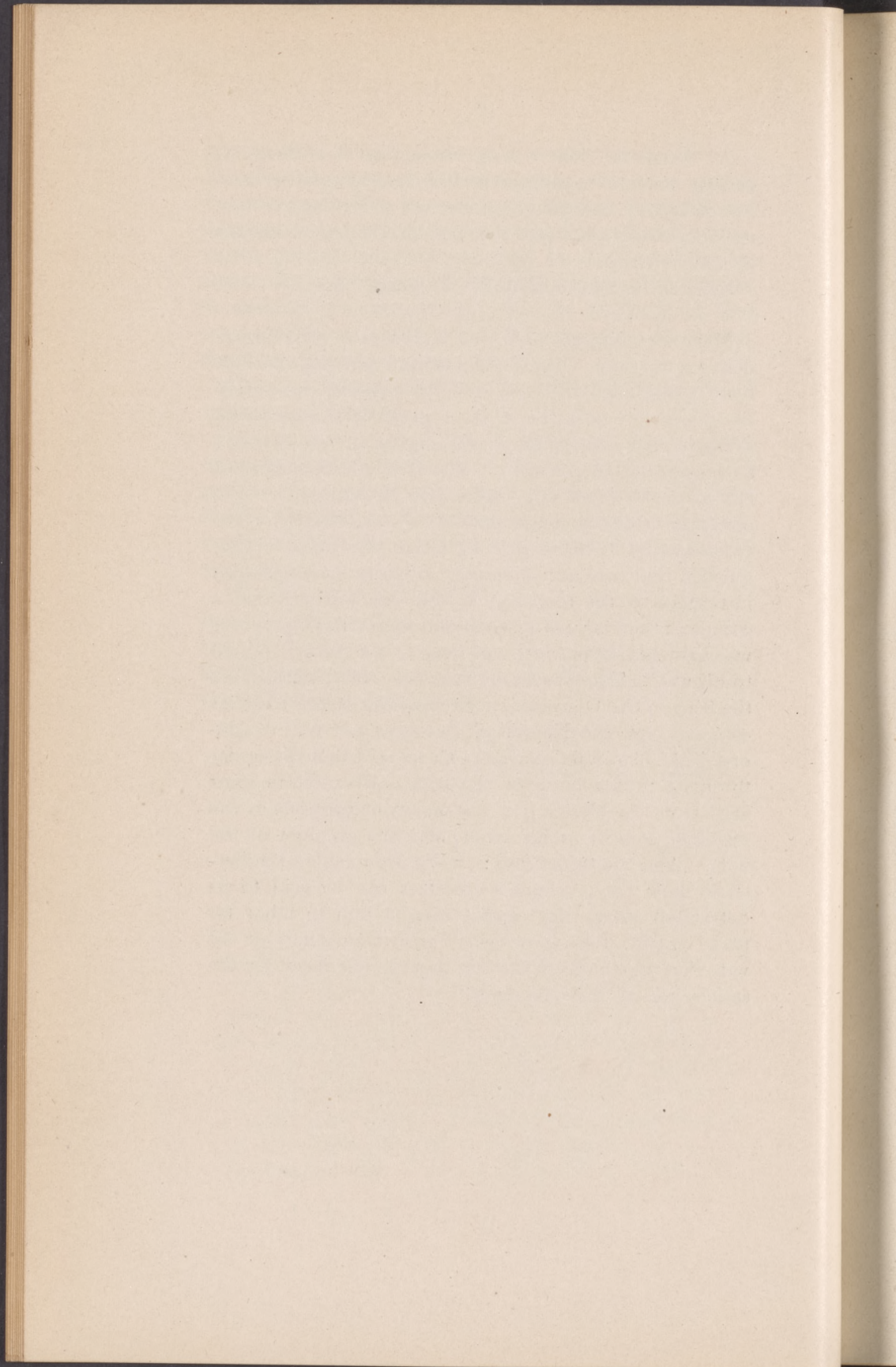
We submit that this Ohio case is not a precedent for Vice-Chancellor's Reed's decree, and that in the face of the facts as he recites them, and the authorities he disregards, such decree should be reversed and the bill dismissed with costs.

ELWOOD C. HARRIS.
CHARLES L. CORBIN.

An insolvent debtor may, as against his creditors, employ his time in aiding his wife to carry on a business owned by her, and the accumulations will belong to her, notwithstanding the fact that the profits arise from the husband's skill.

Shelden vs. Shattuck, 66 N. W. (Mich.) 220.

Mayers vs. Kaiser, 85 Wis. 382, 394, is a close precedent for our case. There the husband who kept a retail store failed, and the wife used her separate estate and her credit to buy in the stock of goods at the execution sale and renewed the business, employing her husband as manager at \$5 per week. The family were supported out of the business and profits were accumulated. The creditors of the husband claimed a lien, relying on the Ohio case of *Glidden vs. Taylor*, but the Court distinguished that case as "materially different from this case in respect to the fact that in this the husband had a compensation for his services and none of his property was used in the business and none of the profits applied to his use." The Wisconsin Court not only distinguishes the facts in the Ohio case, but rejects the doctrine of that case and cites the New York decisions as "well considered" (*Id.* 395, 396). And the Court said that the equity to divide profits between the wife and creditors must arise from the blending of the money or property of the husband, as well as his labor, with the property of the wife. And the Court says: "We are unable to understand how the husband's creditors can be said to be defrauded when they cannot compel him to labor for their benefit, if he voluntarily bestows on others or his wife that which under the law they cannot reach for the satisfaction of their demands."



In Chancery of New Jersey.

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To His Honor, Alexander T. McGill.

Chancellor of the State of New Jersey :

Humbly complaining shows unto your Honor your orator, James Talcott, of the City, County and State of New York; that on the twenty-eighth day of September in the year of our Lord one thousand eight hundred and ninety-one, your orator recovered a judgment in the Supreme Court of the State of New Jersey, against the defendant Satterlee Arnold, who resides at Montclair, in the State of New Jersey, for the sum of six thousand two hundred dollars and fifty-three cents damages and thirty-eight dollars and ninety-one cents costs of suit (as by the record of the said Judgment or an exemplified copy thereof when produced will more fully appear); that on the twenty-eighth day of September aforesaid your orator caused to be issued and delivered to the Sheriff of the County of Essex, where the said defendant then resided and still resides; an execution in the usual form, directed to the said Sheriff, thereby commanding him to satisfy the said judgment out of the goods and chattels of the said Satterlee Arnold in his county, and if sufficient goods and chattels of the said Satterlee Arnold could not be found then out of the lands and tenements of the said Satterlee Arnold whereof he was seized on the twenty-eighth day of September in the year eighteen hundred and ninety-one, the day of en

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tering the said Judgment; and that the said execution was duly endorsed with a direction to said Sheriff to levy for six thousand two hundred and thirty-nine dollars and forty-four cents damages and costs with interest thereon from the said twenty-eighth day of September, besides Sheriff's execution fees; that said Sheriff has duly made a return of said execution that said defendant had no goods or chattels, lands or tenements or real estate within his County whereon
 10 to levy the said execution or any part thereof.

And your orator further says that said judgment so recovered as aforesaid still remains in full force and virtue not satisfied or in any manner vacated, and that there is now due and unpaid upon the said judgment the full amount thereof besides interest from the date of entering the same.

And your orator further shows upon information and belief that the said Satterlee Arnold is the inventor, among other things, of certain sewing and
 20 other machines and improvements therein; the product and contrivance of his own individual skill and ingenuity; that the said Satterlee Arnold has obtained from the Government of the United States of America numerous letters patent (some fifteen or more in number) for such inventions causing them to be issued at his own request or assigned to and in the name of his wife, Anna M. Arnold, without any consideration from her to him therefor, the titles and dates of issue of said letters patent being unknown to
 30 your orator. That in order to develop such inventions and realize profits and gains therefrom to himself the said Satterlee Arnold caused a corporation to be organized under and by virtue of the laws of the State of New York called "The Arnold Machine Company," with a capital stock of one hundred thousand dollars, some of which was taken in the name of the said Anna M. Arnold as a consideration for said letters patent; that the said Satterlee Arnold was made and is now President of said Company and has the practical
 40 management of its business affairs and devotes his

time and skill thereto; that the said Anna M. Arnold never contributed anything towards the said inventions and letters patents either in money or otherwise, nor has she in any way given of her time or means for the organization of said Company for the purchase of its Capital Stock or any part thereof, nor has she since its organization in any way contributed directly or indirectly of her own means or time towards conducting or carrying on its business or operations, but has simply acted as a trustee for and in behalf of her said husband in holding and retaining said letters patent and the stock of said corporation or other assets arising out of the same. 10

And your orator further shows that any earnings realized from the business of the said corporation are due to the skill and labor contributed by the said Satterlee Arnold, and not on account of any money, skill or labor contributed by the said Anna M. Arnold, and that any title or benefit she may have or receive on account of said letters patent or capital stock or corporation business is due to the business, skill and labor of the said Satterlee Arnold and not otherwise. 20

And your orator further shows that the said Satterlee Arnold was on the twenty-fifth day of May and first day of June in the year eighteen hundred and ninety-one examined on supplemental proceedings in a cause depending in the New York Supreme Court wherein your orator was plaintiff and the said Satterlee Arnold and another were defendants which examination was taken in writing, and that Schedule A annexed to this bill of complainant and to be taken and considered as a part thereof contains a true and correct copy of the depositions of the said Satterlee Arnold so taken, and your orator refers especially thereto for the purpose of sustaining the allegations of this bill of complaint. 30

And your orator further shows that he is informed and believes that the said Satterlee Arnold has at the time of filing this bill of complaint debts due to him 40

from solvent and responsible persons and for which he holds divers securities and evidences and has divers goods, wares and merchandise or other articles of personal property which belong to him or in which he is in some way or manner beneficially interested; and that he has equitable interests and things in action of some nature or kind which might and ought to be applied to the payment of the said judgment of your orator against him; that the said Satterlee Arnold has property, debts and equitable interests, things in action or effects of the value of more than one hundred dollars, exclusive of all prior just claims thereon, which your orator has been unable to reach by execution on his said judgment; and that this suit is not brought by collusion with the said defendants or any other person, or for the purpose of protecting the property or effects of the said Satterlee Arnold against the claims of his other creditors.

In consideration of the premises and to the end that the said Satterlee Arnold and Anna M. Arnold, may full, true and perfect answer made without oath to all and singular the matters aforesaid and that he may be decreed to make a full and true discovery and disclosure of and concerning the same and to pay the amount of the said judgment with interest thereon and the costs of this suit and to apply for that purpose any money or property or debts, choses in action and equitable interests belonging to said Satterlee Arnold or held in trust for him; and that they be restrained from transferring any property; money or thing in action belonging to the said Satterlee Arnold or any property, money or thing in action due to him or held in trust for him, except when such trust has been created by or the funds so held has proceeded from some person other than the said Satterlee Arnold and except such property as is now reserved by law and also forbidding the payment or delivery to the said Satterlee Arnold by any person or persons of any such property, money or things in action, except as aforesaid and that the said Satterlee Arnold pay to

your orator the amount due on the said judgment out of any such property, money or thing in action with the exceptions hereinabove stated that may be discovered by these proceedings and that an order may be made by your Honor requiring the said Satterlee Arnold to appear and make discovery concerning his property and things in action as aforesaid before a master of this Court, and that a Receiver be appointed with the usual powers and duties in like cases of all said property and things in action of said Satterlee Arnold and that your Honor may make such further or other order or decree in the premises as the nature of the case may require. 10

May it please your Honor the premises considered to grant into your orator the State's Writ of subpoena is suing out of and under the seal of this Court to be directed to the said Satterlee Arnold and Anna M. Arnold his wife commanding them and each of them by a certain day and under a certain penalty therein to be expressed to be and appear before your Honor in this Honorable Court then and there to answer all and singular the said premises and to stand to, abide by and perform such order and decree therein as to your Honor shall seem meet and shall be agreeable to equity and good conscience and your orator as in duty bound will ever pray, etc. 20

JOHN B. VREELAND, .

Solicitor for and of Counsel with the Complainant. 30

SCEDULE A.

Supreme Court.

JAMES TALCOTT

against

SATTERLEE ARNOLD.

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May 25th, 1891.

Judgment debtor appears in person and by Geo. E. Blackwell, Esq., his attorney, being duly sworn says :

I reside at Montclair, New Jersey; I have a family consisting of a wife and two children, one of them is thirteen years of age, the other is four years old.

Q. What is your business?

A. Looking after Mrs. Arnold's property.

30 Q. At what place?

A. Wherever duties call me, at no particular place.

Q. Where did your duties call you last?

A. In Brooklyn.

Q. Any particular place?

A. 47 York street, Brooklyn.

Q. When were you last called there?

A. I went there last Saturday.

Q. What duties did you perform?

40 A. I inspected the construction of an experimental machine.

- Q. What machine?
 A. A sewing machine.
 Q. What are your duties there?
 A. I am President of the Arnold Machine Company.
 Q. Is that a corporation?
 A. Yes, sir.
 Q. Domestic or foreign?
 A. Domestic.
 Q. Certificate filed where? A. Albany.
 Q. In what county? A. I think in Kings County. 10
 Q. Were you one of the incorporators?
 A. Yes, sir.
 Q. How much is the capital stock?
 A. \$100,000.00
 Q. How many shares did you take?
 A. One.
 Q. Do you hold that still?
 A. I do, but I hypothecated it.
 Q. To whom?
 A. H. M. Symonds. 20
 Q. When?
 A. At the time of the incorporation.
 Q. For how much?
 A. For a loan of two hundred dollars.
 Q. When was the company incorporated?
 A. Three or four years ago, I do not remember the exact date.
 Q. Have you paid anything to him on account of that loan?
 A. I have paid interest. 30
 Q. Anything on account of principal?
 A. No, sir.
 Q. What is the par value of that stock?
 A. \$100.00 per share.
 Q. What is the cash value now?
 A. I do not know.
 Q. Has it any market value?
 A. No, sir.
 Q. Has the Company ever paid any dividends?
 A. No, sir. 40

Q. Has it ever made any machines?

A. Yes, sir.

Q. Have they ever been sold in the market?

A. No, sir.

Q. Has the company ever earned any dividends?

A. No, sir.

Q. What compensation are you paid for your services as President?

A. None.

10 Q. What for your other duties in connection with the company?

A. None.

Q. Is your wife, or Mrs. Arnold, engaged in any other business to which you give your attention?

A. Yes. In leasing machines on royalty or putting out machines?

Q. Has she any business except in connection with this company?

A. This last referred is not in connection with
20 this company.

Q. To leasing what machines do you refer?

A. To machines made by the Arnold Sewing Machine Company under her patents.

Q. Who was the inventor of those patents?

A. I was.

Q. When? A. From time to time.

Q. Since what year were the patents issued?

A. I do not remember the exact years, I guess they go back to 1880.

30 Q. How many are there? A. I do not know.

Q. Give the number according to your best impression.

A. Somewhere from fifteen to twenty-five.

Q. When was the last one issued?

A. I think last year, there may have been one this year, the last year or the first of this year.

Q. Does the Arnold Machine Company make machines? A. Yes.

Q. Does it sell or lease?

40 A. They sell to Mrs. Arnold only.

Q. Does Mrs. Arnold pay you anything for any of the services you render in her behalf?

A. No, Mrs. Arnold does not give me anything.

Q. Is this Mrs. Arnold to whom you have referred your wife?

A. Yes, sir.

Q. Does she give you anything for your personal expenses?

A. Mrs. Arnold furnishes me with the money I need for my personal expenses. 10

Q. How long since she has been doing this?

A. She has been giving me ever since I was married, or rather since 1879.

Q. Where were you living in 1879?

A. Troy, N. Y.

Q. Were you in business there? A. Yes, sir.

Q. Alone or in company with another or others?

A. In company.

Q. With whom? A. Mrs. Sarah Harder.

Q. What was your business? 20

A. Manufacturing knit goods.

Q. How long were you engaged therein?

A. I think five years under that name.

Q. When did that business come to an end?

A. In 1879.

Q. Under what name was it conducted?

A. Satterlee Arnold & Co.

Q. What became of it?

A. It went into the hands of an Assignee.

Q. Who was the Assignee? 30

A. Theodore F. Hazelhurst.

Q. Has the estate of Satterlee Arnold & Co. been closed up by the Assignee. A. I think so.

Q. Do you know? A. I do not know.

Q. When did you last see them or give any attention to the affairs of the estate?

A. I do not remember now.

Q. Give the time as nearly as you can.

A. I cannot tell whether I have seen them since the assignment or not. 40

Q. What was about the amount of your assets?

A. I do not remember now.

Q. Have you any idea as to the amount of your liabilities?

A. I do not remember whether the figures I have in mind are correct or not.

Q. What are the figures in your mind?

A. \$80,000.00 of liabilities, and \$40,000.00 of assets.

Q. Had Mrs. Arnold any interest in that business?

10 A. None.

Q. Of what did your assets consist?

A. Machinery, goods made, etc.

Q. Did you surrender all that you then possessed to the assignee?

A. Yes.

Q. Had you then any real estate? A. No.

Q. So that all the property you had was connected with the firm business? A. Yes.

Q. What business did you engage in after the
20 assignment?

A. I began devising inventions for Mrs. Arnold.

Q. Has that been your business since. A. Yes, sir.

Q. And you have donated to her the rewards of your talents and time since you began?

A. I do not understand the question.

Q. What have you done with the inventions you have devised since your failure?

A. Assigned them to Mrs. Arnold.

Q. Were they issued in your name and afterwards
30 assigned to her?

A. Yes, sir.

Q. You mean the patents issued to you?

A. Yes, sir.

Q. How long after the issue were they assigned to her?

A. Immediately.

Q. Did she give you anything for any of them?

A. The consideration was an agreement that she
40 the inventions.

Q. Did this agreement also include money to you for personal expenses? A. Yes.

Q. Was it limited to any sum, or were you at liberty to call for what you desired?

A. I was limited to a sum not to exceed \$1,200.00 a year.

Q. And is that agreement still in force? A. It is.

Q. How long has it been in force?

A. Since I began the inventions.

Q. Had your wife any separate estate of her own? 10

A. Yes, she received \$10,000.00 by inheritance in 1879, I think.

Q. Has she paid you the \$1,200.00 per year each year since the agreement was made? A. Yes.

Q. When are these payments made?

A. These payments are sums drawn to meet the expenses of the family.

Q. Do you board or keep house?

A. I keep house.

Q. How long have you kept house? 20

A. About one year.

Q. Do you rent the house?

A. No, Mrs. Arnold rents the house.

Q. Who personally pays the bills?

A. Mrs. Arnold.

Q. How did you live prior to the commencement of housekeeping to which you have just referred.

A. I boarded.

Q. Where? A. Pasadena, California.

Q. How long did you board there? 30

A. About six months.

Q. Where did you live just prior to going there?

A. Morristown, N. J.

Q. Who paid the bills at Passadna?

A. Mrs. Arnold.

Q. Did your agreement with Mrs. Arnold also include travelling expenses?

A. Nothing was said about travelling expenses.

Q. Who paid them?

A. Mrs. Arnold. 40

Q. Were these included in the \$1,200.00 limit?

A. I do not understand the question.

Q. What was understood between you and your wife to be included in the \$1,200.00?

A. That the family expenses and my personal expenses should not exceed \$1,200.00.

Q. Do you know what the family expenses are?

A. I have known. I do not remember now.

Q. What were they when you did know?

10 A. I do not remember.

Q. What do you mean by your answer where you say, "I have Known?"

A. I mean that reckonings were made from time to time and at the time I knew.

Q. How much money has your wife given you during this present year?

A. I do not know what the amount stands at up to to-day.

Q. Have you any means of ascertaining?

20 A. I do not know whether I could find out exactly or not.

Q. How is it paid to you?

A. Mrs. Arnold has kept those accounts.

Q. Question repeated?

A. Mrs. Arnold has paid the family expenses and kept the account.

Q. How has she paid you what has come to your hands?

A. I do not understand what you mean by what 30 has come into my hands.

Q. Did you wife ever since you have been assigning to her the patents issued upon your inventions put into your hand from her hand any money or other representative of money by means of which it could be obtained?

A. No. I change this answer from "no" to "yes" as I understand it now.

Q. When did you last receive any money from her?

A. I do not remember.

40 Q. Have you any money in your pocket?

A. Yes.

Q. How much ?

A. I do not know.

Q. Have you any idea ?

A. Less than twenty-five dollars.

Q. How much less ?

A. I do not know.

Q. What is your best impression ?

A. Well I cannot give you any better than I have
given you now. 10

Q. Is it your money ?

A. It is not.

Q. Whose is it ?

A. Mrs. Arnold's.

Q. How long have you had it ?

A. Since last week.

Q. How came you by it ?

A. I drew a check on Mrs. Arnold's account for it.

Q. By what authority did you draw that check ?

A. Power of attorney. 20

Q. Do you act as her agent in respect of her business ?

A. I do.

Q. As a general thing does she draw checks against her bank account ?

Objected to on ground that it does not relate to
property of witness. Objection over-ruled.

A. Sometimes she draws them, and sometime I 30
draw.

Q. This Arnold Sewing Machine Company was
organized for the purpose of utilizing the patents
issued upon your invention, and which you had as-
signed to your wife, was it not ?

Objected to on the same ground. Objection
over-ruled.

A. No.

Q. For what was the capital stock issued ?

A. For machinery, tools and fixtures, and a contract.

Q. It was full paid stock was it not ?

A. Yes sir.

Q. What was the contract to which you refer ?

A. The contract between Mrs. Arnold and the Sewing Machine Company.

10 Q. Did this contract have reference to the patents held by Mrs. Arnold which you had assigned to her ?

A. No.

Q. Did it have anything to do with any matter or thing in connection with them, or growing out of them ?

A. Indirectly, yes.

Q. State what that was, or how it was related to the patents.

20 A. The Sewing Machine Company had the exclusive right to build the machines.

Adjourned by consent to Monday, June 1st, 1891, 3 P. M., at 140 Park street, New York.

S. ARNOLD.

Examination continued June 1st, 1891, pursuant to adjournment.

Q. Does your wife keep a bank account ?

30 A. Yes sir.

Q. By whom are the deposits made ?

A. Mostly by me.

Q. Where is the bank ?

A. In Brooklyn.

Q. When money is needed by your wife to pay bills at the house, by whom, as a general rule, are the checks drawn ?

A. By herself.

40 Q. When needed for the purposes of business by whom ?

A. By myself as attorney.

Q. By whom are the royalties collected?

A. By myself as attorney.

Q. Can you give me a list of all the patents which have been issued to you and by you assigned to your wife?

A. I cannot.

Q. Are you able to furnish a list from any record to which you have or can have access?

A. None that I know of.

Q. Who has the manual possession of these Letters Patent? 10

A. They are in the office of the Arnold Sewing Machine Company, at least I think they are.

Q. Do you mean to say that you as President of that Company have not, or cannot have access to papers in its possession?

A. I do not mean to say so.

Q. Then if these Letters Patent are in the possession of that Company you can furnish a list, can you not? 20

A. I might be able to find them?

Q. Do you not think you could?

A. I do not know whether I could find them all or not.

Q. Do you think you could?

A. I do not know.

Q. Do you mean to be understood to say that you do not know whether you could find them or not, or that you do not know what you think? 30

A. I do not know whether I can find them or not.

Q. Do you think you could?

A. I think I do not know whether I can find them or not.

Q. When did you last see them or any of them?

A. I do not remember.

Q. Have you seen them or any of them since the organization of the Sewing Machine Company?

A. Yes.

Q. How long since? 40

A. I do not remember.

Q. When did you see any of them the last time?

A. I do not remember when the last time was.

Q. Was it within the last thirty days?

A. I have not seen them within the last thirty days.

Q. Have you seen any one of them within the last six months?

A. I think I have within the last six months, I don't remember distinctly.

10 Q. When you last saw them or any of them, were they in the office of the Sewing Machine Company?

A. Yes.

Q. And are not all the papers and books of that company under your charge or control?

A. No.

Q. Are any of them?

A. No sir.

Q. Under whose charge or control are they?

A. Under the secretary and treasurer.

20 Q. Give their names?

A. Theodore White.

Q. Have any of these fifteen or twenty Letters Patent which have been issued to you and which you assigned to your wife proved of any value?

A. Yes.

Q. Do you know what has been the income derived from them?

A. I cannot state exactly, I could ascertain.

Q. Do you keep the books showing the incomes?

30 A. Partly.

Q. Will you prepare and produce a statement showing what amounts they have produced so far as you are able?

A. No.

Q. In whose charge are the books or book kept showing the incomes which is not kept by you?

A. I do not know that any one keeps any account of the royalties received by Mrs. Arnold except those
40 kept by me.

Q. Will you state now as nearly as you can, the amount of incomes received by Mrs. Arnold from those patents during the year ending December 31st, 1890?

A. About \$15,000.00.

Q. What during the year ending December, 1889?

A. About the same amount.

Q. What during the year 1888?

A. I think the same amount about.

Q. For how many years past have they amounted to about that sum?

A. About five.

Q. Does Mrs. Arnold have a check book at her house?

A. Yes.

Q. Do you wish to be understood that the \$1,200.00 covers all your family expenses and what your wife allows you for personal expenses?

A. It did the first years of our agreement.

Q. For how many years was that the case?

20

A. For about the first three years.

Q. Does she allow you more now?

A. No, but she sometimes supplies deficiencies.

Q. What do you mean by deficiencies?

A. I mean if she chooses to make the family expenses more, she has to make it up.

Q. And if you choose to spend more for personal expenses, she has to come to your relief?

A. No.

Q. How much do you receive from her each year for personal expenses?

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A. It varies according to what my personal expenses are.

Q. How much did she give you during the year ending December 31st, 1890?

A. I do not know just the amount now.

Q. Do you keep any account of your personal expenses?

A. No, except I know about what they are.

40

Q. About what are they ?

A. I should say between one and two hundred dollars.

Q. Have you ever been examined before in supplementary proceedings ?

A. Yes, sir.

Q. Are those proceedings now pending ?

A. I suppose the examinations have been closed.

Q. Has a receiver been appointed of your property
10 in supplementary proceedings, or in any creditor's suit ?

A. Not that I know of.

Adjourned to June 6th, 1891, 10 A. M., Chambers of Court, Brooklyn.

S. ARNOLD.

20 Further examination of the defendant adjourned one week to June 13th, 1890, 10 A. M., this place.

SATTERLEE ARNOLD.

Sworn to before me this 13th day of June, 1891.

WILLIAM C. TIMM,

Notary Public, N. Y. Co.

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STATE OF NEW JERSEY, }
County of Morris. } ss.

John B. Vreeland, of full age, being duly sworn according to law, on his oath, says that he is solicitor of the complainant in the foregoing bill named ; that he believes the contents of said bill of complaint are
40 true. Deponent further says that he has seen the

original deposition of Satterlee Arnold taken in a certain cause depending in the New York Supreme Court between James Talcott, plaintiff, and the said Satterlee Arnold and another defendant, and has personally compared Schedule A, annexed to the foregoing bill of complaint with said original, and finds that said Schedule A is a true and correct copy thereof.

JOHN B. VREELAND. 10

Sworn and subscribed before me December
16th, 1891.

JAS. C. YOUNGBLOOD,

Master in Chancery of New Jersey.

Filed Dec. 17, 1891.

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In Chancery of New Jersey.

Between

JAMES TALCOTT,
Complainant,

and

SATTERLEE ARNOLD and
ANNA M. ARNOLD,

Defendants.

Upon Bill, Etc.

20

The joint and several answers of Satterlee Arnold and Anna M. Arnold, defendants, to the bill of complaint of James Talcott, complainant.

30 These defendants respectively, now and at all times hereafter saving and reserving to themselves all and all manner of benefit and advantage of exception to the many errors, uncertainties and imperfections in the said bill of complaint contained, for answer thereunto, or unto so much thereof as these defendants are advised it is material or necessary for them to make answer unto, severally, answering, say :

They admit that the complainant recovered a judgment against the defendant Satterlee Arnold in the Supreme Court of the State of New Jersey, at the time, and for the amount stated in said bill of complaint, and that execution was issued thereon and returned as therein alleged.

40 These defendants further admit that said judgment

so recovered still remains in full force and virtue, and that no amount has been paid thereon.

And these defendants further answering, admit that the defendant, Satterlee Arnold, is the inventor of certain sewing machines and improvements therein, and that patents therefor have been issued by the Government of the United States, to the said Satterlee Arnold, or to his assignees, for such inventions ; but deny that any of said inventions or letters patent were assigned to the defendant, Anna M. Arnold, 10 without consideration from her to him therefor, but on the contrary, allege that said letters patent and inventions were each and all assigned by Satterlee Arnold to said Anna M. Arnold by due and valid assignments for a full, complete and adequate and valuable consideration, whereby they became and still remain her sole, separate and absolute property, and that said letters patent and assignments thereof are all duly recorded in the Office of the Commissioner of Patents, at Washington, in the District of Columbia, 20 and are part of the public records therein.

These defendants further answering deny that, in order to develop such inventions and realize profits and gains therefrom to himself, the said Satterlee Arnold caused a corporation to be organized under the Laws of the State of New York, as specified in said complaint, and allege, in reference thereto, that the defendant, Satterlee Arnold, derives no profits or income from said Arnold Sewing Machine Company 30 and has no interest therein, except as the holder of one share of its capital stock.

These defendants further answering, deny the allegations contained in the complaint, that the defendant, Anna M. Arnold, has not contributed anything towards the said inventions, either in money or otherwise, and allege that the contrary thereof is true ; that the defendant, Anna M. Arnold, has contributed from her own means, for the said inventions and letters patent, and for the development of the inventions, 40

and in the manufacture of the said machines, to the amount of many thousands of dollars, and that the defendant, Satterlee Arnold, has contributed nothing for said purposes, except his time and skill, and that the defendant, Anna M. Arnold, has fully paid and compensated him therefor, in money, out of her own private means.

10 These defendants further answering, deny that the defendant, Anna M. Arnold, has acted as trustee for or in behalf of her said husband in retaining the said letters patent or other assets, and allege, on the contrary, that in all her acts in connection therewith she has acted in her own right and for her own benefit, and that, so far as the said Satterlee Arnold has in any way been engaged in making and developing the said inventions, and in manufacturing and selling the said machines, he has acted as the employee of the defendant, Anna M. Arnold, and that any title or benefit she may have or receive on account of said letters patent,
20 or the capital stock of said corporation or said corporation business, is the sole property of the defendant, Anna M. Arnold, and belongs to her in her own right.

These defendants further answering, deny that the said Satterlee Arnold had, at the time of filing the said bill of complaint, or has now, debts due to him from solvent and responsible persons, and for which he held divers securities and evidences, or that he then had or now has divers or any goods, wares and merchandise or other articles of personal property
30 which belong to him, or in which he is in any way or manner beneficially interested ; or that he has equitable interests or things in action of any nature or kind which might or ought to be applied to the payment of said judgment ; or that the said Satterlee Arnold has property, debts or equitable interests, things in action or effects of the value of more than one hundred dollars.

All which matters and things these defendants are ready and willing to aver, maintain and prove as this
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Honorable Court shall direct, and humbly pray to be hence dismissed, with their reasonable costs and charges in their behalf most wrongfully sustained.

EDWIN B. GOODELL,

Solicitor for and of Counsel with Defendants.

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STATE OF NEW JERSEY, } ss.
County of Essex.

Satterlee Arnold and Anna M. Arnold, his wife, the defendants named in the foregoing answer, being duly sworn according to law, on their oaths severally depose and say ; that the matters and things set forth and contained in the foregoing answer, so far as relates to their own acts and deeds are true, and so far as relates to the acts and deeds of other persons, they believe them to be true. 20

SATTERLEE ARNOLD,

ANNA M. ARNOLD.

Subscribed and sworn to before me this 24th day of June, 1893.

WM. WHITNEY AMES,

Master in Chancery of New Jersey.

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In Chancery of New Jersey.

To His Honor, Alexander T. McGill,

Chancellor of the State of New Jersey.

Humbly complaining shows unto your Honor your orator, James Talcott, of the City, County and State of New York; that on the twenty-eighth day of September, in the year of Our Lord, one thousand eight hundred and ninety-one, your orator recovered
20 a judgment in the Supreme Court of the State of New Jersey, against the defendant, Satterlee Arnold, who resides at Montclair, in the State of New Jersey, for the sum of six thousand two hundred*dollars and fifty-three cents damages and thirty-eight dollars and ninety-one cents cost of suit (as by the record of the said judgment or an exemplified copy thereof when produced will more fully appear); that on the twenty-eighth day of September aforesaid, your orator caused to be issued and delivered to the Sheriff of the County
30 of Essex, where the said defendant then resided and still resides, an execution in the usual form, directed to the said Sheriff, thereby commanding him to satisfy the said judgment out of the goods and chattels of the said Satterlee Arnold in his County, and if sufficient goods and chattels of the said Satterlee Arnold could not be found, then out of the lands and tenements of the said Satterlee Arnold, whereof he was seized on the twenty-eighth day of September, in the year eighteen hundred and ninety-one, the day of
40 entering the said judgment; and that the said execu-

tion was duly endorsed with a direction to said Sheriff to levy for six thousand two hundred and thirty-nine dollars and forty-four cents damages and costs with interest thereon from the said twenty-eighth day of September, besides Sheriff's execution fees ; that said Sheriff has duly made a return of said execution ; defendants has no goods or chattels, lands or tenements or real estate within his County whereon to levy the said execution or any part thereof.

And your orator further says that said judgment 10
 so recovered as aforesaid still remains in full force and virtue not satisfied or in any manner vacated, and that there is now due and unpaid upon the said judgment the full amount thereof besides interest from the date of entering the same.

And your orator further shows upon information and belief that the said Satterlee Arnold is the inventor among other things of certain sewing and other machines and improvements therein, the product and contrivance of his own individual skill and ingenuity; 20
 that the said Satterlee Arnold has obtained from the Government of the United States of America numerous letters patent (some fifteen or more in number) for such inventions causing them to be issued at his own request or assigned to and in the name of his wife Anna M. Arnold without any consideration from her to him therefor, the titles and dates of issue of said letters patent being unknown to your orator. That in order to develop such inventions and realize profits and gains therefrom to himself the said Satterlee Arnold caused a corporation to be organized 30
 under and by virtue of the laws of the State of New York called "The Arnold Machine Company," with a capital stock of one hundred thousand dollars, some of which was taken in the name of the said Anna M. Arnold as a consideration for said letters patent: that the said Satterlee Arnold was made and is now President of said Company and has the practical management of its business affairs and devotes his time and skill thereto; that the said Anna M. Arnold never 40

contributed anything towards the said inventions and letters patent either in money or otherwise nor has she in any way given of her time or means for the organization of said Company or for the purchase of its capital stock or any part thereof, nor has she since its organization in any way contributed directly or indirectly of her own means or time towards conducting or carrying on its business or operations but has simply acted as a trustee for and in behalf of her

10 said husband in holding and retaining said letters patent and the stock of said corporation or other assets arising out of the same.

That in addition to the patents which said Satterlee Arnold caused to be issued to his said wife as assignee he procured prior to eighteen hundred and seventy-three several other patents for useful inventions which he also claims to have assigned to her and she claims to be the owner of all and of every of said patents under some pretended agreement made be-

20 between herself and her said husband and for a consideration paid by her to him for the same, but your orator charges that if any such agreement was made it was covinous in its character, that said patents and the inventions covered by them were of great value, that no consideration, or if any, utterly inadequate one was paid by her; that said Satterlee Arnold was at the time, as his wife well knew, utterly insolvent, and the whole transaction between them was covinous and was devised and entered into for the

30 fraudulent purposes of delaying, hindering or defeating your orator in the recovery of his said debt, which was contracted before any such alleged assignment was made.

That your orator is informed and charges that since said assignment to said Anna M. Arnold by her husband or the making of said alleged agreement and the procurement of said patents various licenses and agreements for the use of some of said inventions have been made to The Norfolk and New Brunswick Hosiery Company and other parties from which sums

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of money have been received and large sums claimed by said parties remain as yet unpaid, that said licenses and agreements are claimed to have been made by said Satterlee Arnold as agent of his said wife, but your orator charges said pretended agency to be a sham and to be a mere device to prevent the creditors of said Satterlee Arnold from reaching the moneys received from said licenses.

And your orator further shows that any earnings realized from the business of the said corporation are due to the skill and labor contributed by the said Satterlee Arnold and not on account of any money, skill or labor contributed by the said Anna M. Arnold and that any title or benefit she may have or receive on account of said letters patent or capital stock or corporation business is due to the business, skill and labor of the said Satterlee Arnold and not otherwise. 10

And your orator further shows that the said Satterlee Arnold was on the twenty-fifth day of May and first day of June, in the year eighteen hundred and ninety-one, examined on supplemental proceedings in a cause depending in the New York Supreme Court wherein your orator was plaintiff and the said Satterlee Arnold and another were defendants which examination was taken in writing, and that Schedule A, annexed to this bill of complaint and to be taken and considered as a part thereof, contains a true and correct copy of the depositions of the said Satterlee Arnold so taken, and your orator refers especially thereto for the purpose of sustaining the allegations of this bill of complaint. 20 30

And your orator further shows that he is informed and believes that the said Satterlee Arnold has at the time of filing this bill of complaint debts due to him from solvent and responsible persons and for which he holds divers securities and evidences and has divers goods, wares and merchandise or other articles of personal property which belong to him, or in which he is in some way or manner beneficially interested ; and that he has equitable interests and things in 40

action of some nature or kind which might and ought to be applied to the payment of the said judgment of your orator against him; that the said Satterlee Arnold has property, debts and equitable interests, things in action or effects of the value of more than one hundred dollars exclusive of all prior just claims thereon, which your orator has been unable to reach by execution on his said judgment, and that this suit is not brought by collusion with the said defendants or
 10 any other person, or for the purpose of protecting the property or effects of the said Satterlee Arnold against the claims of his other creditors.

In consideration of the premises and to the end that the said Satterlee Arnold and Anna M. Arnold may full, true and perfect answer make without oath to all and singular the matters aforesaid and that he may be decreed to make a full and true discovery and disclosure of and concerning the same and to pay the amount of the said judgment with interest thereon
 20 and the costs of this suit and to apply for that purpose any money or property or debts, choses in action and equitable interests belonging to said Satterlee Arnold or held in trust for him; and that they be restrained from transferring any property, money or thing in action belonging to the said Satterlee Arnold or any property, money or thing in action due to him, or held in trust for him, except when such trust has been created by or the funds so held has proceeded from some person other than the said Satterlee Arnold
 30 and except such property as is now reserved by law and also forbidding the payment or delivery to the said Satterlee Arnold by any person or persons of any such property, money or things in action, except as aforesaid and that the said Satterlee Arnold pay to your orator the amount due on the said judgment out of any such property, money or thing in action with the exceptions hereinabove stated that may be discovered by these proceedings and that an order may be made by your Honor requiring the said Satterlee
 40 Arnold to appear and make discovery concerning his

property and things in action as aforesaid before a Master of this Court and that a receiver be appointed with the usual powers and duties in like cases of all such property and things in action of the said Satterlee Arnold.

And that the defendants answer, but not under oath severally and specifically what letters patent have been issued to said Satterlee Arnold and assigned to his wife, and what to her as his assignee ; under what agreement between them said assignments were made, 10
or said patents so issued to her ; whether the said agreement was in writing, if in writing that they may be required to annex a copy to their answer, and if not in writing that they state when made and what consideration was paid therefore by said Anna M. Arnold and to whom paid ; whether all of said patents are still under their control ; whether any license for the use of any or either of said inventions has been granted, and if so to whom and when and on what consideration, and if in writing that copies be annexed 20
to their answer ; what moneys have been received for such license and from whom and when and what use has been made of the same ; whether or not the business connected with the utilizing of said patents has not in fact been conducted entirely by said Satterlee Arnold, and if not, what part his said wife has taken in it ; if said Satterlee Arnold has professedly acted as agent of his said wife that they annex to their answer a copy of any writing or power of attorney given to him and if not in writing that they state the full scope 30
and terms of such alleged agency ; whether or not a company called "The Arnold Machine Company" has been organized to use any of said patents and which and what agreement if any the defendants, or either of them, have with said company and what stock of said company they or either of them own or have at any time held ; that said assignments by Satterlee Arnold to his said wife may be decreed to be fraudulent and void as against your orator, and that said 40

defendants may be decreed to pay to your orator the amount due on his said judgment at a day to be fixed by this Court and in default that said letters patent, license, agreements, etc., be required by the decree of this Court to be assigned to a Receiver to be appointed by the Court for that purpose and that your orator may have such other and further relief as may be consistent with equity and good conscience.

- 10 May it please your Honor the premises considered to grant unto your orator the State's writ of subpoena issuing out of and under the seal of this Court to be directed to the said Satterlee Arnold and Anna M. Arnold, his wife, commanding them and each of them by a certain day and under a certain penalty therein to be expressed, to be and appear before your Honor in this Honorable Court then and there to answer all and singular the said premises and to stand to, abide by and perform such order and decree therein as to
20 your Honor shall seem meet and shall be agreeable to equity and good conscience; and your orator as in duty bound will ever pray, &c.

Solicitor for and of Counsel With the Complainant,

In Chancery of New Jersey.

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Between

JAMES TALCOTT,

Complainant,

and

SATTERLEE ARNOLD and
ANNA M. ARNOLD,

Defendants.

Upon Bill, Etc.

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The joint and several answers of the defendants, Satterlee Arnold and Anna M. Arnold to the amended bill of complaint of James Talcott, Complainant.

These defendants respectively re-alleging the facts fully stated and set forth in their answer to the original bill, for answer unto the new matters contained in the amendments thereto, or unto so much thereof as these defendants are advised it is material or necessary for them to make answer unto, severally answering, say :

They admit that, in addition to the patents which said Satterlee Arnold caused to be issued to his said wife as assignee, he procured prior to eighteen hundred and seventy-three two other patents and no

more, to wit, No. 119,958, dated October seventeenth, eighteen hundred and seventy-one, and No. 104,532, dated June twenty-first, eighteen hundred and seventy; and that he subsequently assigned one of said patents, to wit, No. 104,532 to his said wife, the defendant, Anna M. Arnold; and as to the other of said patents allege, to the best of their recollection, that said patent was never assigned, and was never a source of income to the defendant, and has long since expired.

- 10 And the defendants further allege that both said patents, and all patents issued to said Satterlee Arnold, before the assignment of Satterlee Arnold & Co., were at the time of said assignment, wholly unyielding, and could not be made to yield any profit, nor were they or either of them of any value without the further employment of the knowledge and inventive skill of the defendant, Satterlee Arnold, and the expenditure of additional money in experiment.

- 20 These defendants further answering deny that the agreement between the said Satterlee Arnold and Anna M. Arnold mentioned in said amended bill was in anywise convinous or fraudulent, or intended to hinder, delay and defraud the complainant or any other creditor of the defendant Satterlee Arnold; they admit that said Satterlee Arnold became insolvent in the year eighteen hundred and seventy-nine, and that the firm of which he was a member made a general assignment for the benefit of his creditors in the last named year, and allege that all the property of said
- 30 Satterlee Arnold, whether firm property or otherwise, that was of any value or could be made available for the payment of claims was then in good faith surrendered and delivered up to the assignee of said firm, in trust for the benefit of the creditors thereof according to the statutes relating to General Assignments in the State of New York; that at the time of said failure of Satterlee Arnold & Co., the complainant was not a creditor of the defendant Satterlee Arnold, nor of the firm of Satterlee Arnold & Co.; that the complainant
- 40 was engaged in the business of selling the manu-

factured product of said firm of Satterlee Arnold & Co., on commission, and was in the habit of advancing moneys on goods consigned to him for sale, but that he never advanced the full market value of the goods so consigned, and that, at the time of said failure, there were goods in the hands of the complainant to an amount which taken at the then current market rates, fully covered all advances and left a surplus of about twenty thousand dollars in his hands for other creditors; that the deficiency which subsequently arose and gave rise to the complainant's said judgment did not occur until a long time after the date of the agreement between these defendants and the assignment alleged to be fraudulent, and was caused by the delay and neglect of the complainant in selling the goods in his hands as agent for a period of more than four years, all which were very prosperous years, and by charging against the firm of Satterlee Arnold & Co., interest on his advances during the entire period; and that the entire amount of the judgment obtained by the complainant was for interest on these advances, all which accrued subsequent to said failure; whereas these defendants allege and charge that it was the duty of the complainant to sell the goods so held by him promptly, at current market prices, and that his failure to perform this duty was the cause of great loss and damage to the defendant Satterlee Arnold and to the creditors of said firm. 10 20

And these defendants further answering allege that, while it is true that one of the patents above mentioned as having been taken out by said Satterlee Arnold prior to eighteen hundred and seventy-three, was embodied in a certain license or agreement made by Anna M. Arnold to and with the Norfolk & New Brunswick Hosiery Company; nevertheless said patent has yielded no return whatever to the defendants or either of them, and no money has been received therefor, and no sum claimed by them or either of them for the use of said patent remains yet 30

unpaid, and that said patent has long since expired, and that said agreement was made by Anna M. Arnold in person, and not by Satterlee Arnold as agent or otherwise.

And these defendants further answering, in reply to the interrogations contained in the complainant's amended bill, allege that the following patents have been issued to said Satterlee Arnold, and assigned to the defendant Anna M. Arnold, to wit :

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No. 204,338 dated June 18, 1878, to Satterlee Arnold.

No. 104,532, dated June 21, 1870, to Satterlee Arnold.

No. 241,116, dated May 10, 1881, to Satterlee Arnold.

No. 378,822, dated February 28, 1888, to Satterlee Arnold.

No. 378,823, dated February 28, 1888, to Satterlee Arnold.

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And that the following have been issued to Anna M. Arnold, Assignee, to wit :

No. 242,038, dated May 24, 1881, to D. C. Phillips and Satterlee Arnold, and assigned to Anna M. Arnold, assignee.

No. 249,734, dated November 22, 1881, to Anna M. Arnold, assignee.

No. 278,484, dated May 29, 1883, to Anna M. Arnold, assignee.

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No. 331,107, dated November 24, 1885, to Anna M. Arnold, assignee.

No. 278,485, dated May 29, 1883, to Anna M. Arnold, assignee.

No. 278,486, dated May 29, 1883, to Anna M. Arnold, assignee.

No. 311,558, dated February 3, 1885, to Anna M. Arnold, assignee.

No. 324,351, dated August 18, 1885, to Anna M. Arnold, assignee.

No. 331,106, dated February 24, 1885, to Anna M. Arnold, assignee.

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No. 331,108, dated February 24, 1885, to Anna M. Arnold, assignee.

No. 378,644, dated February 28, 1888 to Anna M. Arnold, assignee.

No. 378,645, dated February 28, 1888, to Anna M. Arnold, assignee.

No. 392,581, dated November 13, 1880, to Anna M. Arnold, assignee.

No. 313,909, dated March 17, 1885, to Anna M. Arnold, assignee.

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That said patents were assigned to said Anna M. Arnold or issued to her as assignee under an agreement made and entered into between these defendants at Troy, in the State of New York, in the year eighteen hundred and seventy-nine, and that, to the best of the defendant's recollection, said agreement was in writing. but, if so, said writing has been lost; that by the terms of this agreement the defendant Anna M. Arnold promised and agreed to give the defendant Satterlee Arnold employment in and about the improvement and development and perfection of the inventions and devices of the defendant Satterlee Arnold, and to furnish, out of her own means, the labor and material and funds necessary to conduct experiments to that end, and to pay to the defendant Satterlee Arnold, the sum of twelve hundred dollars per annum for his services in that behalf which, it was estimated was about what he would be able to earn in a mercantile employment, which sum of twelve hundred dollars per annum was to be paid by supplying the family needs out of her own funds to the extent of twelve hundred dollars in each year and giving him credit therefor, and the defendant Satterlee Arnold agreed, in consideration thereof, to employ the best of his skill and labor in the development and perfection of his inventions and devices as aforesaid, and that all inventions devised by him, and all patents theretofore and thereafter issued thereupon, if any, were to be the property of the defendant, Anna M. Arnold, which agreement was fully kept and per-

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formed on the part of both defendants, except that the defendant Anna M. Arnold has, at various times, allowed and paid to said Satterlee Arnold various sums, as he had need of the same for the support of his family, in excess of said sum of twelve hundred dollars per annum.

That all of said patents assigned under this agreement, are under the actual and sole control of the defendant, Anna M. Arnold, that licenses for the use
 10 of certain of said patents and inventions have been granted by the defendant Anna M. Arnold to the Norfolk & New Brunswick Hosiery Company and to A. G. Jennings & Son, copies of which licenses are hereto annexed, and marked Exhibits A and B and that no moneys have been received as the result of such licenses by the defendant Satterlee Arnold.

That the business connected with the utilizing of
 20 said patents has not in fact been conducted entirely by the defendant Satterlee Arnold; that the defendant Anna M. Arnold has herself personally engaged in the negotiations for all all licenses, and has in every case exercised her own individual judgment and has decided upon the advisability or otherwise of accepting propositions offered

That a copy of the only power of attorney, of which the defendants are able to furnish a copy, given by the defendant Anna M. Arnold to the defendant Satterlee Arnold, is hereto annexed and
 30 marked exhibit C. And that the defendant Satterlee Arnold has had no authority to act for the defendant Anna M. Arnold, except as mentioned in the said power of attorney, and in other powers of attorney now obsolete and destroyed or lost, but all of which were similar in their tenor to that of which a copy is annexed. That no company called the Arnold Sewing Machine Company has been organized to use said patents, but a company called the Arnold Sewing Machine Company was organized to manufacture
 40 machines embodying said patents at a fixed price

under a contract with the defendant Anna M. Arnold, in which contract the defendant Satterlee Arnold has no interests or rights, and to which he is not a party; that the defendant Satterlee Arnold now owns one share of stock therein, which is assigned by him as collateral security for a loan of two hundred dollars, and the defendant Anna M. Arnold is not now the owner of any of said stock. That all the stock formerly held by her, the number of shares of which she cannot now recollect, was assigned by her several years ago. 10

And these defendants deny that any other matter or thing material for these defendants to make answer unto and not herein or hereby well and sufficiently answered, confessed or avoided, traversed or denied, is true to the knowledge of these defendants or either of them.

All which matters and things these defendants are and each of them is ready and willing to aver, maintain and prove as this Honorable Court shall direct, and humbly pray to be hence dismissed with their reasonable costs and charges in this behalf most wrongfully sustained. 20

EXHIBIT "A."

THIS AGREEMENT made this tenth day of April, 1882, between Norfolk and New Brunswick Hosiery Company, party of the first part, and Satterlee Arnold and Mrs. Anna M. Arnold, party of the second part, Witnesseth: 30

That for and in consideration of the sum of one dollar by each to the other in hand paid, receipt of which is hereby acknowledged, and in further consideration of the mutual benefits and advantages accruing to the several parties hereto under contract of even date with this between Norfolk and New Brunswick Hosiery Company and Mrs. Arnold it is 40

hereby mutually covenanted and agreed by and between the parties hereto, that each and every invention relating to the Anchor Stitch Seam for the purpose of uniting the raw edges of knit goods or useful in the manufacture of "Men's, Women's and Children's Underwear," made by said party of the second part or either of them and each and every United States patent hereafter issued to said party of the second part or either of them for such invention shall
 10 well and faithfully be submitted to the conditions and agreements of the said mentioned contract of even date with this between, as aforesaid, the Norfolk and New Brunswick Hosiery Company and Mrs. Arnold so long as the same shall remain in force.

[SEAL.]

In witness whereof, the parties hereto have hereunto set their hands and seals this tenth day of April, 1882.

(Signed)

20 NORFOLK & NEW BRUNSWICK HOSIERY CO.

Per. JOHNSON LETSON, *President*.

ARTICLES OF AGREEMENT made and entered into this tenth day of April, 1882, by and between Anna M. Arnold, of the City of New York, party of the first part, and the Norfolk and New Brunswick Hosiery Company, a corporation created under the Laws of the State of New Jersey and doing business in the city of New Brunswick, New Jersey, and at Norfolk,
 30 Connecticut, party of the second part.

WHEREAS, the party of the first part is the exclusive owner of all right, title and interest in, to and under the following Letters Patent, to wit:

Letters Patent of the United States, granted to Satterlee Arnold, dated June 21, 1870, No. 104,532, for an "Improvement in modes of uniting edges of knitted goods."

Letters Patent of the United States, granted to
 40 Satterlee Arnold, assignor, dated May 10, 1881, No.

241,116, for a "Devise for securing knit fabrics while being cut and sewed;" and

Letters Patent of the United States, granted to Satterlee Arnold, assignor, dated November 22, 1881, No. 249,734, for "means for trimming fabrics."

And, WHEREAS, the party of the second part is desirous of acquiring certain rights and privileges in, to and under the said three above mentioned Letters Patent.

Now, THEREFORE, in consideration of the sum of one dollar by each to the other in hand paid, the receipt of which is hereby acknowledged and in further consideration of the mutual covenants, agreements and stipulations hereinafter contained, the parties hereto hereby mutually covenant and agree as follows :

ARTICLE I. The party of the first part hereby grants to the party of the second part the exclusive right for the United States of America under each of the above named letters patent and under any other patent which has been or may hereafter, during the continuance of this agreement, be granted to the party of the first part or to Satterlee Arnold, her husband, for any improvement or invention whatsoever appertaining to or useful in making what is known as the "Anchor Stitch Seam" or appertaining to "Anchor Machine Trimming, and Holding Devices," and under any such invention now or hereafter during the continuance of this agreement made by said Satterlee Arnold, to make, use, and sell any and all kinds of knit shirts or drawers known as "Men's, Women's and Children's Underwear," with Anchor stitch seam or Anchor sewing machine trimming and also to license others so to do.

ARTICLE II. The party of the second part hereby covenants and agrees to pay to the party of the first part as royalty for and on account of the rights and privileges granted in Article I, of this agreement, and from the the date of this agreement, and

so long as it shall continue in force, the sum of fifty cents per dozen on all shirts and drawers upon which said invention or either of them shall be used, such royalties become due and to be paid as hereinafter provided.

The party of the second part covenants and agrees and guarantees, that said royalties shall amount to the average sum of \$1,000 per month in every twelve months from and after the first day of January, 1883.

10 The party of the second part agrees to pay on account of royalties to the party of the first part, the sum of at least \$500 per month from and after the first day of April, 1882, and in case the production of goods in 1882 is not sufficient to cause said royalties to amount to the sum of \$500 per month, then the excess paid shall be considered as an advance to be deducted from subsequently accruing royalties as hereinafter provided.

20 The party of the second part shall forthwith loan to the party of the first part, the sum of \$2,000 at lawful interest, said sum only to become due and payable when and to the extent that the royalties named exceed monthly payments or advances of \$500 per month above provided for and to be paid only out of such excess. The advances hereinbefore provided for, to be made in 1882, shall be paid in like manner and not otherwise.

30 A full and exact account of all goods sold upon which royalties are due and payable, shall be given by the party of the second part to the party of the first part in January and July of each year covering all goods sold during the preceding six months.

40 In case such royalties are not paid to the party of the first part during the months of January and July in each year, or in case the party of the second part does not pay the full amount hereinbefore guaranteed to be paid in any twelve months the party of the first part may at her option revoke this license and the same shall forthwith become void, but such revocation

shall not release the party of the second part from any liability theretofore created by the terms of this agreement.

In all cases, however, where the party of the second part shall use said inventions for the purpose of hemming cut goods only, then and in such cases, the said party of the second part covenants and agrees to pay five cents per dozen and no more, for all such work, commencing January 1st, 1882.

ARTICLE III. The party of the second part hereby covenants and agrees to keep a full, true and correct record in writing, of all the said Men's, Women's and Children's Underwear so made and sold by it, and of all licenses granted by it under this agreement, during the continuance of the same, in books which shall be open at all reasonable times to the inspection of the party of the first part or her duly authorized agent, and in the months of January and July, respectively, of each year to make to the party of the first part, a full, true and correct report in writing of all the said goods so sold and of all the said licenses so granted by it during the six months immediately preceding the first day of said January and July, respectively, and on the same date with the rendering of said reports to pay in cash to the party of the first part, the royalty or amount then due under ARTICLE II of this Agreement, except as hereinbefore provided.

ARTICLE IV. The party of the first part hereby covenants and agrees to furnish the party of the second part at a reasonable price, the same to be paid for by said party of the second part, as many Anchor Sewing Machines and appurtenances as the party of the second part shall desire, the same to be used only by the party of the second part or its licensees, and the same to be returned on the termination of this contract to the party of the first part on her repayment to the party of the second part the original cost of said Anchor Sewing Machines and Appurtenances so returned. In case of the death or inability of the party of the first

part to manufacture or furnish such machines and appurtenances it is hereby agreed that the party of the second part may manufacture or cause to be manufactured, said machines and appurtenances to be used only by the said party of the second part or its licensees and during the continuance of this agreement, and the same to be turned over to the party of the first part or her representatives or assigns, on the termination of this agreement at cost price on her or
 10 their election to so purchase them.

ARTICLE V. The party of the second part hereby covenants and agrees, that so long as this agreement shall remain in force it will not violate, infringe upon or contest the validity of any one of the patents herein enumerated or the right or title of the said party of the first part to the said patents, as the same is disclosed at this date, by the Records of the United States Patent Office, nor will it be a party directly or indirectly to any such contest.

20 ARTICLE VI. The party of the first part hereby covenants and agrees to undertake to warrant and defend the party of the second part against infringements by any person or persons whatsoever of any of the patents above enumerated or referred to and against suits by any person or persons under any patent or patents whatsoever against the party of the second part, for the use of the machine or appurtenances enumerated or covered by any one of the patents herein enumerated or referred to, or for the making, using or selling
 30 of the products of said machines or appurtenances and against any suits whatsoever to declare void any of the patents herein enumerated or referred to, and in the event of any such actual or threatened litigation, and the failure of the party of the first part to secure counsel and take immediate action to prosecute or defend as the case may be, then the party of the second part hereto, may assume the entire conduct of such litigation, and may withhold to meet the expenses thereof up to and not exceeding one-half of the
 40 amounts that may from time to time fall due to the

party of the first part under the provision of this agreement, until such time as said one-half shall be sufficient to meet said expenses as they are from time to time incurred. The amount of royalty so withheld shall limit the extent of the liability of the party of the first part under this article.

ARTICLE VII. It is covenanted and agreed by and between the parties hereto, that John D. Ashwell shall have charge of the department for selling all Knit Shirts and Drawers manufactured by the use of the machines or appurtenances forming the subject of this agreement. That he shall receive therefor, one and one-half per cent. commission on the amount of such net sales and that in case of his death, some person selected by both the parties hereto, shall have charge of said department, and receive the same commission, or such other sum as shall be agreed upon between the parties hereto, the party of the second part reserving the right to conduct in all other respects, the business of the manufacture and sale of the said goods as it shall deem best, and it is further covenanted and agreed, by and between the parties hereto, that this agreement shall continue till November 22d, 1898.

IN WITNESS WHEREOF, the parties hereto, have hereunto set their hands and seals, this tenth day of April, 1882.

(Signed.)

NORFOLK & NEW BRUNSWICK
HOSIERY CO.

[SEAL,] Per JOHNSON LETSON,
President.

[SEAL.] ANNA M. ARNOLD.

Witnesses to both signatures :

W. C. WITLER,

WILLIAM H. KENYON.

EXHIBIT "B."

THIS AGREEMENT made this second day of April, in the year one thousand eight hundred and eighty-six, between Anna M. Arnold, at present residing in the City of New York, in the county and State of New York, party of the first part, Satterlee Arnold, her husband, at present residing in the City of New York, in the county and State of New York, party of the second part, and Abraham G. Jennings, Warren P. Jennings and Oliver T. Jennings, all residents of Brooklyn, in the county of Kings and State of New York, and their firm of "A. G. Jennings & Sons," parties of the third part, for themselves, their heirs, executors, administrators and assigns. respectively, Witnesseth :

WHEREAS The said party of the first part is now the sole and exclusive owner of the following named Letters Patent of the United States, to wit : No. 104,532, dated June 21, 1870, for Improvement in Mode of Uniting the Edges of Knitted Goods; No. 241,116, dated May 10, 1881, for Improvement in Devices for Securing Knit Fabrics while being cut and Sewed; No. 249,734, dated November 22, 1881, for Improvement in Means for Trimming Fabrics; No. 278,484, 278,485 and 278,486 all dated May 29, 1883, for Method in Uniting Fabrics, Method and Apparatus for Trimming and Sewing Fabrics, and Manufacture of Knit Goods, respectively; No. 311,558, dated February 3, 1885, for Improvement in Links or Pitmen; No. 313,909, dated March 17, 1885, for Apparatus for Guiding, Straightening and Evening Fabrics for Presentation to Stitch-Forming Mechanism; No. 324,351, dated August 18, 1885, for Improvement in Shuttles and Shuttle-Holders for Sewing Machines; Nos. 331,106, 331,107, and 331,108, all dated November 24, 1885, for Improvement in Sewing Machines and Feeding Mechanism therefor.

AND WHEREAS the said party of the second part has

made applications for patents for Improvements in Methods and Apparatus for Joining Goods, of which he agrees to furnish the Serial Numbers and dates before the final consummation of this contract,

AND WHEREAS the said party of the second part has also invented a certain new stitch known as the "Retrograde Stitch," for which he intends applying for a patent,

AND WHEREAS the party of the first part is exclusively entitled to the enjoyment of the inventions which are specified in said Letters Patent, and each of them, 10

AND WHEREAS the party of the second part is exclusively entitled to all rights under said applications, and said stitch, so far as they are applicable to the manufacture of gloves, mittens, mitts, wristlets, or other hand coverings,

AND WHEREAS the parties of the third part are desirous of acquiring an interest in said inventions and patents so far as they relate or are applicable to the manufacture or production and sale of gloves, mittens, mitts, wristlets or other hand coverings made of fabric other than leather or skin, and in any invention or improvement which the said party of the first part, or the party of the second part, may hereafter make, acquire or patent in aid of said inventions hereinabove referred to, 20

NOW, THEREFORE, in consideration of the sum of five thousand dollars (\$5,000,) in hand paid by the parties of the third part to the party of the first part, the receipt whereof is hereby acknowledged, and in further consideration of the sum of twenty thousand dollars (\$20,000), which sum the parties of the third part promise to pay to the party of the first part on or before the first day of May, 1886, it is hereby agreed as follows : 30

The party of the first part hereby Grants and Assigns unto the parties of the third part the sole and exclusive right, within the United States of America, to manufacture and sell gloves, mittens, mitts, wrist- 40

lets and other hand coverings made of fabric other than leather or skin, and to license others so to do under the following patents, to wit: Letters Patent numbered 104,532, 241,116, 249,734, 278,484, 278,485, 278,486, 311,558, 313,909, 324,351, 331,106, 331,107, and 331,108, and under any United States patent which may hereafter be granted or issued to the party of the first part in aid of the improvements patented as aforesaid.

- 10 In consideration of the sum of one dollar (\$1.00), in hand paid to the party of the second part by the parties of the third part, receipt whereof is hereby acknowledged, the party of the second part hereby Grants and Assigns unto the parties of the third part the sole and exclusive right, within the United States of America, to manufacture and sell gloves, mittens, mitts, writlets and other hand coverings made of fabric other than leather or skin, and to
20 applications, numbered 159,996, and under the patent, when granted, for said "Retrograde" stitch, and under any patent which may hereafter be granted or issued to the party of the second part in aid of said inventions.

- The party of the first part and the party of the second part also Grant and Assign unto the parties of the third part all the undivided one-half part of their interest in all royalties or patent fees, which shall accrue for the use of the above mentioned Letters
36 Patent and inventions within the United States of America in the manufacture of the various hand coverings above named, subject to the conditions hereinafter stated.

- In further consideration of the said sum of one dollar (\$1.00), the said party of the second part further agrees at his own expense to apply for Letters Patent of the United States for said "Retrograde" stitch, with all reasonable promptness, and also to apply for Letters Patent of the United States for any improve-
40 ments on the devices heretofore patented as afore-

said, which he has already made or invented, or which he may hereafter make or invent.

The parties of the first part and second part also agree that immediately upon the issue of any Letters Patent of the United States which may be embraced by this Agreement, they will execute a written paper to the parties of the third part, or their legal representatives, wherein it shall be stated that the parties of the third part shall acquire, without further consideration than is herein provided, the same rights under such newly issued Letters Patent under this Agreement as are hereby granted on the patents already issued. 10

The parties of the first and second part further covenant and agree that the parties of the third part, or their legal representatives, shall have for the term of the longest patent which is covered by this Agreement, meaning the patent last to expire, the exclusive control hereby granted, subject, however, to the conditions hereinafter stated. 20

The parties of the third part covenant and agree to pay to the party of the first part one-half part of all the royalties which they shall receive from others whom they may license under the above-mentioned Letters Patent, or either of them, said royalties not to be less than ten cents per dozen pairs of gloves and two and one-half cents per dozen pairs of mitts, mittens, wristlets or other hand coverings hereby licensed, of which royalty when received the parties of the third part shall retain one-half, and pay over unto the party of the first part the remaining half. 30

IT IS HEREBY AGREED that on any gloves, mitts, mittens, wristlets or other hand coverings which the parties of the third part, or any of them, may make under this Agreement, the royalties shall be computed at the rate of ten cents per dozen pairs of gloves and two and one-half cents per dozen pairs of mitts, mittens, wristlets or other hand coverings, of which royalties the parties of the third part shall re- 40

tain one-half part as their own, and shall pay to the party of the first part the other one-half part, as hereinafter provided.

The parties of the third part further agree and guarantee that the royalties or patent fees received by the party of the first part under this Agreement shall not be less than three thousand dollars (\$3,000,) per annum, beginning July 1, 1886.

10 IT IS FURTHER GOVENANTED And Agreed that after the expiration of five years from the date of this Agreement, upon six months written notice first given, the parties of the third part may withdraw the guarantee of three thousand dollars (\$3,000,) per annum, in which case the party of the first part shall also become authorized to license others under this Agreement, the royalties to be paid by the
20 licenses to be not less than ten cents per dozen pairs of gloves and two and one-half cents per dozen pairs of mitts, mittens, wristlets or other hand coverings hereby licensed, and such royalties shall be divided in equal half parts between the party of the first part and the parties of the third part, as hereinafter provided.

The amount of royalties hereinabove specified may be modified from time to time by mutual agreement in writing without thereby modifying the remaining terms of this agreement.

30 Payments of royalties by the parties hereto collecting the same, and of royalties on all goods manufactured by the parties of the third part under this agreement, shall be made semi-annually on the first days of January and July of each and every year during the continuance of this agreement, or within fifteen days thereafter, each payment to be accompanied by a statement in writing under the hand and seal of the party rendering the same, showing the quantities and kinds of articles made in pursuance of this agreement to which said payment may apply.

40 The parties of the third part also agree to keep full and correct books of account, in which shall be entered

the quantities and kinds of goods which they themselves may make, or cause to be made, or may license others to make, under this agreement, also the amount of the royalties which they shall have received under this agreement, the quantities and kinds of goods so licensed, or made, and in fact all other needful information, which books of account shall at all reasonable times be open to the inspection of the party of first part, or her legal representative.

In like manner the party of the first part agrees to keep books of account in which shall be entered the royalties received by her should the above-mentioned guarantee be cancelled, the quantities and kinds of goods so licensed or made, and in fact all other needful information, which books shall at all reasonable times be open to the inspection of the parties of the third part, or their legal representatives. 10

The parties of the first and second part further covenant and agree that they will at their own expense prosecute infringers of said Letters Patent, or either of them, and that if the parties of the third part desire to be represented by counsel in such suit or suits, they may have the right to do so, at their own expense. 20

The parties of the first and second part also agree to defend at their own expense the parties of the third part, or their licenses, against suits brought by others who may claim that the use of said patented articles or their sale or manufacture, is an infringement of other patents. In such suits likewise the parties of the third part may at their own cost be represented by counsel of their own selection. 30

IT IS FURTHER AGREED that any machines and necessary attachments which the parties of the third part, or their licenses, may use to make the hand coverings in pursuance of this agreement shall be obtained from the said party of the first part, and the said party of the first part hereby agrees to furnish

said machines and full sets of attachments for the purposes of this agreement, in good and workmanlike condition, to the parties of the third part, whenever required, or within reasonable time after receiving the order therefor, at a price not more than one hundred dollars (\$100) for each machine and attachments.

BUT IT IS ESPECIALLY AGREED that every such machine shall only be used for the manufacture of
 10 the hand coverings hereby licensed, and for no other purpose whatever, and that any use thereof for any other purpose shall be construed as an infringement of the patents aforesaid, and that in addition to the damages caused by such infringement, for which the party of the first part shall have the right of recovery, such machines so used without right shall be and become the property of the party of the first part, and
 20 that she may proceed to take possession thereof, unless the consent to so use said machines shall have first been obtained from the party of the first part.

IT IS FURTHER AGREED that in case the party of the first part, or her legal representatives, shall fail to fill the orders of the parties of the third part for said machines or attachments within reasonable time, the parties of the third part may supply themselves and their licenses with such machines and attachments elsewhere.

30 The party of the first part covenants and agrees that the party of the second part shall faithfully carry out the provisions of this agreement so far as they refer to him, and assumes the responsibility thereof.

IN TESTIMONY WHEREOF the parties hereto have hereunto set their hands and seals this second day of April, in the year one thousand eight hundred and eighty-six.

40 (Signed)

In presence of

(Not legible.)

ANNA M. ARNOLD, (L. S.)

SATTERLEE ARNOLD, (L. S.)

A. G. JENNINGS, (L. S.)

WARREN P. JENNINGS, (L. S.), by ¹⁰
OLIVER T. JENNINGS, *Att'y.*

OLIVER T. JENNINGS, (L. S.)

A. G. JENNINGS & SONS, (L. S.)

20

STATE OF NEW YORK. }
City and County of New York. } *ss.*

On this second day of April, 1886, before me personally appeared Anna M. Arnold, Satterlee Arnold, Abraham G. Jennings and Oliver T. Jennings to me personally known and to me known to be the individuals described in and who executed the above instrument and severally acknowledged that they severally executed the same, the said Abraham G. Jennings executing the same both individually and in the firm name of A. G. Jennings & Sons and the said Oliver T. Jennings executing the same both individually and as attorney for Warren P. Jennings. ³⁰

PERCIVAL J. HARRIS, (L. S.)

Notary Public, N. Y. County. 40

EXHIBIT "C."

KNOW ALL MEN BY THESE PRESENTS, That Anna M. Arnold, of Brooklyn, N. Y., have made, constituted and appointed, and by these presents do make, constitute and appoint Satterlee Arnold, my husband, my true and lawful attorney for me and in my name, place and stead to deposit monies, notes, drafts and checks in the Brooklyn Bank, Brooklyn, N. Y., and in any other bank in which I may have an account, to endorse any such notes, drafts or checks, to draw checks and drafts against such deposits, and withdraw such deposits or any portion thereof, to make and sign any promissory notes that may be needed in my business, to endorse any promissory notes, drafts or bills of exchange that may be received in my business and procure the same to be discounted and receive the proceeds and avails of such discounts giving and granting unto my said attorney full power and authority to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully to all intents and purposes as I might or could do if personally present with full power of substitution and revocation, hereby ratifying and confirming all that my said attorney or my substitute shall lawfully do or cause to be done by virtue hereof.

[SEAL.] IN WITNESS WHEREOF, I have hereunto set my hand and seal the eleventh day of November, in the year one thousand eight hundred and eighty-two.

(Signed)

ANNA M. ARNOLD.

Sealed and delivered in the presence of

(Signed)

D. H. HILL.

STATE OF NEW YORK, }
County of Kings. } ss.

BE IT KNOWN, That on the eleventh day of November, one thousand eight hundred and eighty-two, before me, personally came Anna M. Arnold, to me known to be the individual who executed the within power of attorney, and acknowledged the above letter of attorney to be her act and deed.

[SEAL.] IN TESTIMONY WHEREOF, I have here-
unto subscribed my name, the day and
year last above written.

10

(Signed)

D. H. HILL,
Notary Public, Kings Co., N. Y.

20

STATE OF NEW YORK, }
County of Kings. } ss.

Thomas M. Halsey, being duly sworn, deposes and says, he is the cashier of the Brooklyn Bank, and that the above is a true copy of a power of attorney in file in the Brooklyn Bank from Anna M. Arnold to Satterlee Arnold.

30

(Signed)

THOS. M. HALSEY, (L. S.)

Sworn to before me this 27th day of September,
1894.

J. H. CONROY,
Notary Public, Kings Co., N. Y.

40

In Chancery of New Jersey.

10	Between JAMES TALCOTT, <i>Complainant.</i> and SATTERLEE ARNOLD and ANNA M. ARNOLD, <i>Defendants.</i>	} <i>On Bill, Etc.</i>
20		

The consent of Edwin B. Goodell, Esquire, solicitor for the defendants being filed herewith, it is on this eighteenth day of May, in the year eighteen hundred and ninety-six, on motion of Elwood C. Harris, ordered that the said Elwood C. Harris be substituted as solicitor for the defendants in the place of the said Edwin B. Goodell in the above entitled cause.

30

ALEX. T. MCGILL,
Chancellor.

A true copy.

L. A. THOMPSON,
Clerk.

40

In Chancery of New Jersey.

10

Between

JAMES TALCOTT,
Complainant,

and

SATTERLEE ARNOLD and
ANNA M. ARNOLD,
Defendants.

20

Before Vice Chancellor Van Fleet.

Mr. Vreeland and Mr. Theodore Little for
Complainant.

Mr. Goodell and Mr. Blackwell, of New York,
for Defendants.

30

Transcript of shorthand report of the proceedings
upon the trial of this cause at the Vice Chancellor's
Chambers, Newark, N. J., on Tuesday, the 12th day
of June, 1894.

Counsel read the pleadings.

JAMES TALCOTT, sworn for Complainant.

Direct Examination, by Mr. Vreeland.

40

Q. Where do you live ?

A. New York City.

Q. You are the complainant in this case ?

A. Yes sir.

Q. Are you acquainted with Satterlee Arnold, the defendant ?

A. Yes, sir.

Q. How long have you known him ?

A. Prior to the time I commenced business with
10 him; I don't recollect the date exactly.

Q. Do you remember about when that was ?

A. No, I don't—1873 or 1874, I should judge or
along there.

Q. What was your business then ?

A. The dry goods commission business.

Q. Up to what time ?

A. I have been in it for forty years.

Q. Are you in it yet ?

A. Yes sir, and have been in it since 1854.

20 Q. In New York City ?

A. Yes, sir, in the same place, that is, in the same
city.

Q. Did you do business with him ?

A. Mr. Arnold consigned goods to us to sell on his
account.

Q. Up to what time did he consign you goods ?

A. I think 1878.

Q. 1878 ?

A. I think he closed his concern in 1878.

30 Q. Do you know when he made the assignment ?

A. In 1880 my recollection is, or 1874.

Q. Did you or not make him any advances on these
goods consigned by him to you ?

A. I did, I made him cash advances.

Q. When were these advances made in reference to
Mr. Arnold's general assignment ?

Defendant's counsel objects to the question as
not the best evidence.

40

By Mr. Vreeland—I will offer in evidence

the judgment recovered by James Talcott against Satterlee Arnold, etc., on the 12th day of November, 1885. Marked Exhibit 1.

Also a certified copy of a judgment recovered in New Jersey, showing that the judgment in New Jersey is based upon the judgment recovered in New York, September 28, 1891. Marked Exhibit 2.

Q. Now I repeat my question—

Defendant's counsel objects to the question on the ground that the record is a better witness than the witnesses memory. 10

By Mr. Vreeland—I offer in evidence certain letters patent, the first being No. 119,958, October 17, 1871, to Satterlee Arnold. Marked Exhibit 3.

Also No. 204,938, Washing Machine Patent, dated June 18, 1878, to Satterlee Arnold. Marked Exhibit 4.

Also 104,532, dated June 21, 1870, to Satterlee Arnold. Marked Exhibit 5.

Also 205,336, dated June 25, 1878, to Satterlee Arnold. Marked Exhibit 6.

Also 241,116, dated May 10, 1881, to Satterlee Arnold. Marked Exhibit 7.

Also 242,038, dated May 24, 1881, to D. C. Phillips and Satterlee Arnold, said Arnold assigning to Anna M. Arnold, assignee. Marked Exhibit 8.

Also 249,734, dated November 22, 1881, to Satterlee Arnold, assignor to Annie M. Arnold, assignee. 30 Marked Exhibit 9.

Also 278,484, dated May 29, 1883, Satterlee Arnold to Anna M. Arnold. Marked Exhibit 10.

Also 331,107, dated November 24, 1885, to Satterlee Arnold, assignor to Anna M. Arnold, assignee. Marked Exhibit 11.

Also 278,485, dated May 29, 1883, to Satterlee Arnold to Anna M. Arnold. Marked Exhibit 12.

Also 278,486, dated May 29, 1883, Satterlee Arnold to Anna M. Arnold. Marked Exhibit 13. 40

Also 311,558, dated February 3, 1885, Satterlee Arnold, assignor to Anna M. Arnold, assignee. Marked Exhibit 14.

Also 324,351, dated August 18, 1885, Satterlee Arnold, assignor, to Anna M. Arnold, assignee. Marked Exhibit 15.

Also 331,106, February 24, 1885, Satterlee Arnold, assignor, to Anna M. Arnold, assignee. Marked Exhibit 16.

10 Also 331,108, dated February 24, 1885, Satterlee Arnold, assignor, to Anna M. Arnold, assignee. Marked Exhibit 17.

Also 378,644, dated February 28, 1888, Satterlee Arnold, assignor, to Anna M. Arnold, assignee. Marked Exhibit 18.

Also 378,645, dated February 28, 1888, Satterlee Arnold, assignor, to Anna M. Arnold, assignee. Marked Exhibit 19.

20 Also 392,581, dated November 13, 1880, Satterlee Arnold, assignor, to Anna M. Arnold, assignee. Marked Exhibit 20.

MRS. ANNA M. ARNOLD, sworn for defendants.

Direct Examination, by Mr. Little.

Q. Are you the wife of Satterlee Arnold?

A. I am.

Q. Where are you living now?

30 A. At Montclair.

Q. Speak a little louder please, I am a little deaf. How long have you lived at Montclair?

A. About four years.

Q. Four?

A. Four.

Q. From about 1890. It appears that certain patents which had been issued by the Government for inventions by your husband were issued to you as assignor. Do you recollect that that is so?

40 A. Yes sir.

Q. You heard these patents read—you heard counsel's statement, didn't you?

A. Yes, sir.

Q. Were they issued to you?

A. Yes, sir.

Q. Where are those copies of the patents now?

A. I don't know.

Q. Were they ever in your possession—not the copies, I mean the originals, or either one, were they ever in your possession?

10

A. A number of them are there now.

Q. Where are they—do you mean the ones that you produced here?

A. Those that I produced here.

Q. These (holding up some papers) are the assignments you produced?

Mr. Goodell—You haven't asked for any others.

Mr. Little—Well, we ask for them now.

20

Q. You were asked or notified to produce any agreement made between your husband and yourself as to the assignment of the inventions. Have you brought such an agreement?

A. I have not.

Q. Why not?

A. We cannot find the agreement.

Q. You produce among these patents No. 241,116 issued May 10, 1881, that was issued to Satterlee Arnold. Have you any assignment of him to you of that patent. Have you any written assignment of that patent to you?

30

A. The detail of that patent is not familiar to me. I cannot answer the question as to this patent business.

Q. Let me put a general question that will probably meet it. I see the difficulty that you have. Have you any written agreement made with your husband by which any of these patents which you have produced here was assigned to you?

A. I had an agreement with my husband which

40

was written in the year 1879, as I remember, but the agreement was lost.

Q. Who wrote that agreement ?

A. I don't remember.

Q. Where was it written ?

A. I don't remember.

Q. Where was it signed ?

A. I don't remember.

Q. When did you last see it ?

10 A. I don't remember.

Q. To which of these patents did that agreement have reference ?

A. My husband referred to all his patents that were to come and that had already been invented.

Q. All that had been invented; then you say, all his previous inventions to which he had obtained patents and all the patents which might thereafter be issued, is that so ?

A. Yes, sir; as I remember it.

20 Q. Where did you keep that paper ?

A. We lived then in the city of Troy, and the paper as near as I can recollect —the whole arrangement and agreement and transaction was done in the city of Troy, and when we moved away from the city of Troy we were unfortunate enough to lose some valuable papers and since then we have made faithful search for them and concluded that that paper was lost with these papers.

Q. Where did you keep these patents ?

30 A. There have been a great many patents kept in the house and some in the office.

Q. Where did you keep these patents ?

A. Well, I don't know that I can tell you.

Q. Didn't you produce them here in answer to a subpoena ?

A. Well, those came from our house in Montclair, I believe.

Q. Where did you keep them ?

40 A. At our house in Montclair, No. 200 Claremount Avenue.

Q. Well, that house had several rooms in it, I suppose?

A. Well, the tin box was kept in a room at the back of the hall.

Q. Then they were kept in a tin box?

A. Yes, sir.

Q. With a lock to it?

A. I believe so.

Q. How many keys did you have to that box?

A. I don't know. 10

Q. You don't know. Was it your box?

A. It was my box.

Q. And you don't know how many keys you had to it?

A. I don't.

Q. Did you carry a key to it?

A. I did not.

Q. Who did?

A. The key was kept in the drawer of the secretary and I had access to it. 20

Q. In the drawer of a secretary at Montclair?

A. Yes, sir.

Q. Where is that key now?

A. I don't know.

Q. When did you last see the key?

A. I don't remember that either.

Q. Didn't you usually keep the box locked?

A. I did.

Q. Was it locked when you went to procure these papers to bring them here? 30

A. The box was delivered to me.

Q. Answer my question. Was the box locked when you went to procure these papers to bring them here?

A. I don't remember.

Q. When did you last see that key?

A. I don't remember.

Q. In whose hands did you last see it?

A. I don't remember. 40

Q. You say the agreement was lost. Can you tell the Vice Chancellor anything more about it than that it was an agreement that provided that these patents when obtained should be assigned to you, or made out in your name, What else did the agreement contain ?

A. May I tell the Vice Chancellor all about it ?

Q. Certainly; I am asking you to tell all about it ?

A. My husband failed in business in 1879. A few days previous to January 16, 1879, my uncle, Dr.
10 Alexander A. Vedder, of Schnectady, died, leaving me an inheritance of \$10,000. When my husband failed, he gave up everything, he retained nothing from the concern and we were absolutely without anything except my inheritance.

Q. I am talking about the agreement.

A. Well, I wish to tell this.

Q. No, never mind, I want to know what was in the agreement. As to the other matters, we will come to that directly, perhaps?

20 A. Well, I desire—(interrupted).

Q. Just wait a moment now, madam, I will deal fairly with you. I want you to tell all that you remember that was in the agreement which you say was lost ?

A. The agreement was with Mr. Arnold who assigned to me those patents in consideration that I would pay Mr. Arnold \$1,200 a year, and that I would pay all the shop expenses for the development of these
30 patents and for all the experimenting, and that I would take all the risk from my private fortune for that purpose, and in consideration of his salary and for that risk and the amount of this money which I paid out, all these inventions as they became developed after due experimenting and became patented should be assigned to me.

Q. Well ?

A. That was the gist and substance of the agreement.

Q. That was the substance of the agreement ?

40 A. Yes, sir.

Q. And that was in Troy. Your husband had made an assignment before that, hadn't he ?

A. Yes, sir.

Q. He was unfortunate in business and had made an assignment to his creditors ?

A. Yes, sir.

Q. You have said incidentally that you received \$10,000 from some relative or some friend. When was that money received ?

A. As soon as the will was probated, and it came in by degrees extending over a space of one or two years. 10

Q. When was that ?

A. Well, he died just six days before the failure.

Q. Of what year ?

A. 1879.

Q. When did you receive the money ?

A. My recollection does not serve me as to the exact dates, but I began receiving the money within a few months of his death and as the estate was settled up, I received different sums from time to time until all of it was finally paid. 20

Q. When did you receive the last ?

A. That I don't remember.

Q. In what different sums did you receive that \$10,000 ?

A. Various sums from a few hundred dollars to a thousand or two at a time.

Q. And how many different times were these amounts paid to you ? 30

A. I have no recollection because it is a great many years ago.

Q. Oh, not so many for a lady of your age. You are too young to talk about a great many years ago; if it was me, it might be different ?

A. Well, it is a matter of fifteen years ago, and I don't remember.

Q. How did you receive payment, in check or cash ?

A. I don't remember, but my uncle who settled the 40

estate sent the money, but how he sent it I don't know; I presume he sent it in a check, it would be natural.

Q. What did you do with the checks when you received them?

A. I deposited them.

Q. Where?

A. In the bank.

Q. What bank?

10 A. Well, I don't know; in Troy it was in the bank of Troy, but I have forgotten the name of the bank.

Q. In your own name?

A. Yes, sir.

Q. How was the money drawn out?

A. I don't understand the question.

Q. Was it drawn out by your check?

A. Certainly.

Q. Given to who?

A. Different persons.

20 Q. Given to your husband?

A. Not given to my husband; I paid the expenses of the shop myself.

Q. The shop in which these inventions were perfected?

A. I was not renting the shop, but I had the privilege of the use of a part of the shop with one or two workmen and everything was paid for by my check.

Q. How many workmen did you employ?

A. I have forgotten at this time.

30 Q. Were there one or ten perfecting these inventions?

A. I don't know.

Q. Well you paid the money for the workmen?

A. But it was fifteen years ago.

Q. Can you tell whether there was one or ten workmen?

A. It probably was not ten, and whether it was more than one I don't remember.

40 Q. Was all of the money paid out in Troy, all of the \$10,000?

A. That I don't remember.

Q. Have you any account in the Troy bank now ?

A. I have the stubs of the Troy bank—the stubs of the check book.

Q. Have you any money in the Troy bank ?

A. No, sir.

Q. You have drawn it all out ?

A. Yes, sir.

Q. Did you transfer it—the balance to any other bank or draw it out in checks given to workmen and other people ? 10

A. That I don't remember.

Q. Have you any account in any bank now ?

A. I have.

Q. What bank ?

A. Montclair bank.

Q. Any other ?

A. That is all.

Q. Have you had any bank account except in the Montclair bank since you left Troy ? 20

A. I had at Brooklyn.

Q. At which bank ?

A. In the City Bank of the city of Brooklyn.

Q. In the Brooklyn City Bank or whatever it is; when did you open your bank account there ?

A. A number of years ago, but the year I cannot give you.

Q. What year did you leave Troy and come to New Jersey ?

A. 1881. 30

Q. Did you come directly to New Jersey ?

A. No, sir.

Q. Where did you go ?

A. To New York.

Q. Brooklyn or New York ?

A. New York.

Q. But your account was in Brooklyn ?

A. No, sir, I had a bank account in the Second National Bank in New York. 40

Q. In your own name?

A. Yes, sir.

Q. The account in Brooklyn was in your own name?

A. Yes, sir.

Q. And have those accounts been closed?

A. Yes, sir.

Q. Were the balances transferred to Montclair, or did you draw it out by check?

A. That I don't remember.

10 Q. Did you draw all the money out—did you sign all the checks yourself?

A. No.

Q. Who did?

A. I gave Mr. Arnold a power of attorney to sign checks for the business part, and he was employed by me as my agent.

Q. When did you give him that power of attorney?

20 A. Shortly after I came to New York, while I had an account in the Second National Bank; his power of attorney was transferred to each bank as we needed it.

Q. Have you got a copy of that power of attorney?

A. I think it is among my private papers.

Q. Haven't you got it here?

A. No, sir.

Q. Why didn't you bring it?

A. I didn't know I was required to bring it.

30 Q. Didn't you know it was an important paper to sustain your claim here?

A. No, I didn't realize it.

Q. There was a power of attorney given to him to draw checks?

A. To draw checks.

Q. Upon that account in New York?

A. Upon that account, yes, sir, in New York.

Q. And on that account in Brooklyn?

A. Yes, sir.

Q. And on the account in Montclair?

40 A. No, sir, not on the account in Montclair.

Q. But on the account in Brooklyn and in New York ?

A. Yes, sir.

Q. I believe I asked you—did you expend all of your \$10,000 in Troy before you moved away ?

A. I think not.

Q. What amount did you expend there in the perfecting of these inventions ?

A. That I cannot tell you.

Q. Cannot you tell how much you brought from Troy and deposited in one of the New York or Brooklyn banks ?

A. No, sir, I cannot.

Q. Cannot you tell whether it was \$1,000 or \$5,000 ?

A. No, sir.

Q. Have you no account of the moneys you paid out in Troy in perfecting these inventions as you say ?

A. I think I could find it.

Q. Have you got an account of that kind ?

20

A. What do you mean by an account ?

Q. Well, you know what an account is. If a merchant sent you an account of store goods, you would know what an account was ?

A. I have all the stubs of my check book.

Q. Have you any other account except the stubs of your check book ?

A. No, sir.

Q. Is that check book here ?

A. No, sir.

30

Q. Does that contain an account of any checks drawn by you except at Troy ?

A. It contains the stubs.

Q. The stubs you have got here, do they refer to the account at Troy ?

A. I have no stubs here at the present moment.

Q. You didn't bring your check books ?

A. No, sir.

Q. Where did the money come from that you de-

40

posited in the Brooklyn Bank and the New York Bank ?

A. Well, as these patents were worked, they became more or less profitable, and I received money from them, so that the original \$10,000 I could not account to you for at this moment because the money which came from them was mine, the same as any other investment in business.

10 Q. And the money you deposited in the Brooklyn and New York banks came from the use of the patents ?

A. It came from both ; at that time I was receiving money from the estate, and I also received money from the patents.

Q. Now you remember that you did not expend all the money then at Troy ?

A. I said I thought not before.

20 Q. Do you know in which bank you deposited the money that you got from your uncle's estate ?

A. No, I don't remember how long it was being settled.

Q. Were both accounts running at the same time in Brooklyn and New York ?

A. No, sir.

Q. Which did you have first ?

A. I think at one time for a short time there were two accounts, one in the Brooklyn bank and the other in the Second National in New York.

30 Q. Which did you have first ?

A. The Second National Bank of Brooklyn.

Q. Brooklyn ?

A. I mean to say New York.

Q. You did not use the patents yourself personally ?

A. I employed Mr. Arnold and paid him as my agent to do the detail of that business.

Q. What moneys did you receive for those patents or for the use of them ?

Objected to.

By Mr. Little—I propose to show by this lady, sir, if I am permitted to do so, that as soon as these patents were issued, or some of them, I don't know which, that by this arrangement between herself and her husband, a company has been organized with \$100,000 capital to utilize some portion of the patents, and that by an alleged agreement either by this lady, or by her husband as she says as her agent, with the Norfolk and New Brunswick Hosiery Company of New Brunswick, and a company or firm in Brooklyn, they had received up to a date within a year or two years past at the least \$70,000 or \$80,000. I think we have a right to show that fact for two or three reasons, and I am quite confident that before we get through with the case your Honor will see that it is a matter of importance. 10

The Court—Have you a right to show that under the frame of your bill? I understand from the bill that the ground of relief against the assignments made by the husband to the wife is that it was voluntary and without consideration. Your claim is not that in 1879 or at any other time the husband assigned to the wife property that they both knew was worth thousands of dollars, say for example, \$8,000 or \$10,000, and the defendants have not been called upon to answer for a fraud consisting in a sale of property that was worth a great deal more than the wife paid the husband for it. As I understand the case now,—it is as to whether a transaction that took place in 1879, was a valid transaction or not, and I suppose the value of a patent is a thing that is very difficult to tell anything about, especially when a patent is first issued. Sometimes an invention which for many years is regarded as of no value at all, either by a slight improvement, a slight change, or a new appreciation becomes a thing of immense value, and I suppose the question here is what was the value of the patents then in existence. I understand that this contract was written in 1879 and not only referred to past inventions, but the husband put his skill with the rest 20 30 40

of his life in charge of his wife, he made that over to her. I doubt therefore under your bill as at present framed you have any right to go into evidence showing what the wife has realized from these patents.

By Mr. Little—I am free to say that the bill itself is very general; it is a bill for discovery simply.

10 *The Court*—Yes, I understand, also, that the bill is in part framed for a discovery, and shows that the husband had a judgment recovered against him in New York. The bill is meagre in its averments. I think it would have been very much better pleading if it had stated that an assignment was made, and if there was any intention to ask relief upon the ground that she hadn't paid full value, to state the value of the patents thus assigned, but there is nothing of that kind in the bill.

20 *By Mr. Little*—My theory of the case since I have known anything about it is this:—and the evidence I offer is offered in this view, although the bill itself is very general, and is simply a bill for discovery, the fact is brought out that this man was an inventor of a good many patents, whether good or not, which is really not the question involved in the case; nor is it necessary for us to prove the value here in the view which we take of the case; although the fact that
30 they have been valuable and this woman has received so much money from them may reflect somewhat upon the transaction, my theory of it is this, that we may prove a voluntary settlement—what the law would regard as a voluntary settlement by the husband upon the wife by proving the utter inadequacy of the price paid. We have got to show that the property that was transferred turned out to be a good deal more valuable than the consideration paid. I think the books are very clear that where the consideration
40 is utterly beyond anything that could be claimed by

the wife, the Court holds that that savors too much of a voluntary settlement. My theory about it is this, and has been, that a man cannot mortgage himself for all time to come to his family to prevent his creditors from reaching his property, and it is a matter of no consequence here as a matter of law—the only question is, whether your Honor is disposed to help this woman at all. It is a matter of no consequence under our law, they could not make any such transaction, and all this is the merest pretence in the world, so far as the rights of creditors are concerned. He cannot mortgage himself in that way. 10

The Court—Do you say that the rule is that a man is bound to work for his creditors?

By Mr. Little—Yes, sir; it has been held that when a man trusts his debtor, he trusts him not alone upon the faith of what he is, but upon the faith of what he can earn in the future, whether he succeeds in getting that or not is another question, but the man is morally bound while he can labor to pay his debts unless discharged from that debt by some legal process. Our cases have gone as far as this, and I think it is very strongly towards my view of it, that a man is not bound to go on and labor for his creditors in the ordinary way, but that while he may give his wife and has a right to give her his earnings, he has no right to give his wife his skill, that is labor, upon her property where she carries on her personal business, her separate business. She may employ him as her agent, but he cannot agree to surrender his skill which he has, to her, when he has for himself and family reserved for himself a benefit which is a substantial benefit. I cannot open this case as I hope to prove it, and it is not right that I should. 20 30

The Court—If you have charged in your bill 40

10 that the inventions that the husband had already procured when he made the assignment were largely in excess of the price the wife paid for them and that they both understood perfectly that in the ordinary course of the patents, large sums of money must be realized, you would have probably made a foundation for the proof you now offer, although in that case I have very great doubt whether there is any judgment in this world, skilled or unskilled that can tell with any degree of certainty what the value of a new invention is.

20 *By Mr. Little*—I agree to that most fully, sir; and is this were a case between Satterlee Arnold and a stranger who had furnished money, as I understand it, it would present a very different aspect from what it now does, but this is a transaction between Satterlee Arnold and his wife, and in the law their relations are very different than those between Satterlee Arnold and a stranger.

Objection sustained.

Q. Was there a Company organized for the use of those patents or any of them, if you know?

30 A. Yes sir; the Arnold Sewing Machine Company.

Q. Were any of the patents transferred to that Company or do you still control them?

A. I control them.

Q. What was assigned under the patents, if anything?

A. I don't remember the detail of that arrangement.

Q. Are you a stockholder in that company?

A. I am not.

40 Q. Have you ever been?

- A. I have been.
 Q. To what amount?
 A. I don't remember.
 Q. When did you transfer your stock?
 A. I don't remember the date of that but sometime ago.
 Q. To whom did you transfer it?

Objected to as not pertaining to the inquiry 10
 in this case.

- A. To H. M. Simons.
 Q. Of Summit or New York?
 A. Morristown at that time.
 Q. What was his business?
 A. He is dead. The person is dead.
 Q. What was his business?
 A. He had no business.
 Q. Have any of the patents been transferred to any- 20
 body?
 A. I think not.
 Q. They are still held then by you as the assignee
 of your husband?
 A. Yes, sir.
 Q. Have any contracts for the use of any of the in-
 ventions been made by you with anybody?
 A. I don't understand you.
 Q. Have you ever made any contract with anybody
 for the use of these patents?
 Q. (*By the Court*)—Have you licensed anybody to 30
 use them?
 A. I have licensed the Norfolk and New Brunswick
 Hosiery Company, and I have given a license to H. A.
 Jennings & Company.
 Q. Of Brooklyn?
 A. Yes, sir.
 Q. They were in writing?
 A. Yes, sir.
 Q. Have you the agreement here? 40

A. I don't think they are here, but we have them.

Q. You were notified to produce all agreements you had made with anybody for the use of these patents or inventions; why did you not produce them?

10 *By Mr. Goodell*—Under the same objection that I raised before, I think any question of profit she has made by the use of these patents will be immaterial and improper, and she could not produce the contract without thereby disclosing the profit she has made out of them, and that is evidently the intention of counsel.

The Court—Counsel may examine this witness upon all points while she is on the stand; one of the points is that if he is successful in setting aside the agreement, that he may reach the thing that has resulted from the patent.

20 *By Mr. Goodell*—That would entitle him to inquire if there are contracts, but as to calling for them, and putting them in evidence, that is a different thing.

The Court—He can do that.

Q. Why didn't you produce them?

A. I didn't so understand it.

Q. Did you read the subpoena that was served upon
30 you?

A. I did.

Q. Did your husband read it?

A. I don't know.

Q. Did you ask your counsel's advice as to what you were bound to produce under that subpoena?

A. I had some conversation with him; I don't know whether I asked that direct question or not.

40 *By Mr. Little*—We are certainly entitled to see them.

The Court—Where is the subpoena *duces tecum* ?

By Mr. Little—Here it is. I will read it. (Did so.)

The Court—The plaintiff is entitled to have them.

Defendant's counsel states that he will try 10
and find them and produce them if he can.

Q. You said the moneys which had been received were deposited with the bank in Brooklyn or New York; first in Brooklyn, then in New York ?

A. First in New York, and then in Brooklyn.

Q. Oh yes. Now how were the moneys drawn out, by whose check ?

A. By my check and by Mr. Arnold as attorney, 20
and by own personal check, both.

Q. Was there a power of attorney given him ?

A. Yes, sir; I stated that.

Q. Have you that power of attorney with you ?

A. That I say I haven't brought with me.

By Mr. Little—I cannot finish with this witness. I will have to stop here until I can have these papers.

30

The Court—I understand that counsel cannot proceed any further with the examination of this witness without the papers he has called for.

By Mr. Goodell—I am very sorry, your Honor, that any default of ours should put the case in that shape. There was no intention of it on our part.

40

SATTERLEE ARNOLD sworn for the defendant.

Direct Examination by Mr. Little.

Q. You are one of the defendants in this suit?

A. Yes, sir.

Q. And are the husband of the last witness?

A. Yes, sir.

10 Q. You where the patentee that is mentioned in these various patents that have been produced here?

A. Yes, sir.

Q. Were is the agreement, if there is any, stated by Mrs. Arnold by which you agree to assign to her your various inventions before you procured your patents.

A. I am not sure it was a written agreement but to the best of my memory it was. I have
20 searched for the papers and I only conclude it was lost in our moving from Troy to New York.

Q. You are not sure however that it was written.

A. I am not sure.

Q. Can you recollect any person who wrote it?

A. I cannot.

Q. Or the place where it was written or executed?

A. We were at Troy at the time and that agree-
ment was entered into before Mrs. Arnold would
expend her money, and I remember distinctly that it
took some time for us to arrange an agreement, and
30 it is indefinite in my mind except what the text of it was.

Q. Did you make any other assignment to her up to 1879 than was contained in that agreement verbally or written, which ever it may have been of your intentions or patents?

A. As I understand that question (Interrupted.)

Q. Well, now, I want you to understand it before you answer it. Please read me the question.

40 Q. (The stenographer read the question and counsel

added the words "at that time?" Did you make any other?

A. Yes, I think I did make an assignment of some patents that were then issued.

Q. When was that made?

A. Those were made before the assignment.

Q. Before what assignment?

A. Before the failure or assignment of Satterlee Arnold & Company.

Q. Who drew them?

10

A. That I don't remember.

Q. Where are they?

A. I don't know.

Q. When did you last see them?

A. Not for a long time. I don't remember now.

Q. Were they ever recorded at Washington?

A. I don't know.

The Court—I don't quite understand this evidence.

20

By the Court:

Q. Do you mean to say Mr. Arnold, that you made an assignment to your wife before January, 1879?

A. Yes, there were two or three patents that I then held of doubtful value. I didn't know the value of them and they were all assigned to my wife.

Q. Prior to January, 1879?

A. Yes, sir.

Further Direct:

30

Q. The question was whether that assignment was in the same agreement with your wife that you have spoken of, or was a separate assignment?

A. I don't think it was in that agreement, I think it was prior to the agreement that was made with my wife; those assignments were made before the assignment of Satterlee Arnold & Company, and the agreement with Mrs. Arnold that I did make was made after the failure.

40

The Court—Pause gentlemen. Some of the patents contain a recital in their body, as I now remember of Satterlee Arnold, assignor to Annie M. Arnold, assignee. Would the patent office issue a patent for an invention made by Mr. Arnold to his wife, assignee, unless there was an written agreement there.

By Mr. Goodell—They would not, sir.

10

The Court—Then just let me see those papers. (Same handed to the Court.)

Q. Didn't you obtain Letters Patent February 28, 1888, for an apparatus for guiding, straightening and evening fabrics?

A. Didn't I what?

Q. Didn't you procure a patent?

A. Yes, sir.

20

Q. Who has control of it?

A. I don't know.

Q. That is No. 378,822?

A. It is not among that pile of papers?

Q. It is not among the ones that have been mentioned here. There was one of that date that was issued to your wife as assignee, which was No. 378,614?

A. I beg your pardon, 317,822.

Q. I see there were two issued to her. Who owns
30 this patent (producing one)?

A. I think I remember the circumstances of this.

Q. Who owns that patent now?

A. May I explain?

Q. Answer my question first?

A. Mrs. Arnold.

Q. Mrs. Arnold holds it now?

A. Yes, sir.

Q. When was that assigned to her if at all?

A. I think this patent was one that was assigned
40 after it was issued.

Q. Well, ought it not to appear somewhere on the record in Washington then?

A. I will explain, there was an understanding between the patent attorney (interrupted).

Q. I don't want you to give me any explanation of the patent attorney?

A. Well, I am explaining how this thing happened.

Q. But I don't want that unless they ask it. You say she controls it?

A. As I understand that, my patent attorney when the assignment was made (interrupted). 10

Q. Now, never mind, I ask you who owns that patent?

A. I think Mrs. Arnold does.

Q. Now another one dated the same date, February 28, 1888, 378,823, a device for straightening and evening fabrics for sewing machines—the date has misled me, it was February 28, 1889. No, I was right the first time. There were two of that date issued to you and two of that date issued to her, all 20 different papers.

Q. Who owns that one?

A. Mrs. Arnold.

Q. And there was another one issued, wasn't there, September 10, 1889, roller stud No. 410,569?

A. There was such a patent issued.

Q. Who owns that?

A. Mrs. Arnold.

Q. Was there a written assignment of that?

A. That written assignment was— 30

Q. I ask you whether there was a written assignment?

A. I will answer you in my own way.

Q. No, you will answer my question?

A. I will answer it, to the best of my knowledge and belief I executed such a paper.

Q. Can you tell me when?

A. I cannot tell you when, not the date, as I have not it in my mind; if these are the patents. I have in my mind it was shortly after they were issued. 40

Q. What business are you engaged in?

A. Manufacturing of sewing machines.

Q. Are you acting or not professedly as the agent of Mrs. Arnold.

A. I am in a limited way.

Q. In a limited way under a written agreement or otherwise?

A. If that written agreement is in existence, I am working and acting under it.

10 Q. Don't you know whether you are acting as her agent?

A. I am, sir.

Q. Hear my question before you answer it? Don't you know whether you are acting as her agent under a limited agreement or not?

A. Not unless I know that written agreement is in existence?

Q. Was there ever more than one?

A. Never more than one that I know of.

20 Q. How long ago was that made?

A. That was made in 1879.

Q. When did you last see it?

A. I have answered that question.

Q. I beg your pardon. Did you, did you say you did not know?

A. I do not, I don't remember.

Q. What is the business that you are carrying on for her, if any?

A. Putting up machines.

30 Q. Did you make an agreement with the Norfolk and New Brunswick Hosiery Company?

Objected to.

A. I assisted about the negotiation of that agreement.

Q. Who else assisted?

A. Mrs. Arnold assisted.

Q. Where was it made?

40 A. And a Mr. Aspenwell assisted.

Q. Where was it made?

A. The agreement was made in New York, signed in New York.

Q. Where was the original negotiation made?

A. Negotiations were continued for more than a year at different times and different places.

Q. With the company?

A. Yes, sir, or its representative.

Q. Where is that agreement?

A. I suppose it was in with the bank books. I had it placed in there, but by some inadvertence it does not appear to be among these papers; I presume it is either in Mr. Goodell's house or mine. 10

Mr. Blackwell—I might inform counsel it is now in my office in New York.

By the Witness—I suppose then I am speaking of a certified copy that I had and which I supposed was the original. 20

Q. The moneys received in the transaction of the business, were they received by you or not?

A. For the most part as her agent.

Q. And what were done with those?

A. They were passed to her account in the bank.

Q. Which bank?

A. Various banks; from time to time as we were located and situated.

Q. Simply to her individual account? 30

A. Simply for the most part to her individual account.

Q. For the most part—what was the other part?

A. Well, that might have been some reindorsements of those checks to others.

Q. That was not within my question. I asked you to whose account the moneys which you did deposit were deposited?

A. For the most part to Mrs. Arnold.

Q. To whom were the others deposited, to whose credit were the others deposited ?

A. If there were others, I don't remember them.

Q. Why do you say they were for the most part deposited to Mrs. Arnold's credit ?

A. Because I want to provide for a possible contingency, I might have transferred one of them to the Arnold Sewing Machine Company.

Q. In point of fact, were there not two accounts
10 kept ?

A. Yes, sir, two accounts.

Q. Two accounts in the same bank ?

A. Do you mean of Mrs. Arnold ?

Q. Yes ?

A. No, I don't recollect.

Q. Well, take the time to recall.

A. Well, I don't recollect any instance where Mrs. Arnold had two accounts for the same bank. It may
20 have been so but I don't recall it.

Q. Did you always draw your checks as her agent upon one account ?

A. Did I always draw my checks. How is that, please ?

Q. (Question read).

A. No.

Q. Then there were two ?

A. In one bank you say ?

Q. Well, one account ?

A. I don't know.
30

Q. Were both accounts in her individual name ?

Mr. Blackwell—The witness has not said there were two accounts. I understood him to say there were not two accounts.

The Court—My recollection is that he said that if there were two, he did not remember it.

Mr. Blackwell—The question implied that
40 there were two accounts in one bank.

Mr. Little—No, sir, it did not imply that; it implied that there were different accounts at sometime in the same bank.

The Court—Doesn't that question assume something the witness has not said. Does it assume that there were two accounts in some bank in the name of the same person. I do not understand that Mr. Arnold has said that there were two accounts at the same time in the same bank in the name of his wife. He said if there were, he didn't recollect them. 10

Q. Were there two accounts running at the same time in two different banks?

A. Yes, sir.

Q. And you drew as her agent upon either of those accounts at your discretion?

A. Yes, sir, as I remember it, I think I did.

Q. How did you sign your name to those checks? 20

A. Anna M. Arnold, Satterlee Arnold, attorney.

Q. How was the account kept at the bank, in her name Anna M. Arnold or otherwise?

A. In the name of Anna M. Arnold.

Q. And nothing else?

A. Nothing else as I remember it.

Q. Either account?

A. I remember no account of her's that was kept in any other name but Anna M. Arnold.

Q. Was there any account kept in anybody's name other than you have mentioned, of moneys received from these licenses or from these patents in any way? 30

A. There may have been some payments of license fees credited directly to the Arnold Sewing Machine Company's account, but that was not the practice.

Q. Why was that done, if it was done?

A. The account of the Arnold Sewing Machine Company was entirely independent of Anna M. Arnold's account, but they did business together under the contract and there may have been times when 40

Anna M. Arnold would be indebted to the Arnold Sewing Machine Company, and she may have made such payments by indorsing the checks over to them.

Q. Now does that meet the question which I asked you ?

A. I tried to, I cannot conceive of any other reply.

Q. I asked you to whose credit the money was deposited by you and you say that checks may have been indorsed to them—they may have been transferred to forty people; that is not the question I asked you ?

A. Well, now, I understand you better, and I shall answer you that to the best of my knowledge; all the money received from license fees were received by her and put to her account.

Q. Not only license fees but any other money received by you under these patents ?

A. I must answer yes; it is all that I can say.

20 *Q.* There was a contract which I understand was between her and the Arnold Sewing Machine Company ?

A. Yes, sir.

Q. Is that existing still ?

A. Yes, sir.

Q. Have you got that contract here ?

A. No, sir.

Q. Is it in your possession or hers ?

A. It is not in her possession or mine.

30 *Q.* Where is it ?

A. With the secretary of the company.

Q. Have you a copy of it ?

A. I have not.

Q. Have you never had a copy of it ?

A. I think I have had a copy.

Q. What have you done with it ?

A. I don't know where that copy is.

Q. What was done with it ?

A. I don't know.

Q. Is that an existing contract now ?

40 *A.* Yes, sir.

Q. Can you or not procure a copy of it?

A. I can.

Q. Will you do so and let us have it?

A. If the Court desires and I have the right to bring the Arnold Sewing Machine Company's affairs into this matter, I will.

Q. It is your affairs or your wife's?

A. What, the Arnold Machine Company's contracts?

Q. It is a contract between the two, is not she as much interested as they are? 10

A. Yes.

Q. You are not bringing their affairs here, you are bringing hers. Was there an account kept of the moneys?

A. I beg your pardon.

Q. Was there an account kept of the moneys which you say were paid by your wife Anna M. Arnold for the development of these inventions?

A. Yes, sir. 20

Q. In what was that account kept?

A. In a little memorandum book.

Q. Where is that book?

A. That is here.

Q. Here, is it?

A. Yes, sir.

Q. Will you let us see what book it is?

A. (Witness produces same).

Q. Let me look at it one moment, please?

A. If my counsel says so. 30

By Mr. Goodell—

Q. Are there other things in there?

A. Yes, sir, there are other things in there.

*By Mr. Little—*I won't look at the other things, if I can possibly help it.

(Witness handed said book to Mr. Goodell,. 40

By Mr. Goodell—

Q. Is this where it begins ?

*By Mr. Blackwell—*You had better find out by whom it was kept.

10 *By the Witness—*It was kept by myself, but there are expenses there that were involved, and *there* and *there* and (turning over pages) and on to—well here are the patents mentioned, (indicating to Mr. Goodell). (The book was then handed to Mr. Little.)

By Mr. Goodell—

Q. This account was made up by you at the time the transaction was had ?

A. Yes, sir.

Q. You had charge for Mrs. Arnold then ?

20 A. Yes, sir, and it showed the first expenses I made in connection with the inventions.

Further Direct—

Q. While I am looking at this book—will you be kind enough to give the stenographer the names of the two banks in Brooklyn and in New York in which that account was kept ?

30 A. The Brooklyn Bank, of Brooklyn, and the Second National Bank, of New York.

RECESS.

Q. Mr. Arnold, are you very sure that your wife kept a bank account while you were at Troy ?

A. I am quite sure.

Q. You were examined before Mr. Jenkins, were you not ?

A. Yes, sir.

40 Q. The reason I ask you is because I have found to

do you justice, that you used this language : "I don't recollect but I think she had a bank account and paid by check."

A. Well, that corresponds with what I say now.

Q. That is just what you say now ?

A. Yes, sir.

Q. Then you are not positive about it ?

A. I am not positive.

Q. But that is your recollection of it ?

A. Yes, sir.

10

Q. Did you keep a memorandum of the moneys paid to Mr. Bonnell at the time—was that the name ?

A. Yes, sir.

Q. Did you keep a memorandum as to the moneys so paid ?

A. That memorandum ?

Q. Did you keep it at the time ?

A. Yes, sir.

Q. Do you mean to be understood that this is the original memorandum that you made at the time ?

20

A. Yes, sir, it was made up at or about that time.

By Mr. Goodell—Does that apply to the whole book or any particular part of it.

By Mr. Little—I understand it applies to the whole account.

Q. The account you have of moneys paid to Mr. Bonnell. Now look at this book and see and let us have no question about it. Is that the memorandum which you say you made at the time as the payments were made ?

30

A. No, I will not say that that was made at the time the payments were made but it was made about that time, within a week or within a month or so; this was a running account that I kept, and as near as I can recollect it was made at the time.

Q. What data had you from which to make up that account ?

40

A. Well this account was kept in the house, of moneys that I might pay on a certain day to Mr. Bonnell, but they might not be entered on the same day on here; they might be entered a week afterwards though not a great many, and I kept them in my mind until I made this account. I think I made this account direct. There may have been a previous account—may have been a previous account from which I transferred it, I would not say to that.

10 Q. Is not that all in one handwriting there of the various payments, and was it not done at a particular time?

A. It looks to me now as if this were all in one writing and as if it had been transferred.

Q. And all made at one time?

A. Yes, sir.

Q. Between what dates?

A. From 1880, I see at the top, the first date, 1881.

Q. Yes?

20 A. Sir.

Q. Well go on?

A. 1881; it seems to be a summary—well it seems to involve the year 1880 and 1881, and it now appears to be a transfer from some other book.

Q. And all made at one time?

A. It looks so to me.

Q. Now, then, where is the book from which you transferred this?

A. That I don't know.

30 Q. Why did you make the transfer?

A. That I don't know.

Q. Did you take any receipts from Mr. Bonnell?

A. Undoubtedly I did.

Q. Have you got them or has your wife got them?

A. I don't think we have; I am quite sure we have not.

Q. Did you pay him by checks?

A. That is not clear with me, but I think it was so.

40 Q. If you paid by checks, have you or your wife got the checks?

A. I don't think we have those checks.

Q. Have you got the bank book stubs that show the payments?

A. I won't answer positively as to that, I don't know whether those were lost in the transfer or not; I could not answer that at present.

Q. Were all the moneys that you paid to Mr. Bonnell put on that book, does it show the whole amount?

A. Yes, sir, I think it does; I think it shows the total paid to Mr. Bonnell, yes, sir. 10

Q. Now, then as I understand you—perhaps I am mistaken, the work that was done for the development of these machines for patenting, was done in Mr. Bonnell's shop?

A. Yes, sir.

Q. And was paid for out of the moneys your wife received from her uncle's estate?

A. For most part.

Q. What was the other part paid from? 20

A. I don't remember.

Q. How much of it was paid from the estate money which she received from the estate?

A. I could not say exactly.

Q. Well, you said for the most part?

A. The greater part of it; there may have been some other payments.

Q. Have you any recollection of money being paid except from money received by her from her Uncle's estate; and if you have, why do you say "for the most part?" 30

A. Because there were some other transactions going on, we were making some washing machines at that time, and I got some money from the washing machines.

Q. But I am confining my question to the money you paid Mr. Bonnell?

A. Well, I say I might have got some of the money from the washing machines, and I might have paid 40

him some of the washing machine money.

Q. Did you do so ?

A. My recollection is that I did.

Q. How much ?

A. I haven't looked over this account particularly—well I will answer your question if you desire it.

Q. Yes ?

A. I don't think I can eliminate the amounts directly—as to how much came from one and how
 10 much from the other, but I will state that the majority of the money came from Mrs. Arnold's legacy.

Q. What other moneys, if any, did you pay for the development of your inventions and the procuring of the patents than what you paid to Bonnell ?

A. I beg your pardon. Just ask that question again.

20

The stenographer read the question and Mr. Little added "you or your wife ?"

A. I could not answer that question, it is all involved in these transactions which were going on at the time, and I could not answer it without going over this memorandum very carefully.

Q. What transactions do you refer to that were involved ?

A. Washing machines.

30 Q. Yes, was that patented also ?

A. Yes, sir.

Q. How long before had it been patented ?

A. Well that patent is not here.

Q. Were you manufacturing the washing machine and selling them or did you license other parties ?

A. It was under a lease or license to other parties to do so.

Q. How much money were you receiving from that source ?

40 A. I could not tell you.

Q. Can't you give us some idea?

A. Well, I might have had a thousand dollars from the washing machines.

Q. During what time?

A. I could not tell you what time that would cover; I think the washing machines were given up about the time that we left Troy.

Q. When was that?

A. 1881 I think.

Q. Then you were receiving money from the washing machines at the time these moneys were paid to Bonnell, as I understand it? 10

A. Yes, sir.

Q. And that money received from the washing machines went into the payments to Bonnell?

A. Yes, sir.

Q. Now, will you state as distinctly as you can what the agreements between you and Mrs. Arnold was under which she took her money to pay Mr. Bonnell? 20

A. As my recollection serves me, the agreement was that she was to pay me \$1,200 a year and pay the expenses of the development and to receive an assignment of the patents and all the benefits therefrom.

Q. Anything else?

A. Well, she was to pay all the expenses that were involved for taking out the patents—for applying for and procuring the patents.

Q. Do you know how much money was paid for procuring the patents? 30

A. Well, there is a memoranduum in here that I find I paid money to Harlem & Kane.

Q. Well, I don't care about the persons. I want the amounts you paid for the procuring of the patents?

A. Well, is there any harm in telling you the patent attorney's name?

Q. Not if you wish to? 40

A. Harlem & Kane, \$130.00 at one time and that appears to be 1880 in February, April and December second. In 1881 the memorandum shows \$173.91 Harlem & Kane. There appears to be a memorandum of \$100—well, I haven't gone over this account carefully but I am giving it to you as I think it stands. There appears an amount of \$115 to Robinson; there is another amount of \$30.00 to Harlem & Kane. Have I answered your question?

10 Q. I don't know. I don't know how far you have got?

A. That is all the memorandum I find as far as the patent is concerned up to that date.

Q. Then all the moneys as I understand you, if I understand you correctly that your wife gave out of her separate estate are the moneys which you say she paid Bonnell, and the sums you say she paid for procuring the patents?

A. No, sir, she paid me my salary \$1,200 a year.

20 Q. Up to what time did she pay that salary out of her personal estate; if at all?

A. Up to the present time.

Q. I mean out of her personal estate that she got from her uncle?

A. Oh I beg your pardon.

Q. That is what we are talking about now?

A. Well, I cannot make that separation; all of the moneys received were paid in the bank account and deposited and checks were made upon the bank account for the several amounts. I cannot eliminate how much was here or how much was there, except as I remember the amount that was finally paid from Mrs. Arnold's estate. I know the amount of money she received from the estate, and I know that that amount of money was absorbed in these expenditures but there were the receipts of other moneys from other sources that were also expended and I cannot state just the amounts.

40 Q. Expended for what, the work of Bonnell?

A. Work of Bonnell, experimenting and development; there were some traveling expenses that I paid out in connection with the washing machines. There was money for the patents, taking out the patents, and well, I don't know—and salary, and beyond that I don't recollect anything, I think there were a great many items that came up. I know that we at one time figured up that there was \$9,000 of Mrs. Arnold's estate went into it—all the money that she received from her inheritance went into this business. 10

Q. When was that figuring made?

A. I don't remember the time that figuring was made.

Q. How long ago?

A. Sir?

Q. How long ago was it made?

A. Well, I don't remember the time; of course I don't remember how long ago it was.

Q. Oh yes you may remember how long ago or how many years perhaps without specifying the time, but if you can't answer, say so? 20

A. I can't tell you; it may have been 1881, it may have been 1882 or it may have been 1883.

Q. For what purpose was it made?

A. I don't remember now.

Q. I understand you that you were to produce the power of attorney, that you will produce the power of attorney?

A. I will do so; I can do so if my counsel advises; 30 the power of attorney was left at the banks.

Q. You didn't leave the original power of attorney with both banks; didn't you leave a copy with both banks?

A. What original power of attorney do you refer to. Has there been any evidence to show that there was an original power of attorney?

Q. Has there been any original power of attorney or not under which you acted for your wife?

A. I don't remember.

Q. You don't remember that there was?

A. I don't remember whether there was or not an original power of attorney. I don't remember.

Q. Well?

A. Except as was given to the banks; it was a written power of attorney.

Q. Did that do anything more than authorize them to pay checks drawn by you as attorney?

A. It was the usual blank form, the bank drew it up, I cannot remember just what it said.

Q. Was the paper you gave to the bank given to them for any other purpose than to show that you had a right to draw checks from that account as her attorney?

A. Well, I can't say.

Q. Well, let us have no mistake about it. I understand you to say you have no recollection that there ever was a written power of attorney given to you by your wife; is that so or not?

By the Court—I understand Mr. Arnold to say in the first place that he did not know that he had said there was a written power of attorney.

By the Witness—Originally.

Q. Do you mean to say there was no written power of attorney?

A. I don't know whether there was or whether there was not; I don't remember if there was an original power of attorney.

Q. Then as I understand you now, you will not say and you do not mean to be understood as saying that you never had any written power of attorney from your wife to act for her, except what was deposited with the banks?

A. Well, now let me get on the fine points of that question.

Q. (The stenographer read the question.)

A. I answer again that I don't remember if there was a written power of attorney or not.

Q. You said a moment ago that you would produce the power of attorney if your counsel advised it?

A. I referred to the power of attorney, that was with the banks.

Q. If your counsel advises it?

A. Yes, sir.

Q. I suppose we are entitled to it and I will request you whether your counsel advises it or not to produce that power of attorney? 10

By Mr. Little—I will now, if the Court please, renew my question simply to bring it up to the present phase of the case, as to the amount of moneys received from the Norfolk and New Brunswick Hosiery Company in the light of the case as now presented and developed.

By Mr. Goodell—And we object upon the same ground as before. 20

By Mr. Little—Not for the particular purpose of showing any fraud which is not set up distinctly in the bill, but for the purpose of showing that the consideration—if the moneys were paid within a reasonable time afterwards, showing the value—that the consideration of this whole transaction was utterly insignificant as compared with the value. Of course as he is an inventor he had his own ideas of value. I admit cheerfully and without hesitation that if the matter was between him and a stranger, I should have very great hesitancy, but as it is between himself and his wife and in the nature of a family arrangement, and made while he was in debt and insolvent, I insist that this matter ought to be fairly presented to the Court for its consideration in view of the evidence 30 40

that has now been introduced. It may have no weight with your Honor when you come to review the case, but I desire to offer it.

10 *The Court*—I cannot admit evidence under the bill as at present framed. You have called for the licenses that were granted by Mrs. Arnold, of the patents assigned to her in 1879. I have stated that I think you are entitled to them, if they have those licenses, or copies of them, you are entitled to their production. What I may think about your right to enter upon the line of examination referred to now, when they are before me, it is not proper for me to say now.

By Mr. Blackwell—I am entirely satisfied with that statement, sir.

20 *Q.* Have you given us the name of the bank?

The Court—He has stated that.

Q. Can you state under which of the patents it was that the license was granted to the Norfolk and New Brunswick Hosiery Company?

30 *The Court*—That is merely in substitution for what will be shown when the papers are produced. I understand that Mr. Blackwell says that he has that paper in his possession and it will be produced.

By Mr. Little—That is all for us at the present, sir.

Cross Examined, by Mr. Goodell—

40 *Q.* You have stated that you made assignment to Mrs. Arnold before the failure. Will you state what was assigned at that time—or before the agreement you made with Mrs. Arnold in January, 1879?

By the Court -

Q. What did you assign to Mrs. Arnold before January, 1879?

A. As I remember it, the washing machine patent and the 1879 patent; I think, as I recollect now, I am not sure whether I assigned that to Mrs. Arnold direct or whether the assignment was made to some one else and from them transferred to Mrs. Arnold, but the latter is my impression. 10

By Mr. Little—Was the last one you say the patent of 1871?

By the Witness—1870. Excuse me, there may have been another patent there but I haven't it in my mind.

Further Cross—

Q. At the time you made this assignment, was any revenue derived from those patents from any source? 20

A. No, sir.

Q. At the time Mrs. Arnold made this agreement with you, those patents were already hers?

A. Yes, sir.

The Court—Do you mean the agreement of January, 1879? 30

By Mr. Goodell—Yes sir.

Q. All the revenue then that came in from the washing machine patent, after you had begun the development of patents under that agreement of January, 1879, was money belonging to Mrs. Arnold?

A. Yes, sir.

Q. And is it true or not that all the moneys which

have been expended by or through you in the development of those patents and in the procuring of letters patent from Washington was expended by Mrs. Arnold out of her private estate?

A. Yes, sir.

Q. Have you at the present time any knowledge as to the gross amount of the sum expended from January, 1879, down to this date?

A. Down to this date?

10

Q. Yes?

A. I cannot answer that question; I have spent over \$10,000 in experimenting, developing and building machines.

Q. And that money was all Mrs. Arnold's private money?

A. It was all her private money.

20

The Court—Let it appear that both parties want the book containing the memorandum of expenditures in evidence. It is proper that I should say to you Mr. Goodell, that by the last question put by you to the witness, you have induced me to open the door that you induced me to close before.

By Mr. Goodell—I am very sorry if I have done so; I did not intend to do it, and my associate suggests that I shall move to strike it out.

30

The Court—You cannot do that.

Q. Who was Mr. Bonnell. I don't think it is in evidence?

A. He was the proprietor of the machine shop where these inventions were developed.

Q. I understood you to say in answer to a question that all of the experimenting was done in Mr. Bonnell's shop that had been done in reference to these patents. How is that?

40

A. All the preliminary experimenting was done

there; there has been experimenting all the way along through all these years in other places.

Q. That is all.

Re-direct—

Q. You didn't tell us what the consideration was paid by Mrs. Arnold for the assignment of the washing machine patent?

A. I don't remember the transaction now, and I 10
don't remember any consideration.

Q. You said there was no income derived from it, did you not use it yourself in the preparation of your knit goods for market before that time?

A. Only experimentally.

Q. To what extent did you experiment on it, if that be so, didn't you use it on all the goods you manufactured in washing them?

A. No, sir.

Q. Didn't you use it experimentally to test its value 20
in your own judgment?

A. As it stood at that time, it wasn't a success.

By the Court—

Q. You mean at the time you assigned it?

A. Yes, sir.

Further Direct—

Q. My question was whether you had used it suffi- 30
ciently to test its value, if you believed it to be valuable?

A. I think my answer covers your question.

Q. This is one question I omitted. Did not you say that your wife did not put in all the money she got from her uncle's estate into that business when you were examined before Mr. Jenkins?

A. I think I stated so.

Q. That she did put in all the money she received from her uncle's estate? 40

A. Well, I won't say about that but I think I so stated then, and I think that is the fact.

Q. From what source did she derive the money which she subsequently used in the development of the business and the carrying on of the business?

By Mr. Goodell—We renew our objection to that question.

10 *The Court*—Do you refer now to the \$100,000?

By Mr. Little—Yes, sir.

The Court—(To Mr. Goodell) I don't think it lies in your mouth to object, and I overrule the objection.

By the Witness—What is the question you put?

20 Q. (The stenographer read the question) "From what source did you derive the \$100,000 which you say has been spent in the development of these inventions and the procuring of these patents?"

The Court—Now in order to have the record in proper form, I understand the defendant's counsel objects to this question, and I overrule their objection.

30 A. From various sources, principally from licenses under these patents.

Q. Have you any account of the moneys received under the licenses in New Jersey from the Norfolk and New Brunswick Hosiery Company for any part of the time?

Objected to.

Objection overruled.

A. Will I answer that question?

40 Q. Yes.

The Court—It may be entered upon the stenographer's notes that you object to any question which may be put to this witness requiring him to state the source from which this \$100,000 was derived, and I overrule your objection; that will put you in the best possible form.

Q. (The stenographer read the question).

A. I have no regular book of accounts of those sums save that I know what the lease called for, and the amounts received. 10

Q. Is that the best answer you can make?

A. That is my answer.

Q. Is it your only answer?

A. I don't know how I can try to answer it in any other way.

Q. Have you any account anywhere of any portion of the amounts received from the Norfolk and New Brunswick Hosiery Company at any time when those amounts were received. 20

A. I think there is a memorandum of those amounts in a small book.

Q. In this small book?

A. Not in this small book but in a small book.

Q. In a small book?

A. Yes, sir.

Q. Where is that book?

A. I don't know where that book is.

Q. Is that the only place? 30

A. Save this.

Q. Is there an entry there?

A. There is an account there of moneys received or of part of the moneys received—of moneys received from them.

Q. Well, please turn to it?

A. I have it.

Q. When was that statement made?

A. I can only tell by looking at the date. You ask me when was it written? 40

Q. Yes?

A. I should judge in 1881, but I could not affirm about that positively.

Q. For what purpose was it made?

A. I don't know except as a record of the money^s received.

Q. That book has been received in evidence, I call counsel's attention to it, it is on page 34.

10 *By the Court*—Let me suggest to counsel that although this case is not set down for hearing to-morrow, I shall go on with it, and Mr. Blackwell will produce the licenses of the Norfolk and New Brunswick Hosiery Company to-morrow. Why not suspend your examination in regard to that until after the paper is in evidence.

20 *By Mr. Little*—I am very glad to do that. In the mean time I will have this book marked. Marked Exhibit 21.

Q. Mr. Arnold, to save further time, I will ask you this question: This patent No. 104,532 dated June 21, 1870, for an improvement in the mode of connecting the edges of knitted goods, that had been used in your business prior to 1879, or prior to the agreement with your wife?

A. It had.

30 Q. To what extent?

A I had received the royalties but they had all ceased at that time; I had received royalties earlier on this patent but they had all ceased.

Q. From who had you received the royalties?

A. From P. H. Harter, of Philmont.

Q. What amount did you receive?

A. I don't remember.

Q. Generally?

A. It was a small amount.

40 Q. While you were using it yourself in the manu-

facturing of the goods ?

A. yes sir.

Q. Did you not consider it valuable for that use ?

A. At that time, but it was not of considerable value, if any.

Q. Not of considerable value ?

A. No, sir, if any.

Q. That is all.

JAMES TALCOT recalled for further direct examination. 10

By Mr. Little—

Q. You have stated that you were a commission merchant in New York City ?

A. Yes, sir.

Q. Were you so prior to 1879 ?

A. Yes sir.

Q. Doing business with Mr. Arnold ?

A. Yes sir. 20

Q. What was his partner's name, do you recollect ?

A. I don't recollect—I think it was Mr. Phillips.

Q. Where was his place of business ?

A. In Philmont.

Q. was it Sarah A. Harter ?

A. There was a firm of that name I think.

Q. What was your business with them ?

A. Receiving their production and selling it for their account on commission. 30

Q. Did you make advances to them ?

A. I think I made advances continually from the opening of the account, about 1873, until the close of the account prior to their failure for assignment in 1878.

Q. When did the advances stop ?

A. 1878.

Q. When was the account really closed as to determine whether they were in your debt or you in theirs ? 40

Objected to on the ground that the record is the best evidence of the claim.

A. As I have stated, the advances ceased in 1878 at the time of failure and then they owed us something over \$128,000 cash for advanced money.

Q. For that you held what?

A. Goods at a nominal value.

Q. Were they disposed of?

10 A. Yes, sir, in the regular course of business, and it took a long time on account of the slack times for that class of goods, they not being exactly what the market required, and I think it was in 1884 they were closed out, and as soon as they were closed out we brought suit, and that suit was in court for quite a long time and it was contested quite bitterly, and finally we took judgment.

Q. The account so far as the advances were concerned was closed in 1879?

20 A. Yes, sir.

Q. And was finally closed in 1884?

A. Yes, sir.

Q. By a sale of the goods held on commission?

A. Yes, sir.

Q. And this debt was ascertained at that time?

A. Yes, sir.

Q. Have you brought the books here?

A. Yes, sir, the books of the entire transaction.

30 Q. The books and your bookkeeper are both here if they wish to see them?

A. Yes, sir.

Q. That is all.

Cross-examined by Mr. Goodell.

Q. You didn't actually ascertain the state of the account until you disposed of those goods in 1884?

A. Yes, sir.

Q. Did it take any time to sell the goods?

40 A. Yes, sir.

Q. Was there any change in the market between 1879 and 1884?

Objected to.

Overruled.

By Mr. Little—I offer the books of account in evidence of this witness.

Q. Did you keep the accounts ? 10

A. Yes, sir.

Q. What books did you produce ?

A. The ledger.

Q. How are the entries made in that ledger,—are they posted from any other book ?

A. The bookkeeper can show it better than I can, he is here.

Q. But you understand the bookkeeping in your own office ?

A. I didn't keep books myself; I had a set of book- 20 keepers.

Q. Then you don't know whether the entries are original in this book or are posted from another book ?

A. I judge they are posted from another book.

Q. Have you any other book here ?

A. I don't know. I want to correct my testimony as to the amount due; it was \$147,000 odd dollars instead of \$128,000, and I think you had better call my bookkeeper if you want any information about the books. 30

Q. What are the books you produced ?

A. I don't know what book he brought.

Q. Cannot you look and see ?

A. Well, here is another ledger; these books are both ledgers.

Q. And these ledgers are posted from other books ?

A. Yes, sir.

By Mr. Blackwell—I shall object to the offering of these books at this time. 40

The Court—You will have to bring all the books here. They had better be brought to-morrow morning.

By the Court—

Q. Your testimony is clearly hearsay that the last advance was made in 1878?

A. I mean to say it was before the assignment.

10 Q. When was that?

A. I understand the 16th day of January; I made no advances after the assignment, but up to very close to it.

Q. Well, do you know of your own knowledge when you ceased making advances to Mr. Arnold?

A. Only by the books and the assignment; I know we stopped before the assignment.

Q. Now turn to the books and see what they say as to the date of the last advances?

20 A. Well, now, let's see; January 8, \$1,500; January 11, 1879, \$1,000.

Q. What is the date?

A. January 8, \$1,500.

Q. What year?

A. 1879.

Q. January 11?

A. Yes, sir, \$1,000. That was the last advance that was made.

30 *By Mr. Blackwell*—We shall object to his evidence.

The Court—The original books must be produced to-morrow or I shall not admit it.

Further cross-examination:

Q. The action you brought against Mr. Arnold, you say, was bitterly contested?

40 A. Yes, sir.

Q. Mr. Arnold appeared and offered himself as a witness?

A. I don't know. I did not make any personal inquiry into it; we had our books in court a long time and had copied over 500 pages from our books; I know it was quite an expensive job for me; I had to pay for it being done.

Q. When did you discover that Mr. Arnold was an inventor?

A. Quite some time before.

10

Q. You knew at the time when you got this judgment and while you were bringing this action against him, that he was the inventor of various machines?

A. I stated that I knew several years before he made the general assignment that he was the inventor of these machines.

Q. You knew he was doing that all the time?

A. More or less; I knew he was an inventor.

Q. And you knew the character of his inventions somewhat?

20

A. Yes, sir.

Q. You knew of his invention for making the anchor stitch?

A. Yes, sir, particularly for the anchor stitch which he sold to the Norfolk and New Brunswick Hosiery Company.

Q. Well, that was about in 1882, wasn't it?

A. No, sir; that was in 1870 I think.

Q. Now it was several years before you sued him and before you recovered judgment?

30

A. Several years before we stopped making advances.

Q. You knew that he had transferred these patents to his wife?

A. No, sir.

Q. When you got your judgment, didn't you press your judgment?

A. I don't know anything about it; my attorney had charge of the case.

Q. You did not press your judgment at all?

40

A. I presume so. We instructed our attorney in regard to it, so I presume he did.

Q. How did he come to press it?

A. I don't know.

Q. Did you give him any special orders to?

A. No special orders; he had orders all the time. He had several claims of mine; I gave him general orders all the time to press my claims. He has a great many claims.

10 Q. You did not give him specific instructions in regard to this case?

A. I don't know; I may have done so.

Q. What is your best recollection upon that subject?

A. My best recollection is about the first of March, just before I went South for a month or two for a vacation, I asked him to give me a statement of all claims that he had of mine and to press them all to a settlement.

20 Q. You didn't mention this judgment particularly?

A. Not particularly.

Q. Are you acquainted with Mr. Carpenter?

A. Yes, sir.

Q. Of the Norfolk and New Brunswick Hosiery Company?

A. Yes, sir, very well.

Q. Have you known him for a long time?

A. Not very long.

Q. Did you ever tell him that you had a judgment against Mr. Arnold?

30 A. I may have; I don't know whether I did or not, but I may have done so in a conversational way.

Q. What was the conversation you had with him about it?

A. I don't recollect that I had any conversation about it.

Q. When was the conversation?

40 A. I don't recollect; probably if I told it at all it was at Washington. We had met in Washington once or twice on various business.

Q. When did you last see him?

A. In Washington about a month ago.

Q. Do you recollect whether you saw him about May, 1891?

A. I have no recollection of it.

Q. Do you recollect whether you had a conversation about this judgment against Mr. Arnold at that time?

A. I don't think I did.

Q. Do you know whether Mr. Carpenter saw your attorney in regard to this judgment? 10

A. No, sir, I do not.

Q. You say you yourself gave no specific instructions for the prosecution of these proceedings against Mr. Arnold?

A. I say I gave instructions all the time to press all the claims that I had against people to a settlement; I have no special recollection in regard to this case; I may have done so, but I don't recollect it because I have quite a large business.

Q. Who is your attorney in this case? 20

A. Mr. Bonnell. He can tell you.

Q. Did you ever instruct Mr. Bonnell to see Mr. Carpenter in regard to the matter?

A. I don't know.

Q. You don't know?

A. I don't think I have.

Q. But you may have?

A. It is not likely.

Q. Who paid Mr. Bonnell for taking these proceedings in New York? 30

A. What proceedings are they?

Q. The proceedings supplemental to execution in New York State?

A. I presume we did.

Q. Do you know?

A. I do not.

Q. Do you recollect being here?

A. I do not.

Q. Can you turn to your ledger to find out?

A. I presume I could, I don't know; it is probably 40

mixed in with other accounts.

Q. Have you got any bill from Mr. Bonnell about it?

A. I don't know; it probably would come in with another bill.

Q. Who retained Mr. Vreeland to bring this present action?

A. I believe Mr. Bonnell.

Objected to.

10

By Mr. Blackwell—We are going to show that this is a mere fishing excursion brought at the instigation of the Norfolk and New Brunswick Hosiery Company and that it is not expected to produce anything.

The Court—Even if it was, the complainant can only recover here upon establishing their case; and if he is actuated by spite or malice, I am bound to give him relief if he proves his case.

20

Q. Who retained Mr. Vreeland in this present case?

A. My New York attorney I presume.

Q. But you don't know?

A. Yes, sir, I know he did; I know he retained him under my orders.

Q. Who instructed him to do it?

A. I did; not Mr. Vreeland particularly, but I instructed him to employ some New Jersey attorney.

30 Q. When were those instructions given?

A. I don't know.

Q. And did you see Mr. Carpenter prior to that time in regard to this case at all?

A. I don't think I ever said a word to Mr. Carpenter about this case, but I may have.

Q. Or any other member of the Norfolk and New Brunswick Hosiery Company?

40 A. I don't think I ever spoke to any of them; I hardly think personally I ever spoke to them about it but, well I might.

Q. Did anybody on your behalf speak to them about it?

A. I don't know; probably they might have in a casual way.

Q. Who?

A. My attorney perhaps.

Q. Who spoke to your attorney about it?

A. I don't know; how can I tell about that any more than you can. All I know is that I had this debt due me and I instructed my attorney to collect the debt and I took proper means to do it, but as for the Norfolk and New Brunswick Hosiery Company, or their having anything to do with it in one way or the other, I don't know, 10

Q. You know they did not?

A. Of course I do; why should they?

Q. Do you expect to pay the costs of trying this case?

A. I do.

Q. Do you expect to be reimbursed by anybody for paying them? 20

A. No one but the debtor; I have paid a good deal of money out in this case already.

Q. What did your representatives say to the Norfolk and New Brunswick Hosiery Company representative in regard to this case?

A. I don't know as he saw them at all.

Q. I understood you to say that you thought he did?

A. I do think so. 30

Q. What was the purpose of his visit?

A. You must ask the attorney, I don't know, I presume to get any points that would assist him in conducting the case.

Q. He thought he might get some points there?

A. I should think so now since I have found out how the case stands here; if he could find out anything in New Jersey I should think it would be his duty to do so. 40

Q. That is the reason you think he saw the company?

A. Yes, sir.

Q. Well, now, as a matter of fact did not you know that in the year 1885 that there was this arrangement between Mr. and Mrs. Arnold as to the patent?

A. Only by hearsay.

Q. Then you did know it?

A. When we tried to collect our claim there was
10 something said about it.

Q. Then you knew at that time there was this arrangement?

A. I did not know what arrangement they had at all.

Q. You knew there was some arrangement by which Mrs. Arnold was the assignee of this valuable patent?

A. I knew he was trying to cover them up so that we could not collect our debt; I knew there was some
20 arrangement existing.

Q. You knew that these patents had been assigned to his wife?

A. I don't know as I did; I may have heard it and I may not.

Q. You don't recollect whether you knew it or not?

A. No, sir, not exactly; it was a long time ago, it has been a long time with this case. Of course I knew he owed us money.

Q. Please answer my question. Did you or not
30 know at this time whether this patent had been assigned to Mrs. Arnold?

A. When?

Q. 1885.

A. What patents?

Q. All the patents put in evidence here issued prior to that time?

A. I did not know until to-day that he had one-tenth of these patents.

Q. Is that an answer to my question?

40 A. Let me have the question again.

Q. (Question read.)

A. I did not.

Q. Didn't you know that Mrs. Arnold was the owner of the anchor stitch at that time?

A. That is not all the patents.

Q. Did you not know in 1885 that Mrs. Arnold was the owner of the anchor stitch?

A. No, sir, I did not.

Q. You swear to that?

A. No, sir, I may have thought so but I had no knowledge of the fact. 10

Q. Did you hear she was at that time?

A. I might have, I don't know; if anyone had asked me at that time I should have said I didn't know; I might have heard rumor of it or got an impression on my mind, but as to the fact, I did not know anything at all about it?

Q. Did you take any steps to find out whether she did or not?

A. No, sir. 20

Q. You did not take any steps to find out anything about it?

A. My attorney might have.

Q. But you did not take any steps until the Norfolk and New Brunswick Hosiery Company brought an action to set aside their agreement with Mr. Arnold?

A. I don't know anything about that. My attorney had instructions to collect the debt if he could, that is, he had general instructions; that was all. 30

Q. You did not take steps to find out about that until 1891?

A. You mean personally?

Q. You or your attorney?

A. I don't know what he did, you must ask my attorney.

Q. Did you know as much about the claim that you had against Mr. Arnold as you did about this matter I have asked you about?

A. The books show the claim; I don't keep everything in my mind.

Q. You don't know anything about that claim?

A. Yes, sir, I do; I know all about the claim.

Q. How long have you been a commission merchant in New York?

A. Forty years last May.

Q. Doing a large or small business?

A. I have over 100 manufacturers at times, and in
10 that neighborhood at that time.

Further Cross-examination :

Q. You regard yourself as a very important personage, do you not?

A. No, sir, I do not, I hope to live comfortably for the rest of my life and do the best I can, but I don't hold anybody to be a very important personage.

20

Defendant's counsel offers in evidence Letters Patent of the United States 378,802, dated February 28, 1888, to Satterlee Arnold. Marked Exhibit No. 23.

Also No. 313,909 to Anna M. Arnold, dated March 17, 1885. Marked Exhibit No. 24.

Also No. 378,823, dated February 28, 1888, to Satterlee Arnold. Marked Exhibit No. 25.

Also No. 410,569, to Satterlee Arnold, dated
30 September 10, 1889. Marked Exhibit No. 26.

Also No. 410,570 to Satterlee Arnold, dated September 10, 1889. Marked Exhibit No. 27.

30

By Mr. Little—I gave notice to the counsel on the other side so that they may have a chance to consider it, that I move to amend the bill for the purpose of meeting the view of the case which has come out by the examination of the witnesses. It is charged that an alleged assignment was made without consideration. It strikes me that the bill being for discovery, the
40

40

mere fact that there was a consideration for the assignment would not save the case from the effect of an application of this kind, even if it were not averred, strictly speaking, in other words, that the assignment might in equity be good and between husband and wife it would be held to be good in a court of equity. It might be good as between them but not be valid as against creditors but to meet any possible difficulty, in regard to that question, I move to amend the bill by inserting the charge that the assignment was made either with or without consideration and for the purpose of hindering and delaying creditors and without a sufficient consideration. 10

The Court—Do you make an application to file an amended bill?

By Mr. Little—Yes, sir, the case is all here. 20

The Court—Yes, but if you are allowed to file a bill making more extensive and broader claims than is made by your bill already filed, I cannot compel the defendant to go to trial tomorrow morning. They must have an opportunity to examine your bill, and answer any new facts that you propose to set up in your bill and they must also have an opportunity to collect different testimony than they have 30 come prepared with to try the present case.

Your statement this morning was that you thought that this case in its real essence was a case where a husband had attempted to pass his skill and all the fruits and products of his skill as an inventor for the rest of his life to his wife; or in other words, that the product of his skill or inventive ability might be withheld from his creditors, not only then existing but 40

those who should become his creditors subsequently. I don't know now whether you want to amend your bill by making a case of that kind or not.

10

By Mr. Little—No, I don't care about going as broadly into it as that, that will open the door on our part if they want to go into any further testimony, but I shall allege that it was for the purpose of hindering and delaying and defeating the recovery by this complainant of his existing debts. While I admit the propriety of your Honor's suggestion as to their right they would have to amend the answer and take further testimony yet under the evidence I suppose on our side—all that we ask to put in is here now and if we put in a case of that kind, I presume their evidence is here also, and if they have other testimony they can produce it.

20

At this point the Court inquired as to whether there was any objection on the part of the defendant's to allowing the proposed amendment.

Defendant's counsel stated there was not.

30

The Court—Then you may amend and the case will stand off to the 19th.

Adjourned without day at the request of Counsel for the complainant without objection on the part of the defendant.

In Chancery of New Jersey.

10

Between

JAMES TALCOTT,
Complainant,

and

SATTERLEE ARNOLD and
ANNA M. ARNOLD,
Defendants.

20

Transcript of stenographer's notes of evidence taken in the above entitled cause before his Honor, Alfred Reed, Vice Chancellor, at the Chancery Chambers, Newark, N. J., June 15th, 1896, at 10:30 A. M.

APPEARANCES :

30

MR. JOHN B. VREELAND and
THEODORE LITTLE,

For the Complainant.

MR. ELWOOD C. HARRIS and
MR. BLACKWELL,

For the Defendants.

40

It is agreed that the testimony heretofore taken before Vice Chancellor Van Fleet, shall stand subject to any objections for want of relevancy under the amended bill.

SATTERLEE ARNOLD, being duly sworn according to law, upon his oath saith :

10 *Examined by Mr. Little—*

Q. It does not appear by the evidence yet what family you have ?

A. I have two sons.

Q. Of what age ?

A. One nine and one seventeen.

Q. Living with you, I suppose ?

A. Yes, sir.

20 Q. By the agreement which is annexed to your answer, or the copy of the agreement, which is annexed to your answer made with Abraham G. Jennings, Warren P. Jennings and Oliver T. Jennings, it appears that they agreed to pay you \$5,000, on the making of the agreement and \$20,000 on or before the first day of May, 1886 ?

Mr. Harris—Paid to whom ?

30 Q. To yourself and wife—the agreement is between Anna M. Arnold, party of the first part, Satterlee Arnold, her husband, of the second part, and Abraham G. Jennings, Warren P. Jennings and Oliver T. Jennings, of Brooklyn, of the third part—by that agreement it appears that they were to pay you \$5,000 on the execution of the agreement and \$20,000 additional on or before the first day of May, 1886—were these payments made ?

40 A. Does the agreement say these payments were to be made to me ?

Q. Were the payments made to you or to Mrs. Arnold?

A. Those payments were made to Mrs. Arnold.

Q. By another clause in that agreement it appears that the royalties or patent fees received by the party of the first part under the agreement were to be not less than \$3,000 per annum from July 1, 1886—were those payments made yearly?

A. They were to Mrs. Arnold.

Q. Up to what time—up to the present time? 10

A. You refer now to the clause of guarantee in that contract, do you not?

Q. Yes, I will read it: "The parties of the third part further agree and guarantee that the royalties or patent fees received by the party of the first part under this agreement shall not be less than three thousand dollars (\$3,000) per annum, beginning July 1, 1886?"

A. There is another clause.

Q. Confine yourself to my question please—have those payments been regularly made or not? 20

A. What do you mean by "regularly made?"

Q. Have they all been made from the time of the making of the agreement until the present time?

A. Not according to that clause.

Q. Have they all been made at any time between the making of that agreement and the present time?

A. The facts are they were made for six years after the date of that agreement.

Q. And not after that? 30

A. Not under that clause.

Q. Were they made at all under any clause?

A. That clause expired in that agreement after five years, that you are now calling my attention to.

Q. Was there a modification of that part of the agreement made after the agreement was made?

A. The agreement itself provides that the guarantee of \$3,000 a year shall extend for five years, and to be renewed under the conditions named in that agree 40

ment, and under that clause, and under that guarantee and stipulation, they notified us that they would not continue after the six years, the guarantee clause—have they continued the guarantee—interrupted—

Q. That is a subsequent clause, which I will read, it is as follows—"It is further covenanted and agreed that after the expiration of five years from the date of this agreement, upon six months written notice first given, the parties of the third part may withdraw the guarantee of three thousand dollars (\$3,000) per annum"—is that so?

A. Yes sir.

Q. They gave you that notice?

A. They gave me that notice, or they gave Mrs. Arnold that notice.

Q. To you as her Agent?

A. Well, to Mrs. Arnold.

Q. What agreement took the place of that?

A. None, except what is in the contract with Mrs. Arnold.

Q. Nothing to take the place of that \$3,000 agreement?

A. No, sir.

Q. There is another provision—"The amount of royalties hereinabove specified may be modified from time to time by mutual agreement in writing without thereby modifying the remaining terms of this agreement"—have there been any such modifications?

A. No, sir, except as that stated regarding the withdrawal of the guarantee.

Q. In every other respect then, except as to the agreement or guarantee of \$3,000 per annum, this agreement is pending?

A. It is.

Q. Unmodified?

A. It has not been modified.

Q. When did you receive the last payment under this agreement made to you or your wife, either one?

A. My wife received the last payment last January.

Q. How much was that payment?

A. I don't remember.

Q. Can you tell or have you any means of telling how much money you received from Jennings & Co., under this agreement up to the present time?

A. I can tell you approximately.

Q. Well, how much?

A. Mrs. Arnold has received between fifty thousand and sixty thousand dollars.

(*Mr. Harris*).

10

Q. Under the Jennings agreement?

A. Yes, under the Jennings agreement,

(*Mr. Little*).

Q. What was done with that fifty thousand or sixty thousand dollars, Mr. Arnold?

A. Mrs. Arnold had it deposited to her own account, and has spent it.

Q. Spent the whole fifty thousand or sixty thousand dollars?

20

A. Yes.

Q. Has she made no investments of any part of it?

A. No.

Q. Spent it for what?

A. In developing machines, building and developing machines.

Q. Building what?

A. Building and developing sewing machines.

Q. Where?

A. For the most part, as I remember it, at 47 York street, Brooklyn. 30

Q. Was the business carried on by you in her name there?

A. Yes.

Q. Under what designation or in what way—what was the form of the firm?

A. In the name of Anna M. Arnold.

Q. Did she own the property in which the business is carried on?

A. She did.

40

- Q. When ?
 A. Up to the time she sold it.
 Q. When did she sell it ?
 A. In 1888.
 Q. To whom ?
 A. To the Arnold Sewing Machine Co.
 Q. What did she receive ?
 A. Stock.
 Q. In that company ?
 10 A. In that company.
 Q. What amount of stock ?
 A. \$7,500.
 Q. And has she a certificate of that amount of that
 stock ?
 A. Yes, she had, until she sold the stock.
 Q. When did she sell the stock ?
 A. I don't remember the year exactly, but I think
 early in the nineties.
 Q. Try and tell us as nearly as you can ?
 20 A. I have.
 Q. Who did she sell it to ?
 A. H. M. Symonds.
 Q. What is the first name ?
 A. H. M.
 Q. Where did he live ?
 A. The person is deceased.
 Q. Where did he live ?
 A. In Morristown at the time.
 Q. What was his business ?
 30 A. He was not in business.
 Q. What did she receive for it ?
 A. She took in payment a note.
 Q. Whose note ?
 A. H. M. Symonds' note.
 Q. For how much ?
 A. For fourteen thousand and odd dollars.
 Q. Secured in any way ?
 A. No, except by the stock.
 Q. She held the stock as collateral, did she ?
 40 A. Yes.

Q. Has that note ever been paid ?

A. Yes.

Q. When ?

A. During the last year.

Q. By whom ?

A. By the estate of H. M. Symonds.

Q. In full ?

A. In full satisfaction.

Q. That is not the question I asked you—was the note paid in full or not ? 10

A. No.

Q. What became of the collateral then ?

A. Mrs. Arnold took the stock back.

Q. How much money did she receive on the note ?

A. She received \$3,000.

Q. And all the stock ?

A. And all the stock.

Mr. Harris—I don't know that I have any objection to any facts that may be elicited in this case, but it seems to me that Counsel is going a good way into the details as to this stock of this company—the question whether the stock is hers or not—interrupted. 20

Court— The question is whether the husband's material and labor has helped to create this stock, and if so, whether the Court of Equity will pursue the product of that labor or that stock so long as it has year marks—I suppose that is the object of the examination. 30

Mr. Little.—It is.

Q. You used the expression a few months ago, that the note had been fully satisfied, did she or not take back that stock as her own in settlement with the \$3,000 of that claim against Mrs. Symonds' Estate, so that the stock is actually hers free from any lien ?

A. The stock is actually hers free from any lien. 40

Q. Was she in any way related to you or Mr. Arnold, this Mrs. Symonds?

A. She was related to me.

Q. How?

A. She was my sister.

Q. She was married or unmarried?

A. Married.

Q. Was her husband living?

A. No.

10 Q. You made another agreement you say, a copy of which agreement is attached to your answer which agreement was made with the Norfolk and New Brunswick Hosiery Co.—you or your wife did?

A. My wife did.

Q. You are a party to it, are you not?

A. Not in a strict sense of the word, as I understand it.

Q. Let us see what the agreement says?

20 *Mr. Harris*—The agreement itself is the best evidence of that, I suppose.

(*Mr. Little*)—

Q The agreement professes to be made by Mrs. Arnold and not by her husband—you have had the management of the whole of the business under these various agreements as Agent of your wife, is not that so?

A. Yes.

30 Q. Now, in Article Second of that agreement, I find this entry, "The party of the second part hereby covenants and agrees to pay to the party of the first part as royalty for and on account of the rights and privileges granted in Article 1 of this Agreement, and from the date of this agreement, and so long as it shall continue in force, the sum of fifty cents per dozen on all shirts and drawers upon which said invention or either of them shall be used, such royalties become due and to be paid as hereinafter provided."

40 Has this agreement been modified so far as that provi-

sion of it is concerned, or is it still in force?

A. It is still in force.

Q. Further, "The party of the second part covenants and agrees and guarantees, that said royalties shall amount to the average sum of \$1,000 per month in every twelve months from and after the first day of January, 1883." Has that part of it been modified in any way?

A. No.

Q. It is still in operation?

10

A. Yes.

Q. Has that \$1,000 per month been paid to Mrs. Arnold or to you as her agent each month since the making of the agreement in 1882?

A. Your statement is correct so far, except for the word "each month."

Q. It has been paid, but each month by itself, it has been paid?

A. Yes.

Q. Up to the present date?

20

A. Yes, up to the present date.

Q. Have the royalties amounted to the sum of \$1,000 per month?

A. I think not.

Q. I ask you because the next provision is this, "The party of the second part agrees to pay on account of royalties to the party of the first part, the sum of at least \$500 per month from and after the 1st day of April, 1882, and in case the production of goods in 1882 is not sufficient to cause said royalties to amount to the sum of \$500 per month, then the excess paid shall be considered as an advance to be deducted from subsequently accruing royalties as hereinafter provided." That relates only to the year 1882?

30

A. That relates to the year 1882.

Q. Now, with all other years, if they didn't amount to \$1,000, what amount did they reach?

A. They never by the statements received amounted to \$1,000 a month.

40

Q. Were there any other agreements made by Mrs. Arnold or yourself as her Agent for the use of any patent, which you secured?

A. Yes.

Q. Agreements with whom?

A. With different parties, they were for minor consideration, those are the two principal agreements, the principal sums involved in those two agreements.

Q. What amount have you realized from the other
10 agreements, approximately?

A. I don't think we have derived any profit from them, I don't think Mrs. Arnold has derived any profit from them.

Q. The company which you spoke of, of which your wife has the stock, is it still in existence?

A. It is.

Q. Who is the manager of it?

A. I am President of the Company and the
Manager.

Q. What is the whole actual stock of the company?
20

A. \$100,000.

Q. How much stock does Mrs. Arnold hold?

A. The \$75,000.

Q. Do you hold any in your name?

A. One share.

Q. That company is for the manufacture of sewing
machines?

A. For the manufacture of sewing machines and
other light articles, light manufactures.

30

Mr. Harris—There is no allegation in the amended bill of any patents obtained since 1879, which have been transferred by Mr. Arnold to his wife, and I desire to object to this testimony as to the proceeds of these patents since that time.

(*Mr. Little.*)—

Q. The Arnold Machine Company is that the com-
40 pany you refer to?

A. Yes.

Court—The first charge in the bill, with respect to the assignment, does not limit it to any period. The assignments do not appear to be limited to any particular period.

Q. Have you any bank account of your own?

A. No.

Q. Have you had any since 1879?

A. No.

10

Q. The whole of the money received from the business, as I understand you, have been deposited to the credit of Mrs. Arnold, in the bank?

A. Yes.

Q. And drawn by you under power of Attorney, of which you gave a copy here?

A. Yes.

Q. Has your wife had any experience whatever in business of this kind before these agreements were made or this alleged agreement?

20

A. Well, I don't know, let her answer that herself.

Q. Have you, or Mrs. Arnold, to-day any property, real or personal, except that stock mentioned of the Arnold Machine Company of Brooklyn?

Mr. Harris—I object to that, it may be competent or it may not, so far as he is concerned as a bill for discovery as to whether he has any property or not, but I think it is not competent as to Mrs. Arnold.

30

Court—It is certainly relevant, but has much force; it may have, I don't know yet.

A. I have none, she has.

Q. She has?

A. Yes.

Q. Please state what it is, what it consists of?

A. There is property in two leases, she has the

40

patents, she has some stock, she has some bonds, she has some real estate.

Q. Tell me what Real Estate she has ?

A. She has a plot of ground in Verona.

Q. Essex County ?

A. Yes.

Q. A plot of how much ?

A. Twelve acres.

Q. Of what value ?

10 A. \$5,000.

Q. Are there any incumbrances on it ?

A. No.

Q. How long has been the owner of that ?

A. About a month or six weeks.

Q. Of whom did she purchase it ?

A. Anna Gould.

Q. How was it paid for ?

A. By check.

Q. Whose check ?

20 A. Her check, Anna M. Arnold's check.

Q. On what bank ?

A. The Bank of Montclair.

Q. Was the purchase money all paid at the time of the purchase ?

A. Yes.

Q. There is no incumbrance on it as I understand you ?

A. No.

Q. You said two leases, what are they ?

30 A. You have them in evidence here.

Q. You mean the two agreements spoken of ?

A. Yes.

Q. Anything else ?

A. She has some bonds.

Q. What bonds ?

A. Government bonds.

Q. How many ?

A. I think she has \$10,000—ten one thousand dollar bonds.

40 Q. Purchased when ?

- A. Recently.
- Q. Where did the money come from ?
- A. It came from the New Brunswick lease.
- Q. And the money for the Verona lots, where did that come from ?
- A. The New Brunswick lease.
- Q. Any other property or any other bonds ?
- A. She has another \$1,000 bond I believe.
- Q. What is it ?
- A. The Ohio Central. 10
- Q. The Toleda & Ohio Central Railroad ?
- A. Yes, the Toleda & Ohio Central Railroad.
- Q. Anything else ?
- A. I guess that is the principal.
- Q. Has she any stock in the Montclair Bank ?
- A. No.
- Q. What balance has she in the Montclair Bank ?
- A. I don't know.
- Q. What balance have you in the New York Bank, in which you keep an account as her Agent ? 20
- A. We don't keep one there now.
- Q. In what bank do you keep her account ?
- A. The Bank of Montclair.
- Q. No other bank ?
- A. No other bank.
- Q. Has she given you any other Power of Attorney, except the one copy of which you have attached to your answer ?
- A. One is attached to the answer, the one in the Brooklyn bank. 30
- Q. The one you presented here before ?
- A. A copy of the Brooklyn Bank power—yes, there is another Power of Attorney in the Second National Bank of New York, and they refused to—interrupted.
- Q. The Second National Bank ?
- A. Yes.
- Q. And she has no account there now ?
- A. No, she has no account there now.

Q. Is there any Power of Attorney of this kind deposited in the Montclair Bank ?

A. No.

Q. None whatever ?

A. No.

Q. And the account is kept in her name ?

A. Yes, the account is kept in her name.

Q. Who draws the checks for it ?

A. She does.

10 Q. On what bank do you draw checks on her account ?

A. I don't draw checks on her account.

Q. When did you stop that ?

A. I don't think I have drawn a check on her account for three years.

Q. Did she keep her account in Montclair at the time you were last under examination here ?

A. Yes.

20 Q. Did you at that time have an account in either of the New York Banks ?

A. No.

Q. Upon what bank at that time were you drawing checks then as her Agent under this Power of Attorney ?

A. I don't, as I recall now, think I was drawing any checks, at that time.

Q. You have drawn none since upon her account ?

A. No, I don't think now of any bank that I drew
30 any.

Q. What salary do you get as President of the Arnold Sewing Machine Company ?

A. Well, I haven't drawn any salary, I was to draw a salary, but the company didn't pay any dividends, and I haven't drawn any salary.

Q. Are you working without any agreement as to compensation or is there an agreement for your compensation ?

A. With whom ?

Q. With the Arnold Sewing Machine Co. ?

40 A. Without any agreement.

Q. How could you draw a compensation if there is no agreement for it?

A. Well, only what verbal agreement there was.

Q. Was there a verbal agreement?

A. There was a verbal agreement.

Q. With whom?

A. With the stockholders at that time.

Q. Stockholders or directors?

A. Directors.

Q. Who were the directors?

10

A. Well, at that time Mr. White was a director.

Q. Mr. Theodore White?

A. Yes, Mr. Theodore White.

Q. A young man, is he not?

A. Yes.

Q. Well, who else?

A. And I think his brother, but I forget his name now.

Q. He was also a young man?

A. Yes, comparatively.

20

Q. Unmarried men, both of them?

A. No, sir, they are both married now, neither of them were married then.

Q. What other directors are there—you are a director?

A. Yes, I am a director.

Q. Anybody else?

A. It is 1888 I am speaking of now, I don't recall the rest of the directors at that time.

Q. Perhaps you can tell who the directors are at the present time, if you cannot go back as far as 1888, perhaps you can tell who they are now, whom you have as a Board of Directors?

30

A. Yes.

Q. Tell who the directors are at the present time?

A. R. E. Schemerhorn, Henry Calber and myself.

Q. Any others?

A. I don't recall them at this moment.

Q. How many directors does your charter call for?

A. Five.

40

Q. You have only mentioned three, can you tell the other two?

A. That is all I recall at the present moment.

Q. Is Mrs. Arnold one?

A. No.

Q. You are President of that Board, and yet you cannot tell who the directors are?

A. No.

Q. Who is Mr. Schemerhorn?

10 A. He is Secretary and Treasurer of the Company?

Q. And a Stockholder of course?

A. Yes.

Q. How much stock does he hold, how many shares?

A. I cannot go back and give you the number of shares they held, each one of them.

Q. Cannot you state how many shares Mr. Schemerhorn holds?

A. No.

20 Q. Does he hold more than one?

A. I think he does.

Q. Did you transfer or Mrs. Arnold transfer it to him?

A. No.

Q. Are you sure of that?

A. Of what?

Q. That she didn't transfer to him the stock that he holds, you or Mrs. Arnold?

A. I am not sure about that.

30 Q. You are not sure about that, whether you did or not?

A. No, it was done by Mr. White when he was Secretary and Treasurer, at the time these transactions were made, and I left it almost wholly to Mr. White at that time.

Q. Who is Mr. Calber?

A. He was my Patent Attorney in Washington.

Q. You said "my Patent Attorney"?

A. Well, he was the Patent Attorney for Mrs. Arnold.

40 Q. You said "my Patent Attorney," now, who was

he the Patent Attorney for ?

A. Mrs. Arnold, through whom I secured some of my patents.

Q. How much stock does he hold ?

A. He does not hold any now.

Q. And yet he was a director you say ?

A. That is why I am in doubt about the position of that matter.

Q. Who did you say was the Treasurer of that company ?

10

A. Mr. Schemerhorn.

Q. And who signs the checks given by the company ?

A. I do.

Q. In what bank is that account kept ?

A. In the Montclair bank.

Q. The Montclair Bank also ?

A. Yes.

Q. You haven't told me yet whom you spoke of a verbal agreement about your salary ?

A. I don't remember now, except that under certain conditions I was to receive \$1,200, but I didn't receive \$1,200,—I have forgotten the circumstances and conditions of the agreement now, because the company never paid a dividend, and the salary was waived.

20

Q.. Who was the agreement made with ?

A. I think it was made with the directors of the company at that time, I think so.

Q. You said the company's bank account was in the Montclair Bank ?

30

A. Yes, they have an account there.

Q. And that is the only one.

A. No, sir; they have an account in the North Ward Bank.

Q. Of Newark ?

A. Yes.

No cross-examination.)

JOSEPH B. STANTON, being duly sworn according to law, on his oath saith :

40

Examined by Mr. Vreeland.

Q. Where do you live ?

A. Mount Vernon, New York.

Q. What is your business ?

A. Book-keeper for James Talcott.

Q. James Talcott, the complainant in this suit ?

A. Yes.

Q. How long have you been his book-keeper ?

10 A. Thirty-one years.

Q. Did you have charge of the books at the time Mr. Arnold's account commenced ?

A. Yes.

Q. And been with Mr. Talcott ever since that time ?

A. Yes, I have.

Q. And you have had charge and management of the books ever since ?

A. Yes, sir, I have had charge and management of the books ever since.

20

Mr. Vreeland—We have the books here; there are two large trunks full, but we have a copy of the account as taken from the books, which we will put in instead of examining the books.

Court—Is there any question about the origin of the entries upon which the judgment was obtained ?

30

Mr. Harris—I should like to see the original entries.

(*Mr. Vreeland*)—

Q. Will you get the books ?

(Books produced.)

Q. What books have you there ?

A. The Journal and Ledger.

40 Q. Have you the book of original entry ?

A. From the opening of the account, so far as the sales are concerned.

(*Mr. Harris*)—

Q. We want the book of original entries in 1879?

A. The account commences in 1873.

(*Mr. Vreeland*)—

Q. What date does the account commence?

A. The first credit was February 28, 1873, crediting up sales to the amount of \$2,153.00, which appear in these books through the different parts of the book. 10

Q. Is that the date when the first consignment was made?

A. That is the date when the first sale was made of the consigning goods.

Q. Of goods consigned previous to that time?

A. They started in January 20, 1873, the first entry was made.

Q. The first consignment was made January, 1873? 20

A. About that time.

Q. And this book you have is Journal D, on page 134?

A. Yes, that is correct.

Q. Have you any book that shows the balance due from Arnold & Co., January, 1879—Interrupted.

(*Mr. Harris*)—

Q. Have you the books of original entries for the years 1878 and 1879? 30

A. Not in all cases, but we have accurate copies of them.

Mr. Harris—I will say that we sent an expert since the last trial, and he could not get at these matters.

(*Mr. Vreeland*)—

Q. What became of those books? 40

A. They are not in existence; they were sold as waste paper stock.

Q. When?

A. In 1888 and 1890.

Q. Have you all the books except those sold as you have mentioned?

A. I think we have the account continuously from the beginning to the ending of that account, but a portion of those books are copies of those books which we call commission sales books and which are correct
10 copies of the original books.

Q. Were those books copied from the books used at the time?

A. Yes, sir.

Q. When were the entries made?

A. About the time of the transaction.

Q. By whom were they made?

A. Mr. Slater.

Q. Where is he?

A. Here in Court.
20

Q. What position did he occupy?

A. Clerk and book-keeper in the office.

Q. Of Mr. Talcott?

A. Yes.

Q. He was there at that time?

A. Yes.

(*Mr. Blackwell*)—

Q. Are these the books?
30

A. A portion of them?

Q. What book have you there?

A. The Journal in which the first credit is made.

Q. What is the date?

A. February 28, 1873.

Q. Have you the Journal for the year 1878 and 1879?

A. I am not sure that we have, but we have other books here.

Q. You don't know whether you have or not?

A. I will look through and see.
40

Q. What books were they that you referred to, and that you said they had sold?

A. Sales books and other books of minor importance.

Q. Have you a copy of the sales books for 1873?

A. We have.

Q. You didn't sell the sales books of 1873?

A. We didn't.

Q. Did you sell those for 1879 as waste paper?

A. We did.

Q. Was there any distinction between the books of 1873 as to their value for waste paper and those of 1879? 10

A. No, but I can explain to you—(interrupted)

Q. Never mind explaining—we will find out what books you have first—you haven't got the sales books for 1878 and 1879 you say?

A. We haven't, but we have accurate copies.

Q. When were the copies made?

A. Within a day or two after the entries were made on the books. 20

Q. How did they come to be made?

A. It is the way we keep our books, we always have done it, and we keep a copy of them.

Q. Have you a copy of your sales book of 1873?

A. We have.

Q. Who makes the copy?

A. Mr. Slater.

Q. Just explain how the business is done?

A. Well, as we make the sales, selling goods perhaps from one hundred different mills in the margin of the book, we put the name of the mill the goods we sold for. A customer buying goods would buy goods belonging to twenty or more different mills, all of which would be included in one bill, they are entered fully into the sales book in that way, and then we have what is called the commission sales book, in which we transfer these sales on each page, so as to keep the commission sales altogether. 30

Q. It is not a copy of the book, it is simply posted 40

from one book to another ?

A. It is not the details.

Q. It is copied from one book to another then ?

A. Yes.

Q. It does not contain the entries in the same form as the original book ?

A. It does.

10 *Court*—The question is when the entries were made, that is for fixing the relative time of the amount of the debt, we cannot vary the amount of the judgment, as I understand it.

(*Mr. Vreeland*)—

Q. You started to explain why it was these books of 1878 and 1879 were sold and disposed of, state it please ?

20 A. The reason was, the books were accumulating very fast, we had a great many books of no importance whatever, and we decided to have a cleaning out, and we did clean out all the books at the store, that is the books previous to those—they were all at Mr. Talcott's house, and he decided to bring the old books down to the store and take the more important books up to the house, as he had a room there for them, and we copied the sales books and the commission sales books, and we have kept many of the ledgers and the other books, the more important books, but a great
30 many of the books we disposed of, there were three great lots at one time we disposed of.

Q. Can you tell when the last entry was made consigning goods to Mr. Talcott ?

Mr. Harris—I object to that without the book of original entry.

40 *Mr. Vreeland*—I understand counsel to admit that the last consignment was in 1879, and that there was a balance against Mr. Arnold of some one hundred and odd thousand dollars.

Court—Haven't you a bill of particulars ?

Mr. Vreeland—We have a bill of particulars, which was served upon the New York counsel in the original case.

Court—If statements were made and kept without objection then I think it would be evidence of the state of the account at that time.

10

Mr. Vreeland—They were rendered every month.

Q. What was the custom, if you know, with reference to sending monthly statements to the Arnold Co?

A. The accounts were made out for all the mills monthly at that time, I made them out myself—there might have been an occasional month where it was skipped for the sales being low or some other reason of that kind.

20

Q. Up to what time was that done?

A. Up to 1884, the closing of the account.

Q. And you sent them to Arnold & Co., up to what time?

A. To the time of the failure.

Q. When was that?

A. In 1879, and after that to the assignee.

Q. Whose assignee was he?

A. Satterlee Arnold & Co.

Q. So far as you know was there any dispute as to the statements?

30

A. There never was any question that I remember, they were all accepted.

Q. And those statements were made up from what?

A. From the commission sales book, and the ledger account as it had been then posted from the cash book.

Q. Can you tell when the last statement was sent to Arnold & Co.?

40

A. Previous to the failure ?

Q. Yes ?

A. I haven't the date on my book of the failure, but the accounts are made up here in 1879—(interrupted)

Mr. Harris—I object to testifying from that book.

Court—What is the ground of the objection ?

10

Mr. Harris—The ground of the objection is, as to the competent evidence as to the indebtedness upon which this judgment was obtained existing in 1879 or 1878, at any particular date. This question came up before, and there was an application made in the other hearing to examine these books, to get at these accounts, and the original books could not be found, and the testimony taken there, and Vice Chancellor Van Fleet, in order to testify to that debt said, they must refer to the original books of entry, which must be produced.

20

Court—They say some of these original books were destroyed, and what they have is practically a copy of those books.

(*Court.*)

Q. What are you testifying from now ?

A. From entries I made from the original books.

30

Mr. Little—I call your Honor's attention to the record of the judgment in New York.

Court—As I understand it there is no question that they claim this indebtedness did not occur until 1884, the time the goods were all sold and a final balance arrived at. Therefore the question as to whether the assignments of these patents ante dated the existence of the debt—(interrupted).

40

Mr. Little—I will read what is stated in the record of the judgment obtained in New York. This was offered in evidence, and it is duly certified: "The defendants consigned to plaintiff large quantities of goods to be sold on commission, and the plaintiff advanced to the defendant from time to time large sums of money on account thereof. On or about the first of July, 1884, they sold the last account of goods and the account was closed, they having charged the defendants with the advances and crediting them with the proceeds of sale, and it was found that the defendants were indebted to plaintiff in the sum between four thousand and five thousand dollars." 10

Mr. Harris—When was that?

Mr. Little—In 1884, when the account was closed. 20

(*Court*)—

Q. Does this account show the amount of stock you had on commission?

A. There is no valuation put upon the stock until it is sold, the sale of the goods determines the value; they are not credited up until sold, and then the proceeds of sale are credited to the account, and a balance struck. 30

(*Mr. Vreeland*)—

Q. Do the books show the amount of stock on hand at the end of the month when the monthly statement was made out?

A. We have a memorandum book, which we call our advance book to show it, but they are books which we didn't attach any importance to, and did not keep them. It is an estimated value put upon the goods for the purpose of making advances, but the ledger 40

shows the monthly advances on the first of each month, the balance due each month, and then we hold a certain amount of stock to secure those advances.

Q. How is the amount of stock made up?

A. By estimate only, the final estimate is arrived at by the sale of the goods, the proceeds of the sale.

Q. By whom are the books kept?

A. By me they are all in my own handwriting—

10

Mr. Little—We offer this account in evidence as a copy of the whole account from 1873 to 1884. I cannot see how it is objectionable, so far as they are concerned. It shows the condition of the account every month taken from the books. Now, they can go over all the books here in the presence of the Court, if it is necessary for us to do so, to show the continuing account, we can go over the whole of the books, except those that are lost, and of those we have copies. I offer this in evidence to show that it is a copy of the account furnished for the purpose of obtaining the judgment in New York.

20

Mr. Blackwell objects to the offer.

Court—I cannot admit it against the objection.

30

(*Mr. Little*)—

Q. How long have you been their bookkeeper?

A. Thirty-one years.

Q. What is the custom of business as to furnishing accounts of commission accounts?

A. It differs on different accounts of goods.

Mr. Harris—He has just testified to that, he said he rendered accounts to Mr. Arnold until his failure and then to the assignee.

40

Mr. Vreeland—We offer all the books which we have here and the witness testifies that all the books, except those which were sold, are in those two trunks, and we now make a formal offer of them.

Court—You may make a formal offer, and if I think it is necessary in the decision of this case, I shall have an examination made of the books hereafter.

10

(*No Cross-examination.*)

COMPLAINANT RESTS.

SATTERLEE ARNOLD, being recalled in his own behalf, saith :

Examined by Mr. Blackwell—

20

Q. When was the washing machine invention perfected ?

A. During the year 1880.

Q. 1880—are you not mistaken about that ?

A. Or 1879.

Q. When was the patent for it obtained, do you recollect ?

A. I don't recollect the date.

Q. Do you know whether or not it had been obtained prior to 1879 ?

30

A. Prior, I believe.

Q. That is one of the patents you say you assigned to Mrs. Arnold, which you have said in this case, you did assign to her ?

A. Yes, sir.

Q. Was that assignment made prior to your failure in 1879 ?

A. Yes, sir.

Q. Do you know how long prior ?

.40

A. No, sir, I do not.

Q. What did Mrs. Arnold do with the washing machine patent?

A. She worked it for upwards of a year, and then ceased working it because it didn't pay.

Q. How did she work it?

A. She had them built and sold.

Q. Yes, how many did she sell?

A. I think she sold about fifteen machines.

10 Q. At what price?

Mr. Little—What relation has this evidence to this case, whether she sold many or few machines manufactured, or made many or few. If there is any validity in the patent itself, the bill claims that the patent should be assigned for the benefit of the complainant.

Court—The point is to show that there were no receipts from that patent.

20

Mr. Little—That particular one?

Mr. Blackwell—Yes.

Objection withdrawn.

A. From one hundred dollars to one hundred and fifty dollars a piece of the machines.

Q. How much did it cost to make?

30 A. That was net, except the patent expenses, I put the machines and sold them—the machines were sold for \$350, and they cost \$200 to make them.

Q. How much to sell them?

A. Well, they cost about \$50 a piece to sell them.

Q. Were any royalties ever obtained from the lease of washing and filling machine patent?

A. Except as I have stated.

Q. Except you sold machines, that is all, no royalties were obtained, the machines were sold outright?

40 A. The machines were sold outright.

Q. Were any royalties obtained ?

A. No, sir.

Q. Examine the patent and give us the number of the patent ?

A. 119,958—no, this is not the patent I referred to—this patent was never operated, and never used.

Q. Well, look at that (handing witness paper).

A. Yes, sir, that is it.

Q. What is the number of the patent to which you have just been referring ? 10

A. 204,938, June 18, 1878.

Q. Referring now to Exhibit B 3, in this case ?

A. Yes, sir.

Q. Are those all the machines covered by those letters patent that were ever sold—you have stated that you sold a certain number of machines, are those all that Mrs. Arnold ever sold under those letters patent ?

A. Yes, sir. 20

Q. Has this patent produced any profit since the sale of those machines ?

A. No, sir.

Q. Well, was there any actual profit after taking out all the expenses ?

A. No, sir.

Q. On the sales of the washing machines ?

A. No, sir.

Q. They paid a gross profit apparently, but after taking out all expenses of developing, there was no profit ? 30

A. There was no profit.

Q. And there never has been any profit ?

A. There never has been any profit.

Q. Now, Mr. Arnold, do you recollect which was an adaptation of an over-seam stitch ?

A. Yes, sir.

Q. That patent you procured in 1870 ?

A. Yes.

Q. It is the first of the patents mentioned in the 40

Norfolk & New Brunswick Hosiery Co.'s lease?

A. Yes.

Q. It is No. 104,532?

A. Yes, I remember that.

Q. Will you explain briefly what that patent was?

A. It was a patent for a seam for uniting the cut edges of the goods, with an over stitch or whip stitch.

Q. Is the paper which I show you that patent specification and drawing?

10

A. Yes.

Q. You are now looking at exhibit B1?

A. Yes.

Q. Was that invention ever practically applied?

A. It was for a time after the issue of the patent somewhere between the time of 1870, 1871, 1872 and 1873.

Q. Who applied it?

20

A. I applied it.

Q. On what?

A. On using on cuffs in the mill at Fillmont, where I was then employed.

Q. Where any royalties paid?

A. Yes some few small ones.

Q. To whom were they paid?

A. To me.

Q. That is before the assignment of the patent to Mrs. Arnold?

30

A. Yes sir, that is before the assignment of the patent to Mrs. Arnold.

Q. Was it ever practically applied afterwards?

A. I used it in my own mill before the failure, up to the time of the failure.

Q. For what purpose?

A. For the same purpose, for a seam for uniting the cut edges of goods, with an over-stitch or whip stitch—up to the time of my failure.

Q. Was it used for any other purpose?

A. No sir.

40

Q. It was only used for that purpose?

A. Yes sir, only used for that purpose.

Q. Has it ever been practically applied since you used it in your mill?

A. No.

Q. Did the Norfolk and New Brunswick Co. ever use that seam?

A. No sir.

Q. Who made the machines which were subsequently delivered under the agreement with the Norfolk and New Brunswick Hosiery Co.?

10

A. They were made under my supervision.

Q. By Mrs. Arnold?

A. By Mrs. Arnold.

Q. You know all the machines—you are familiar with all machines that were delivered to the Norfolk and New Brunswick Hosiery Co.?

A. I am.

Q. Was it practical for any one of the machines sold and delivered to construct a stitch or the stitch obtained in Exhibit B 1?

20

A. No sir.

Q. None of such machines could have made that stitch or applied it to goods?

A. No sir.

Q. I find in the second article of this Agreement with the Norfolk and New Brunswick Hosiery Co. and that—"The party of the second part hereby covenants and agrees to pay to the party of the first part as royalty for and on account of the rights and privileges granted in Article 1 of this Agreement, and from the date of this agreement, and so long as it shall continue in force, the sum of 50 cents per dozen on all shirts and drawers upon which said invention or either of them shall be used." Was the invention shown in Exhibit B 1 ever used on any shirts or drawers by the Norfolk and New Brunswick Hosiery Co.?

30

A. No, sir.

Q. You have been an inventor for some time?

40

A. Yes.

Q. And you have also negotiated for the marketing of inventions?

A. Yes.

Q. And had considerable experience of that kind?

A. Some.

Q. In your judgment was the 1870 patent of any value?

A. No, sir, not as it stood.

10 Q. Has the 1870 patent (I refer to the one referred to in Exhibit B 1) ever produced any royalties except those which were paid by you by the Fillmont Mill?

A. They haven't paid any royalties except those produced at Fillmont early in the seventies.

Q. Now, Mrs. Arnold testified at the former hearing in this case that she had devoted about \$9,000 to the development of the inventions of which she appears to be the owner. Will you explain generally in
20 what way that money was devoted to such development?

A. Immediately after the failure in 1879 it was a question of whether I would go on a salary—Interrupted.

Q. You have testified to that before; how did she pay this money for the actual expenses of developing this patent, this \$9,000 of which you speak for the actual expenses of the development of the inventions of which she appears to be the owner; explain generally in what way that money was devoted to such development?
30

A. Did she or would she?

Q. Did she?

A. She did.

Q. Then when any of these patents were marketed and any royalties received, that money was paid back into the fund which she held?

A. Yes, sir.

Q. And then again paid out in the course of experiments?

40 A. Yes.

Q. And all the royalties she received from these patents, how much did she put out in experiments in that manner from the years, we will say 1880 until 1890?

A. Well, I think at that time she had spent nearly \$100,000.

Q. Does that include the \$10,000 which she had originally expended?

A. No, sir.

Q. You think then that in all, out of the legacy which she received from her uncle, and the royalties which the patents produced, she expended at least \$100,000 in the actual development of these patents?

A. Yes, sir, even more.

Q. Now, at the time of the organization of the Arnold Sewing Machine Co., was Mrs. Arnold the owner of the tools and fixtures used in the manufacture of sewing machines and other devices?

A. Yes.

Q. Did she have a plant for the purpose of manufacturing sewing machines and other devices?

A. Yes, sir.

Q. What was its value?

A. A large amount of this \$100,000 went into that plant, part of it into experimenting, part of it in making tools and fixtures to make machines, and I cannot make a sub-division of those amounts, but I only know that all the income she received had gone into that plant and at the time of the forming of the company it was estimated that the tools and fixtures were worth \$75,000, and the balance she spent was considered so much experimenting, and not in view.

Q. That plant was transferred to the company?

A. That plant was transferred to the company in consideration for the stock.

Q. It consists you say of tools and fixtures used in the manufacture of machines?

A. Special tools and fixtures.

Q. Adapted to the manufacture of special machines?

A. Adapted to the manufacture of special machines.

Q. If that machine should go out of sale or be superceded by some other machines, the tools and fixtures would lose their value?

A. They would; there was intrinsic value in lathes and such things as that, but that was the least.

Q. At that time the chief machine you were manufacturing was the Anchor Sewing Machine?

A. Yes.

Q. They were the machines delivered to the Norfolk
10 and New Brunswick Hosiery Company?

A. Some of them were delivered to them.

Q. Have those machines since been superceded by other machines?

A. I believe they have.

Q. That is the original machine for the making of the Anchor Stitch, is not used generally?

A. No, sir.

Q. There is no market for the Anchor Machine
w, even if they were released from this particular
20 agreement?

A. I don't know, I haven't examined the market, I haven't the right to put the machines out, and I haven't the right to use the stitch, and consequently—
Interrupted.

Q. You subsequently invented a machine known as the Anchor Lock Stitch Machine?

A. The Anchor Stitch Machine.

Q. Which would make a seam with a lock stitch?

A. Yes.

Q. And you subsequently delivered some of those
30 to the Norfolk and New Brunswick Hosiery Company?

A. Yes.

Q. The tools and fixtures which Mrs. Arnold owned at the time of the organization of the Arnold Sewing Machine Company were largely designed for the manufacture of this particular machine, were they not?

A. Largely, and also for the Retrograde stitch, which was to supply the Jennings contract.

Q. You have now or Mrs. Arnold has now no
40 more orders for the Anchor Sewing Machine or the

Retrograde Sewing Machine at the present time ?

A. At the present time, no sir.

Q. You have done business with Mr. Talcott for some years at the time of your failure in 1879 ?

A. Yes.

Q. Did Mr. Talcott at the time of your failure have on hand a large quantity of your goods ?

A. He did.

Q. And those he held as security for what claim or advances there might be against you at that time ? 10

A. Yes.

Q. In assigning to Mrs. Arnold the 1870 patent shown in Exhibit B 1, and the Washing machine device shown in Exhibit B 3, did you do so with any intent or for the fraudulent purpose of delaying, hindering or defeating your creditors or anyone ?

A. No, sir.

Q. Or did you do so with the fraudulent intent or fraudulent purpose of delaying, hindering or defeating the complainant in the collection of any claim or account ? 20

A. No, sir.

Q. None of these patents were ever transferred by Mrs. Arnold to the Arnold Sewing Machine Company ?

A. No, sir.

Q. What business did the Arnold Company do ?

A. They made machines under contract with Mrs. Arnold at a given price.

Q. And they delivered them to Mrs. Arnold ?

A. They delivered them to Mrs. Arnold. 30

Q. And paid for by her ?

A. Yes, paid for by her.

Q. Has that company been doing any business for the last four or five years ?

A. None to speak of ?

Q. The kind of machines they have on hand have not been in demand during that period ?

A. They haven't been in demand.

Q. You say you have had no salary from the Arnold Company, they have actually paid you no 40

salary ?

A. They have actually paid me no salary.

Q. Has anyone else paid you any salary except Mrs. Arnold under the agreement ?

A. No one, but Mrs Arnold.

Q. Have you had any other means to support your family during the last few years, excepting the salary you got from her ?

A. I haven't, I have none.

10 Q. Has she, as a matter of fact, paid the expenses for the support of the family, out of her private funds ?

A. She has.

Cross-examination by Mr. Little :

Q. I understand you that when the failure took place in 1879, Mr. Talcott had a considerable amount of your goods on hand, is that it ?

A. Yes.

20 Q. What was the way in which you have been in the habit of transacting your business—you consigned manufactured goods for sale, and he advanced or furnished to you moneys ?

A. Yes.

Q. You don't know how much he had at that time ?

A. My recollection is that there were \$20,000 due us on the valuation of the goods, above the advances.

Q. He didn't buy his goods out and out, but took them for sale on commission ?

A. He took them for sale on commission.

30 Q. I take it there were no consignments after 1879, after your failure, of goods ?

A. No, sir.

Re-Direct By Mr. Blackwell :

Q. You say, according to the statement at that time it showed that you had an equity in the goods of \$20,000 after paying all the advances ?

40 *Mr. Vreeland*—He didn't say that, he said that that was his estimate.

Q. That was your estimate?

A. Yes, sir.

Q. That there was an equity of \$20,000 after the payment of the advances to Mr. Talcott?

A. Yes, sir, on the basis the goods were advanced on.

(*Mr. Little.*)—

Q. That was your recollection, was it?

10

A. Yes.

(*Court.*)—

Q. What was the basis of the advancements?

A. Two-thirds of the selling price of the goods.

Q. Did the advances ever exceed that?

A. Yes, sir, they were somewhat in excess of that at one time, I think they went up to about three quarters.

Q. By your request?

20

A. By my request.

Q. To what do you attribute the fact that the goods did not realize enough to pay the indebtedness?

A. To the malice of Mr. Talcott.

Q. That is, he preferred to have a debt of \$6,000 against you than to sell the goods advantageously?

A. Yes.

(*Mr. Blackwell.*)—

30

Q. Well, you don't mean that, do you, that he lost his money in order to—interrupted—

A. I think I do—I speak against Mr. Talcott for the way he handled my goods and he chided me for doing so, and the accounts for the years 1879 and 1880, 1881 and 1882 were booming years when there was an advance in the very goods which he had, and the market could not get enough of the goods, and yet Mr. Talcott swears on the stand that they were indifferent years and those goods should have been sold to an advantage 40

and a profit made on the sales. Why he refused me permission to see those goods himself when they were in his hands or when they were in the hands of my assignee, he denied me access to them, and in every other way, he did everything that he possibly could against me, and Mr. Talcott has made a commission of \$60,000, and interest of \$60,000 out of me, and why he should pursue me with a paltry debt of \$60,000, well, I do think it it is malice.

10 Q. The goods actually realized the amount of all the claims except the claims for interest did they?

A. The goods realized the amount of all the claims except the claims for interest.

Q. During the liquidation?

A. Yes, sir.

Q. And it paid a large portion of them?

A. Yes, he held those goods for over four years when they should have been sold at once and realized on at once, and if they had been sold and realized on
20 advantageously there would have been a profit of \$20,000 in my favor, in my opinion.

Q. Was the patent of 1870, Exhibit B. 1, used by the Jennings Co.?

A. No.

Q. Did they ever have a machine that could apply the stitch?

A. No.

Q. As shown on Exhibit B. 1?

A. No, sir.

30 Q. Was any royalties paid under the Jennings lease paid for the use of patent Exhibit B. 1?

A. No, sir.

Q. Not that patent?

A. No, sir.

Q. Or for the manufacture of any goods under the protection of that patent?

A. No, sir, I haven't received any royalties.

Q. No royalties have been received under the Jennings lease, under the patent, Exhibit B. 1?

40 A. No, nor any other lease for that patent.

ANNA M. ARNOLD, being duly sworn according to law
on her oath saith :

Examined by Mr. Blackwell.

Q. Did the device for washing machine shown on
Exhibit B. 3 produce any profit to you at any time?

A. Not anything appreciable at all.

Q. You never received out of the development of
that patent substantially any more than you put in it?

A. Not to speak of, I had to abandon it on that ac- 10
count.

Q. You subsequently abandoned it?

A. Yes, sir, very soon, it took more time and money
than it was worth.

Q. Do you recollect the 1870 patent for the overseam
stitch?

A. Yes, sir.

Q. Was that to your knowledge ever practically
applied to the Norfolk and New Brunswick Hosiery 20
Co.?

A. It was not.

Q. Or by the Jennings Co.?

A. No, sir, it was not.

Q. You never received any accounts from them
showing that any royalties were due you on account
of it?

A. No, sir, not any.

Q. And you never received from them any royalties
on account of the use of that patent?

A. Not any. 30

Q. That patent also has produced practically no
profit whatever?

A. Not any at all, I never had one dollar from it.

Q. You testified on the former hearing in this case
that you had devoted about \$9,000 which you received
by way of inheritance or legacy from your uncle to
the development of certain inventions which Mr.
Arnold had made—at the time you received this
money did you invest substantially the whole of that 40

money in the development of those inventions before the receipt of any income out of the patents resulting from those inventions by way of royalty?

A. Do you mean, did I explain the whole \$9,000 before I received anything?

Q. Yes.

A. No, sir.

Q. How much did you expend?

A. I cannot remember, but it was all eventually put
10 into the working of the patents.

Q. Did you at the time have that \$10,000 and all that you received from the patents invested there, so that there was no profit to you?

A. I don't understand the question.

Q. I mean did you ever have or was there not a time when you had invested in those patents and inventions that \$10,000, and all that you had received by way of royalties from them also?

A. Very largely, yes, sir.

Q. What years did you contribute that \$9,000 in?
20

A. Between the year 1879 and I cannot tell you, it went over a number of years.

Q. Did you begin putting it in in 1879?

A. In either 1879 or the early part of 1880, but I think in 1879.

Q. And you contributed to the support of the family during that period?

A. Well the money was all spent for the support of the family and the royalties and the working and development of the patents, I mean.
30

Q. The Jennings & Co., agreement was not made by you until 1886 is appears, you didn't receive any royalties from them until after the year 1886?

A. I believe that is the date.

Q. So substantially all the money which you received from those two agreements and from other sources as royalties for the patents which you owned are invested in the development of those patents—it was so that up to the year 1890 with the exception of
40 the money which you had expended for the support

of your self and family, the entire receipts from those patents had gone into their development?

A. Yes sir.

Q. Do you know how much you expended in that way?

A. I think it was over \$100,000. I cannot tell exactly, and besides the inheritance from my uncle.

Q. Besides the inheritance?

A. Yes sir, that was all gone also.

Q. Did you receive from Mr. Arnold the Assignment of the 1870 patents shown on Exhibit B1, and the assignment of the washing device patent shown on Exhibit B.3, with any intent to assist Mr. Arnold in hindering, delaying or defaulting any of his creditors?

A. Not the least.

Q. Or the hindering, delaying or defaulting Mr. Talcott, the complainant?

A. No sir.

Cross Examination By Mr. Little.

20

Q. Will you tell me if you please, what you mean by spending so much money for the developing of patents—you say the money spent, what do you mean by the development of the patents?

A. The patents relating to the machines, the machine had to be developed and made practical before they could be sold.

Q. After the patent was obtained, did you spend your money before or after the patent was obtained?

30

A. That I cannot tell you—in some cases the experimenting was done before, and it takes a great deal of money to experiment.

Q. The money expended for experiments—the money was spent in process of working out the patents?

A. Yes sir.

Q. Have you any account of the amount of money spent for any of these patents or all of them put

40

together?

A. I don't know.

Q. You don't know whether you have an account or not?

A. I don't know whether I have an account or not.

Q. Haven't you kept an account?

A. I haven't kept one personally, I employed Mr. Arnold and I don't know whether he kept one or not.

10 Q. He has never showed you one?

A. I don't remember.

Q. After you got your patent, the agreements were made with Jennings and Co. and the Norfolk and New Brunswick Hosiery Co.—did you spend any money on the patents which they were to them after that?

A. After they were abandoned.

Q. After you leased or granted them or assigned them to have or leased them for twelve years?

20 A. Spent money on machines for them.

Q. Didn't they pay you for the machines?

A. Yes sir.

Q. They paid you for all the machines that you made for them?

A. I presume they did.

Q. That was not included in the royalties, was it?

A. It was included in the contract.

Q. And not in the royalties?

A. No, sir, not distinctly.

30

(Court)—

Q. When did you become possessed of the \$9,000?

A. My uncle died six days before Mr. Arnold's assignment, and it was left in his will, \$10,000.

Mr. Little—It appears in the evidence that she received that money in 1879.

40

Witness—I didn't receive it all in 1879, it

came in in the ordinary course of settling up an estate.

Court—And that is in the previous testimony?

Mr. Harris—Yes, sir.

(Re-direct, by Mr. Blackwell).—

Q. The money was expended in developing the patents and in procuring tools and fixtures? 10

A. Yes, sir.

Q. And to manufacture the machines?

A. Yes, sir, all the expenses of the shop.

Q. And after the making of the Norfolk and New Brunswick Co. lease was an effort made to make a faster machine?

A. Yes, sir.

Q. With the design of procuring more royalties?

A. Yes, sir.

Q. And making it more valuable? 20

A. Yes, sir.

Q. And a considerable amount of money was expended on that?

A. Yes, sir, a great deal of money was expended in that effort.

Q. So that you mean that this money was devoted to the procuring of a plant to make machines and to extend and develop and procure the patents, which you had?

A. Yes, sir. 30

Q. Mr. Arnold's check books which he used in the shop were always accessible?

A. Yes, sir.

Q. And the books he used in the shop were always accessible to you?

A. Yes, sir, nothing was ever kept from me.

Q. And the books showed the accounts of the expenditure of money in the business?

A. Yes, sir. 40

Q. And you were always free to examine them at any time?

A. Perfectly, yes, sir.

JAMES TALCOTT, being duly sworn according to law on his oath, saith :

10

Examined by Mr. Little—

Q. You are the complainant in this cause?

A. Yes, sir.

Q. Mr. Arnold stated this morning that you refused to show to the assignee after the assignment, his goods in the store?

*Mr. Harris—*No, sir, that is not right, Mr. Arnold did not say that.

20

Q. Did the assignee call upon you to see the goods?

A. He did.

Q. And did he see them?

A. Yes, sir, he called on us and he intimated that we might have the goods, that we pretended to have, and I took him to the warehouse, and checked off with him, with my clerks all the goods—(interrupted).

30 Q. Was there any truth in what Mr. Arnold said, in your refusing to show Mr. Arnold the goods at any time?

A. No, sir, there was not, I never refused to show Mr. Arnold or his assignee or anyone that had any interest in the goods, the goods, at the time of the failure or before the failure or to this day.

Q. Had you anything to do with the sale of the goods or was it committed to your salesman?

A. The salesman had everything under his general supervision.

40 Q. Did you do anything to prevent the sale or

realize on the goods or the selling of them to the best advantage?

A. No, I didn't, the goods were sold just the same as though I had owned every dollar in them myself, and I had no prejudice against Mr. Arnold or anyone else.

Cross-examination, by Mr. Blackwell—

Q. But Mr. Talcott you took a long time to liquidate that matter, didn't you? 10

A. Well, it was a difficult matter—(interrupted).

Q. Didn't you take a long time?

A. Yes, I did take a long time, I was a long time trying to get them off and trying to get my advances out of them, and if we had thrown them on the market quicker than I did, I should have lost \$25,000 on them instead of \$5,000—(interrupted).

Q. I am not asking you to make a speech Mr. Talcott—(interrupted).

A. We gave him money in addition to the advances —(interrupted). 20

(Court)—

Q. Was there any halt in the sale of the goods other than was incident to the business at the time?

A. No, sir.

Q. Did you do the best you could in the sale of the goods to get your money out of them?

A. Yes, sir. 30

(Mr. Blackwell)—

Q. Can you tell whether or not at the time of Mr. Arnold's failure, whether or not you were secured by the goods you had on hand?

A. I was not secured.

Q. Could you tell at that time?

A. I could only give an opinion, he owed in addi-

tion to the advances on the goods, for money I had advanced without any security whatever.

Q. Taking all the goods together, could you tell whether or not they were worth the amount of your advances at that time, at the time of Mr. Arnold's failure?

A. I held his note—(interrupted).

Q. Taking all the goods together, could you tell whether or not they were worth the amount of your
10 advances at that time, at the time of Mr. Arnold's failure?

A. I was not secured.

Q. Could you tell at the time, did you have any opinion at the time?

A. Yes, sir.

Q. What was your opinion?

A. That I was not secured.

Q. Didn't you finally sell the goods for an amount
20 equal to the amounts of the claim?

A. No, sir.

Q. There was a balance left?

A. A balance against him.

Q. Didn't the balance arise from the fact that you had charged for more than six years interest on the advances?

A. No, sir, I did not.

Q. If you had sold those goods the day after the assignment for what you eventually sold them during
30 the years up to 1884, could you not have sold them and had a balance over the amount of your advances?

A. I could not have sold them at that price.

Q. What is your answer to that question?

A. That is an answer to that question, I say positively that I could not have sold them within \$25,000 of the amount at any time, within three months of the failure, and I swear to that positively, to the best of my knowledge and belief.

Q. And it took you six years to get the price out of it?

40 A. The books show exactly what it took, it cost me

more to carry the goods and store and insure them than all the commissions that I made out of them, that I will swear to.

Q. You charged the commissions in your account, didn't you?

A. I didn't charge, not one cent of it, if he had given me a check the day he failed I would have got a good deal more money out of it, it cost me more, as I said before, to carry the goods and store and insure them than all the commissions that I got out of them, 10
amounted to.

Q. Never mind that—(interrupted).

A. You want the facts, don't you—well, the facts are that the six years' storage and the six years' insurance were a great deal more than my commissions.

Q. There is no question before you?

A. Well, I thought you wanted the facts.

Q. Could anyone tell at the time of the failure what those goods would realize in the market?

A. Yes, sir, we offered them in the market, we had 20
half a dozen salesmen going all over the country to sell them, and they could not sell them—you don't suppose that I would have kept them six years and paid all this storage and insurance and things of that sort on them if I could have sold them right away—a commission man cannot afford to keep goods six years on his hands.

Q. Did you have an opinion at the time?

A. I did, I had a very decided opinion.

Q. It took you five years to find out whether that 30
opinion was right or wrong?

A. It didn't take me six minutes to find out that, but it took me six years to get rid of the goods at the prices I did get for them.

CASE CLOSED.

On application of Mr. Little it was ordered that a restraining order would be granted not to dispose of the certificates of stock, and the bonds which are 40

referred to in the above testimony as being owned by Mrs. Arnold, and at present in her possession.

The case is to be submitted on briefs. Before the first of July next, the complainant should send his brief to the defendant, and then within ten days a reply brief should be made, which can be answered, and then all sent to the Court.

10

EXHIBIT 1 FOR COMPLAINANT.

Certified copy of Judgment received in the New York Supreme Court by James Talcott against Satterlee Arnold and Sarah F. Harder, November 21st, A. D., 1885, a copy whereof is included in

20

Exhibit 2.

EXHIBIT 2.

(Copy of New Jersey Judgment.)

EXHIBIT 2 FOR COMPLAINANT.

NEW JERSEY SUPREME COURT.

30

JAMES TALCOTT

vs.

SATTERLEE ARNOLD

Impleaded, &c.

} On Contract,
By Default.

JOHN B. VREELAND,
Attorney.

40

As yet of the twenty eighth day of September, A. D.,

one thousand eight hundred and ninety one.

Witness—MERCER BEASLEY, Esquire,
Chief Justice.

BENLAMIN F. LEE,
Clerk.

ESSEX COUNTY ss :

Satterlee Arnold and Sarah F. Harder, the defendants
n this suit were summoned to answer unto James
Talcott, the plaintiff therein in an action upon con- 10
tract; and thereupon the said plaintiff by John B.
Vreeland, his attorney complains, for that whereas
the said plaintiff on the twenty-first day of November
in the year of our Lord eighteen hundred and eighty-
five in the Supreme Court of the State of New York,
for the City and County of New York, to wit at
Newark, in the County of Essex by the consideration
judgment of said Court recovered against the said
defendants the sum of four thousand and five hun- 20
dred and eighty-nine dollars and fifty-nine cents
which in and by the said Court were then and there
adjudged to the said plaintiff for his damages which
he had sustained by reason of the non-performance
by the said defendants of a certain contract and under-
takings then lately made by the said defendants to
the said plaintiff as for his costs and charges by him
about his suit in that behalf expended whereof the
said defendants were convicted as by the record and
proceedings thereof remaining in the said Supreme 30
Court of the State of New York for the City and
County of New York, more fully appears which said
judgment still remains in full force and effect not re-
versed, satisfied or otherwise vacated; and that the
said plaintiff hath not obtained any satisfaction of the
said judgment so recovered as aforesaid whereby an
action hath accrued to the said plaintiff to demand and
have of and from the said defendants the said sum of
four thousand five hundred and eighty-nine dollars
and fifty-nine cents above demanded. Yet the said 40

defendants although often requested to do so have not as yet paid the said sum of four thousand five hundred and eighty-nine dollars and fifty-nine cents above demanded or any part thereof, to the said plaintiff but to do so have hitherto wholly refused and still do refuse to the damage of the plaintiff three thousand dollars and therefore he brings suit, etc.

10 Notice is hereby given that this action is brought to recover the amount due on a certain judgment recovered by the plaintiff against the defendants in the Supreme Court of the State of New York, for the City and County of New York, the following being a copy of the judgment roll thereof to wit.

SUPREME COURT.

	JAMES TALCOTT	}
	<i>Plaintiff.</i>	
20	<i>against</i>	
	SATTERLEE ARNOLD and SARAH F.	
	HARDER	
	<i>Defendants.</i>	

Place of trial desired to be in the City and County of New York, *Summons.*

To the above named defendant.

30 You are hereby summoned to answer the complaint in this action, and to serve a copy of your answer on the plaintiffs attorney within twenty days after the service of this summons exclusive of the day of service; and in case of your failure to appear or answer, judgment will be taken against you by default, for the relief demanded in the complaint.

L. B. BUNNELL,
Plaintiffs Attorney,

No. 170 Broadway, New York.

40 Dated New York, May 8th, 1885.

SUPREME COURT.

JAMES TALCOTT,
Plaintiff
against
SATTERLEE ARNOLD and SARAH F.
HARDER,

*Affidavit of
Service of
Summons
and Com-
plaint.*

10

CITY AND COUNTY OF NEW YORK ss :

GEORGE R. WOOD, being duly sworn, says that he is of the age of over twenty-one years and upwards; that on the 16th day of May, 1885, at 36 Columbia Heights, Brooklyn, between the hours of 11 A. M., and 12 M., he served the annexed summons together with a copy of the complaint therein mentioned, original of which is hereto attached upon Satterlee Arnold one of the defendants in this action, by delivering and leaving with such defendant personally a copy of the annexed summons and the said copy of the complaint. He further says that he knew the person served as aforesaid to be the person mentioned and described in the said summons as Satterlee Arnold, a defendant in this action.

20

GEO. R. WOOD,

30

Sworn to before me this 16th day of May, 1895.

WILLIAM M. ADLER,
Notary Public,
New York County.

40

SUPREME COURT.

JAMES TALCOTT

against

10 SATTERLEE ARNOLD and SARAH F.
HARDER.

The complaint of the plaintiff shows to this Court :

I. That he is informed and believe that the defendants are and were at the times hereinafter stated, co-partners in trade under the firm name of Satterlee Arnold and Company.

20 II. That he is informed and believes that on or about the first day of January, 1885, an account was stated between the plaintiff and the defendants wherein and whereby it appeared and was in fact true that the defendants were indebted to the plaintiff in the sum of four thousand one hundred and twenty-two 04-100 dollars.

III. That no part of the said sum has been paid.

30 Wherefor plaintiff demands judgment against the defendants in the sum of four thousand one hundred and twenty-two 04-100 dollars and interest thereon from January 1st, 1885, besides the costs of this action.

L. B. BUNNELL,
Plaintiff's Attorney,
170 Broadway, New York.

CITY AND COUNTY OF NEW YORK, ss :

40 JAMES TALCOTT, being duly sworn, says that he is the plaintiff above named, and that the foregoing

complaint is true to his own knowledge except as to the matters therein stated to be alleged on information and belief, and as to those matters he believes them to be true.

JAMES TALCOTT.

Sworn to before me this 8th day of May, 1885.

J. B. NONES, *Notary Public*,
New York, 527 Broadway.

COUNTY OF RENSSSELLAER, ss :

10

FRANK J. PETERS being duly sworn says that he is over 18 years of age, and that on the 13th day of May, 1885, he served a copy of the within and annexed summons and complaint on Sarah F. Harder, known to deponent to be one of the defendants within mentioned, by delivering said copy to and leaving the same with her, the said Sarah F. Harder, at her place of residence, at 65 State Street, Lansingburg, N. Y.

FRANK J. PETERS.

20

Subscribed and sworn before me this 13th day of April, 1886.

M. T. CLOUGH, *Commissioner of Deeds*,
Troy, N. Y.

Endorsed as follows :

Supreme Court—James Talcott vs. Satterlee Arnold and Sarah F. Harder. Summons and complaint. L. B. BUNNELL, *Plffs Att'y*, 170 Broadway, N. Y.

30

SUPREME COURT.

JAMES TALCOTT

against

SATTERLEE ARNOLD and SARAH F.
HARDER.

10

The amended complaint of the plaintiff shows to this Court :

I. That he is informed and believes that the defendants are and were at the time hereinafter stated co-partners in trade under the firm name of Satterlee Arnold and Company.

20 II. That at divers times between the 20th day of January, 1873, and the first day of July, 1884, the defendants consigned to the plaintiff (admitted) large quantities of goods, to be sold on commission, and the plaintiff advanced to the defendants from time to time large sums of money on account thereof.

III. That on or about the first day of July, 1884, the plaintiff sold (denied) the last of the goods and the account was closed.

30 IV. That after charging the defendants with the moneys advanced, interest, commission and the expenses properly chargeable in such transactions (denied) and crediting them with the proceeds of sales, the defendants were found to be and the plaintiff avers that the defendants were indebted to the plaintiff in the sum of four thousand one hundred and twenty-two 04-100 dollars.

40 V. That he is informed and believes that on or about said date a statement of the said account was duly submitted to the defendants (denied) and approved. That no part thereof has been paid.

Wherefore plaintiff demands judgment against the defendants in the sum of four thousand one hundred and twenty-two 04-100 dollars and interest thereon from July 1st, 1884, besides the costs of this action.

L. B. BUNNELL,
Plaintiff's Attorney,
 170 Broadway, New York.

CITY AND COUNTY OF NEW YORK, ss :

JAMES TALCOTT, being duly sworn, says that he is the plaintiff above named and that the foregoing amended complaint is true to his own knowledge, except as to the matters therein stated to be alleged on information and belief, and as to those matters he believes them to be true. 10

JAMES TALCOTT.

Sworn to before me this 3d day of July, 1885.

S. A. EMANUEL, 20
Notary Public, N. Y. Co.

Endorsed as follows :

Supreme Court—James Talcott, against Satterlee Arnold, etc., amend complaint, L. B. Bunnell, plaintiff's attorney, 170 Broadway, N. Y. Due service of within is admitted. July 7, 1885, Percival J. Parris, Defendants' Attorney.

30

40

SUPREME COURT.

JAMES TALCOTT,

Plaintiff.

against

SATTERLEE ARNOLD and
SARAH F. HARDER,

Defendants.

The defendant, Satterlee Arnold, answering to the
20 amended complaint herein respectfully shows to this
Court:

I. That as to the said allegation in said complaint numbered "1" he denies the same.

II. That he admits the allegation of said complaint which is numbered "II" therein.

III. That, as to the allegation numbered "III" in said complaint, defendant has no knowledge or information sufficient to form a belief as to the truth of any of the statements contained therein.

30 IV. That as to the allegations numbered four in said complaint he denies the same.

V. That as to the allegation numbered "V" in said complaint he denies the same.

Wherefore the defendant, Satterlee Arnold, demands judgment that the complaint herein be dismissed with costs.

PERCIVAL J. PARRIS,

Defendants' Attorney,

261 Broadway, N. Y. City.

CITY AND COUNTY OF NEW YORK, ss.

SATTERLEE ARNOLD, being duly sworn says that he is the defendant named in the above answer, that the same is true of his own knowledge except as to the matters therein stated to be alleged upon information and belief and that as to those matters he believes it to be true.

SATTERLEE ARNOLD.

Sworn to before me this 26th day of September, 1895. 10

RUSSELL S. Low,

Notary Public, Orange Co.

Cert. filed in N. Y. Co.

Endorsed as follows :

Supreme Court—James Talcott, plaintiff, against
Satterlee Arnold and Sarah F. Harder, defendants.
Answer to amended complaint, Percival J. Parris,
Attorney for Defendant, Satterlee Arnold, 261 Broad-
way, N. Y. City, to L. B. Bunnell, Plaintiff's attor- 20
ney, N. Y. City. Recd. Sept. 30, 1885.

SUPREME COURT.

JAMES TALCOTT,

against

SATTERLEE ARNOLD.

CITY AND COUNTY OF NEW YORK, ss.

L. B. BUNNELL, being duly sworn says that he is the attorney for the above named plaintiff, that the summons and complaint were served on the defendant on the 16th day of May, 1885. On July 7, an amended complaint was served. On August 7, the plaintiff served a bill of items containing by estimation several thousand distinct items of demands respecting which proof will be required. On September 30th, 1885, the defendant served his answer putting in issue the correctness of the items specified in the account. The demand in the complaint is for the difference between the sums advanced on account of goods consigned by the defendant to the plaintiff, for sale and the prices realized on the sale of the goods. Upwards of one hundred thousand dollars are involved in the accounting. Deponent verily believes it is a proper case for a reference and makes an affidavit for the purpose of obtaining an order to that effect. The delay of the defendant in serving his answer prevented deponent from giving regular notice of motion for the first Monday of October, and the plaintiff desires a speedy determination of the action. I therefore ask an order returnable in less than eight days. No previous application has been made for this order.

L. B. BUNNELL.

Sworn to before me this first day of October, 1885.

FREDERICK F. CULVER,
Notary Public, N. Y. Co.

Sufficient reason appearing by the foregoing affidavit for shortening the time for hearing this motion it is ordered that the defendant show cause before one of the Justices of this Court at a special term thereof, to be held at the new Court House, in the City of New York, on the first Monday of October, 1885, at the call of the calendar on that day why the above entitled action should not be referred to some suitable person to hear and determine. Service of this order on or before the second day of October inst., shall be deemed sufficient. 10

New York, Oct. 1, 1885.

GEO. C. BARRETT,
J. S. C.

Endorsed as follows :

Supreme Court—James Talcott, against Satterlee 20
Arnold afft. and order to show cause. L. B. Bunnell,
plffs. atty, 170 Broadway, N. Y. Service of the
within afft and order this first day of October, 1885, is
hereby admitted. Percival J. Parris, Defts Atty.

At aspecial term of the Supreme Court held at the
new Court House in the City of New York, on the
5th day of October, 1885.

Present

HON. ABRM. R. LAWRENCE, 30
Justice.

JAMES TALCOTT,

against

SATTERLEE ARNOLD.

10 On reading and filing the affidavit of L. B. Bunnell, the order to show cause granted herein dated October 1st, 1885, with proof of due service thereof, after hearing L. B. Bunnell, of counsel for the plaintiff for the motion and Percival J. Parris, of counsel for the defendant not opposed, on motion of plaintiff's attorney it is ordered that the issues in the above entitled action be and they are hereby referred to Gouverneur M. Ogden, Esq., Counsellor-at-Law, to hear and determine.

20

A. R. L.
J. S. C.

Endorsed as follows :

Supreme Court—James Talcott against Satterlee Arnold, order of reference. L. B. Bunnell, Pltffs Atty, 170 Broadway, N. Y. Filed October 6, 1885. Referred to Gouverneur M. Ogden, Esq.

A. R. L.
J. S. C.

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NEW YORK SUPREME COURT.

JAMES TALCOTT <i>against</i> SATTERLEE ARNOLD and SARAH F. HARDER.	}
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CITY AND COUNTY OF NEW YORK, ss :

I, GOUVERNEUR M. OGDEN, the referee appointed by an order of this Court, dated the fifth day of October, 1885, do solemnly swear that I will faithfully and fairly hear and determine the questions referred to me therein and make a true and just report thereon according to the best of my understanding.

G. M. OGDEN.

Sworn to before me this 31st day of October, 1885.

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HENRY W. WHEELER, *Notary Public*,

N. Y. County.

NEW YORK SUPREME COURT,

CITY AND COUNTY OF NEW YORK.

JAMES TALCOTT, <i>Plaintiff</i> , <i>against</i> SATTERLEE ARNOLD and SARAH F. HARDER, <i>Defendants</i> ,	}
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*Referee's**Report.*

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To the Supreme Court of the State of New York :

I, Gouverneur M. Ogden, the referee named in an order of Reference made by said Court in this action dated October 5th, 1885, by which order this action was referred to said referee to hear and deter-

mine the issues therein, do respectfully report that I have been attended by the plaintiff by his attorney and counsel under the said order of reference (the defendants not appearing before me either in person or by counsel), and that before proceeding to hear the testimony I was duly sworn as such Referee, and that the oath so taken by me as such referee is hereto annexed. That I have taken the testimony taken on behalf of the plaintiff and having duly considered the same, and the views of his said Counsel thereupon in the premises I find the facts to be as hereinafter stated. that is to say :

First—The plaintiff at the times hereinafter mentioned was a merchant in the City of New York, engaged in buying and selling goods and merchandise on commission.

Second—The defendants at the time of the transactions hereinafter mentioned were co-partners in trade under the firm name of Satterlee Arnold and Company and engaged in the manufacture of goods and merchandise at the City of Troy, in the State of New York.

Third—That between the 17th day of January, 1873, and the 15th day of January, 1879, the defendant consigned goods and merchandise manufactured by them to the plaintiff to be sold on commission. That said goods and merchandise were consigned from time to time. During said dates the plaintiff made advances in money to the defendants on account thereof.

Fourth—That on or about the first day of January, 1875, an accounting was had between the plaintiff and the defendants by which the plaintiff was found indebted to the defendants in the sum of two hundred and ninety-one 91-100 dollars, which he paid on the 17th day of January, 1875. That thereafter the plaintiff rendered monthly statements to the defendants and usually oftener than once per month giving in detail an account of all advances made, stock on hand, charges for commission, interest, storage, etc., and showing the amount claimed to be due him at the

close of each month. That these statements of the account were made and rendered to the defendants till about the 15th day of January, 1879, on which day the defendants made an assignment, for the benefit of the creditors to Theodore E. Hazelhurst, which assignment was recorded in the office of the Clerk of Rensselaire County on that day. That after the date of said assignment the plaintiff continued to render similar statements of the accounts for the most part as often as once a month and usually oftener than that which was delivered to the said assignee. That neither the defendants nor their said assignee ever at any time, made any complaint or objected to the account so rendered by the plaintiff, but accepted the same from time to time as they were submitted to them. That on the first of July, 1884, the plaintiff had closed the business by the sale of all the goods and submitted his final statement to the said assignee. That by said statement the defendants were found to be indebted to the plaintiff in the sum of Four thousand one hundred and twenty-two 04-100 dollars, which defendants have not paid nor any part thereof or of the interest thereon from July 1st, 1884, to the present date of said report, and together amounting to the sum of four thousand four hundred and sixty-four dollars and four cents (\$4,464.04) is justly due and owing from the defendants to the plaintiff.

My conclusion of law upon the facts of this case are that the plaintiff is entitled to recover of and from the defendants in this action the four thousand four hundred and sixty-four dollars and four cents, together with the costs of this action to be adjusted according to law and the rules and practice of this Court, and I hereby order and direct that judgment be entered herein accordingly, all which is respectfully submitted.

NEW YORK, November 18, 1885.

G. M. OGDEN, Referee.

Supreme Court. Endorsed as follows: James Tal-

cott against Satterlee Arnold and Sarah F. Harder.
Referee's report.

SARAH F. HARDER, REFEREE'S REPORT.

SUPREME COURT IN AND FOR THE CITY AND COUNTY
OF NEW YORK.

10	JAMES TALCOTT, <i>against</i> SATTERLEE ARNOLD and SARAH F. HARDER. } <i>Judgment</i>
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20 This cause being referred to Gouverneur M. Ogden,
Esq., to hear and determine the same, and his report
having been filed on the ——— day of November,
1885, whereby he finds that the plaintiff is entitled to
recover of and from the defendants the sum of Four
thousand four hundred and sixty four dollars and four
cents, and the costs having been adjusted at the sum
of One hundred and twenty-three dollars and twenty-
two cents. Now on motion of L. B. Bunnell, attorney
for the plaintiff it is adjudged that the plaintiff, James
30 Talcott, do recover of the defendants Satterlee
Arnold and Sarah F. Harder, the said sum of Four
thousand four hundred and sixty-four dollars and
four cents being the amount found by the referee with
two dollars and twenty-three cents interest since the
date of said report, besides the costs as adjudged
amounting in all to the sum of Four thousand five
hundred and eighty-nine dollars and fifty-nine cents.

PATRICK KEENAN,
Clerk.

40 Filed November 21st, 1885, and that at the proper
legal time the plaintiff will claim judgment against the

defendants for the amount shown by the following statement besides costs of suit to be taken to wit :

Amount of judgment recovered as aforesaid, \$189.59; together with legal interest thereon from November 21st, 1885, till final judgment, herein.

And now at this day to wit the twenty-eighth day of September, A. D., eighteen hundred and ninety-one, before the Supreme Court of the State of New Jersey come the said plaintiffs by their attorney aforesaid, the said defendants though solemnly called 10 comes not but makes default, and hereupon the plaintiff prays judgment and his damages by reason of the premises in his declaration mentioned to be assessed and adjudged to him, and the same having been duly assessed at six thousand two hundred dollars and fifty-three cents besides thirty-eight dollars and ninety-one cents costs and charges in this behalf expended.

Therefore it is considered that the said plaintiff do recover against the said defendants his said damages 20 in form aforesaid assessed to six thousand two hundred dollars and fifty-three cents and also thirty-eight dollars and ninety-one cents costs and charges aforesaid by the Court now here adjudged to the said plaintiff and with his assent said damages, costs and charges in the whole amount to six thousand two hundred and thirty-nine dollars and forty-four cents.

Judgment signed this twenty-eighth day of September, A. D., eighteen hundred and ninety-one.

M. BEASLEY,

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Chief Justice.

I, Benjamin F. Lee, Clerk of the Supreme Court of the State of New Jersey do certify that the foregoing is a true copy of the judgment entered in above stated cause as the same remains of record in my office.

In Testimony Whereof I have hereto set my hand and the seal of said Court 40

SEAL]

at Trenton, this twenty-third day of February, A. D., eighteen hundred and ninety-four.

BENJAMIN F. LEE, *Clerk.*

Exhibit 3—United States Patent No. 119,958, issued October 17, 1871, to Satterlee Arnold.

10 Exhibit 4—Patent No. 204,938, Improvement in Devices for Washing Piece Goods, June 18, 1878, to Satterlee Arnold; also called Exhibit B3.

Exhibit 5—Patent No. 104,532, dated June 21, 1870, to Satterlee Arnold; also called Exhibit B1.

Exhibit 6—Patent No. 205,336, dated June 25, 1878, to Satterlee Arnold.

Exhibit 7—Patent No. 241,116, dated May 10, 1881, Devices for securing Knit Fabric while being cut and sewed, issued to Anna M. Arnold, Assignee of
20 Satterlee Arnold.

Exhibit 8—Patent No. 242,038, dated May 24, 1881, to D. C. Phillips and Satterlee Arnold, said Arnold assigning to Anna M. Arnold, Assignee.

Exhibit 9—Patent No. 249,734, dated Nov. 22, 1881, issued to Anna M. Arnold, Assignee of Satterlee Arnold.

Exhibit 10—Patent No. 278,484, issued May 29, 1883, to Anna M. Arnold, Assignee of Satterlee Arnold.

Exhibit 11—Patent No. 331,107, issued November
30 24, 1885, to Anna M. Arnold, Assignee of Satterlee Arnold, Improvement in Sewing Machines.

Exhibit 12—Patent No. 278,485, issued May 29, 1883, to Anna M. Arnold, Assignee of Satterlee Arnold.

Exhibit 13—Patent No. 278,486, issued May 29, 1883, to Anna M. Arnold, Assignee of Satterlee Arnold.

Exhibit 14—Patent No. 311,558, issued February 3, 1885, to Anna M. Arnold, Assignee of Satterlee Arnold, Improvement in Links or Pitmen.

Exhibit 15—Patent No. 324,351, issued August 18,
40 1885, to Anna M. Arnold, Assignee of Satterlee Arnold,

for Improvement in Shuttles and Shuttle Holder for Sewing Machines.

Exhibit 16—Patent No. 331,106, issued November 24, 1885, to Anna M. Arnold, Assignee of Satterlee Arnold, for Improvement in Sewing Machine.

Exhibit No. 17—Patent No. 331,108, dated November 24, 1885, issued to Anna M. Arnold, Assignee of Satterlee Arnold, for Improvement in Feeding Mechanism for Sewing Machines.

Exhibit 18—Patent No. 378,644, issued February 28, 1888, to Anna M. Arnold, Assignee of Satterlee Arnold, for Improvement in the Art of Uniting Fabrics by Sewing. 10

Exhibit 19—Patent No. 378,645, issued February 28, 1888, to Anna M. Arnold, Assignee of Satterlee Arnold, for Improvement in Sewing Machine.

Exhibit 20—Patent No. 392,581, issued November 13, 1888, to Anna M. Arnold, Assignee of Satterlee Arnold for Improvement in Thumb Insertion Machines.

Exhibit 21—Small Account Book of Satterlee Arnold, 51 Fourth Street, Troy, N. Y., 1880-1881. 20

OPINION.

In Chancery of New Jersey.

Between

JAMES TALCOTT,

Complainant.

and

SATTERLEE ARNOLD and
ANNA M. ARNOLD,*Defendant.*

20 A debtor cannot be compelled to work for his creditors; but if he puts his latent property-earning ability into action, equity will apply any property created, to the payment of his debts.

If the debtor is a husband, his first duty is to support his family, and he can devote enough of the proceeds of his labor to effect that purpose.

30 Such a debtor can give to his wife in her separate business, or in respect to her separate property, those incidental services which a husband as head of a family would naturally render, without subjecting the business or property of the wife to any liability for his debts.

A wife can employ her husband as a servant, in the management of her separate business; but a Court of Equity will closely scrutinize such relation, to see whether the employment is *bona fide*, and whether the business is clearly that of the wife.

40 After the failure of a firm, in which a husband was a partner, his wife advanced to him \$10,000, with which he supported his family, and paid the expenses

of a shop wherein he carried on a series of experiments as an inventor. He caused to be issued in his wife's name, a number of patents from which large sums of money were realized, and a portion of the proceeds was put in property in the wife's name. All the contracts in the business were made in her name, and the property in which the business was conducted, and the bank accounts were also in her name. No contract of employment was proved, and the entire course of conduct showed that the husband was master of the business, over whom the wife exercised no control, and from whom she expected no account. 10

Held, that the business was the husband's and its proceeds would be applied to the payment of one of the firm debts; subject however, to a prior lien of the wife for the repayment of the money which she had advanced to him.

MR. JOHN B. VREELAND AND MR. THEODORE
LITTLE FOR THE COMPLAINANT. 20

MR. E. C. HARRIS FOR THE DEFENDANTS.

REED, VICE CHANCELLOR.

This bill is filed by a judgment creditor of Satterlee Arnold, for the purpose of reaching certain equitable assets of the said Satterlee Arnold, and to have them applied to the payment of his judgment.

Previous to 1879 Satterlee Arnold was in business in the State of New York, together with one Sarah T. Harden. Their business was the manufacture of knit goods. The complainant was a commission merchant, who received and sold the goods of Arnold and Harden. He was accustomed to advance money upon the goods in his hands for sale. 30

In 1878 the firm of Arnold and Harden failed in business and made a general assignment for the benefit of its creditors. At that time the complainant had a large amount of the goods of the late firm in his hands, upon which goods he had made large advances of money. He subsequently sold these goods, as the 40

opportunity for sale offered, and found that the receipts from the sale of all the goods in his possession were insufficient to repay the advances of money which he had made, together with interest. He brought an action, to recover the balance in his favor, in the courts of the State of New York, and on November 21, 1885, recovered a judgment. Upon that judgment an action was brought in this State, and a new judgment recovered in the Supreme Court for the
 10 sum of \$6,200.53, on September 28, 1891. Execution was issued and returned unsatisfied.

The bill is filed upon the motion that there are equitable assets of the husband, the legal title to which is now in the name of the wife.

It appears that Satterlee Arnold is an inventor, and his skill has been directed to the invention of improvements upon the sewing machine, for which inventions he has caused a number of patents to be issued. Previous to the time of the failure of his firm in 1879,
 20 he had procured patents to be issued to himself, namely : No. 104,532, issued June 21, 1870; No. 119,958, issued October 17, 1871, and No. 204,938 issued June 18, 1878. The title to these patents seem to have been passed over to Mrs. Arnold, before the failure of the firm.

Since the failure, the husband has had issued to himself, and has then assigned to his wife the following patents : No. 241,116, issued on May 10, 1881; Nos. 378,822 and 378,823, issued February 28, 1888.

30 He has caused to be issued to his wife, the following patents : No. 392,581, on November 13, 1880; No. 242,038, on May 24, 1881; No. 249,734, on November 22, 1881; Nos. 278,484, 278,485, 278,486, on May 29, 1883; No. 311,558, on February 3, 1885; Nos. 331,106 and 331,109, on February 24, 1885; No. 313,909, on March 17, 1885; No. 324,351 on August 18, 1885; No. 331,107 November 24, 1885; Nos. 378,644 and 378,645 on February 28, 1888.

40 So far as appears nothing substantial was realized from these patents until 1882. On April 1, 1882, an

agreement was entered into between Anna M. Arnold the wife, and the Norfolk and New Brunswick Hosiery Company, by the terms of which agreement she granted to the company the exclusive right to make, use and sell in the United States the Patents granted on June 21, 1870, (No. 104,532), on May 10, 1881, (No. 241,116) and November 22, 1881, (No. 249,734,) as well as any patent which might thereafter be granted to Satterlee Arnold or to Anna M. Arnold, for any improvement or invention appertaining to "The 10
Anchor Stitch Seam" or "Anchor Sewing Machine trimming and holding devices," or any invention to make knit underwear with Anchor Stitch seam and Anchor stitch sewing machine trimming. The company agreed to pay royalties, which after January 1, 1883, would together amount to not less than \$1,000 a month. These royalties have been, since the date of the agreement all paid.

On April 2, 1886, another agreement was made between Anna M. Arnold of the first part and Satterlee 20
Arnold of the second part, and A. G. Jennings & Sons of the third part. By this contract Anna M. Arnold granted to A. G. Jennings & Sons the exclusive right in the United States to manufacture and sell gloves and other hand covering made of fabric other than leather, and also the right to license others to do so under patents numbered 104,532, 241,116, 249,734, 276,484, 278,485, 278,486, 311,558, 313,909, 324,351, 331,106, 331,107, 331,108, and under any patent 30
which might be thereafter issued to Anna M. Arnold in aid of the improvements patented as aforesaid.

The parties to the third part agreed to pay the sum of \$25,000 in money. They also agreed to pay one-half of all the royalties, which they should receive from others whom they should license, and they guaranteed for five years that these royalties should not be less than \$3,000 a year.

Out of the royalties received under the first of these agreements the wife has bought and now owns an un- 40

incumbered lot of ground in Verona, worth \$5,000, and also ten Government bonds of \$1,000 each. She also owns a one thousand dollar railroad bond. She is also the owner of stock in The Arnold Sewing Machine Company, which stock is of the nominal value of \$75,000, but probably of little real value.

Besides the amounts received from the Norfolk and New Brunswick Hosiery Company, Mr. Satterlee Arnold states that \$50,000 or \$60,000 has been received under the Jennings contract. Indeed, he says that they had spent in their business \$110,000. The proceeds received under the two contracts, left after paying the expenses of the business and maintaining the defendants household, seems to have been invested in the property already mentioned.

The question presented for solution is, whether all these patents assigned to, or issued to Mrs. Arnold and the contracts made in her name from which she received a consideration in cash, and from which she has received and is entitled to receive royalties, the stock held by her in the Arnold Sewing Machine Company, and the property which has been purchased by the use of the moneys received from the said contract, belong to the wife free from any liability to answer for this debt against her husband. She of course insists, that the property is hers, and she puts her rights to it upon the ground : *First*, that the assignment made previous to the failure of her husband's firm in 1879, although the assignments were voluntary, were nevertheless, valid, inasmuch as they were not made when he was insolvent, or when he supposed himself upon the verge of insolvency, and that at any rate they were then and are still valueless.

In respect to the patents issued to her since 1879 it is *secondly* insisted, that they belong to her by virtue of an agreement made between herself and her husband, by which, in consideration of the sum of \$10,000 advanced by her, or to be advanced by her, she purchased the future products of the inventive ability of

her husband, and established a separate business of experimentation and of machine building and of selling and leasing the said machines.

In respect to the three patents assigned before 1879, it is impossible to conclude from the testimony that they had in themselves any value; nor is there anything in the testimony to show when the insolvency of the firm of Arnold & Harder was first known to the defendant.

The subsequest inventions seem to have been the source from which the profits derived from the contracts and from the business have been mainly received. In regard to the patents issued to Mrs. Arnold, subsequent to 1879, the point upon which the present inquiry must turn is, whether the transaction of which those assignments were a part, was a separate business of the wife. The language of Section 4 of the Married Woman Act (Rev. 637), is "That the wages and earning of any married woman, acquired or gained by her after the passing of this act, in any employment, occupation, or trade in which she is employed, and which she carries on separately from her husband, and all investments of such wages, earnings, money or property, shall be her sole and separate property, as though she were a single woman." If the business carried on by the husband in the name of the wife after 1879, can be regarded as her separate business, then by force of this statute all the property invested in it, and all the accretions resulting from its conduct, belong to her. And if the husband, in conducting this business was a servant of the wife under a *bona fide* employment, then his services in the business will not subject any portion of such property to the claims of the husband's creditors.

The account given by Mrs. Arnold of the circumstances under which these patents were assigned to her, and the future inventions issued to her, and the property where the business was carried on put in

her name, is this. She says that about the time of the failure of her husband in 1879 she received the sum of \$10,000 from the estate of her uncle, Dr. Vedder, of Schenectady. She and her husband were then living at Troy. She says that they entered into an agreement, by which, he assigned to her the patents issued and to be issued, in consideration that she should pay him \$1,200 a year, and should pay all the shop expenses for the development of these
 10 patents, and for all experimenting. She says "I was to take all the risks from my private fortune for that purpose, and in consideration of his salary and the amount of this money which I paid out, all these inventions as they became developed through due experimenting and became patented were to be assigned to me." She says that she thinks that this agreement was put in writing, but she cannot find it.

The husband's account of this arrangement with his wife is substantially the same as hers. He also
 20 thinks, but is not sure, that the agreement was put in writing.

I do not think that there was ever any such agreement written and signed by these parties. If it had been executed, that fact would indicate that they were of the opinion that such an agreement was of importance. It is improbable that in such case, there would be a doubt in their minds, whether it had ever been executed.

Nor do I believe that any single verbal agreement, embodying the points which is now said to have been covered by a written agreement, was entered into.
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I have no doubt that the wife received the money mentioned as coming from her deceased uncle's estate.

I have no doubt that with her consent, the money was paid to him as received by her or as needed by him from time to time, and that it went to support the family, including the husband, for two or three years after his insolvency as well as to pay the
 40 shop expenses; but, that there was a distinct agree-

ment that he was to receive a certain sum as salary I do not think is proven. Nor do I find any foundation in the testimony to support the theory that the business which was carried on from 1879 to the present time ostensibly in the name of the wife, was in fact the business of the wife. The theory of the defendants is, that he was the servant, she was the master; that all the business was transacted by him as her servant. Now, the entire history of the business from the year 1879 down, is convincing that she let him have her money whenever he wished it, without a question, and that he put all the patents in her name, for the purpose of securing his property to his family in case of business trouble, while in fact he retained as complete control over it as if he was its absolute owner. Every step taken in the business was the offspring of his thought and will alone. In all the transactions, it is perfectly obvious that everything was left to him. His wife naturally had but the faintest knowledge of the work in which he was engaged, and exercised no oversight over the conduct of the business. 10 20

The bank accounts, it is true, were in her name. It is true, also, that he drew checks under a power of attorney from her; that the contracts with the Norfolk and New Brunswick Hosiery Company, and with Jennings & Sons, were made in her name; that the property purchased was put in her name; that the property in which the machines were manufactured was in her name; but it seems to me transparent that all this was merely colorable. It was the husband who suggested the agency, who settled the terms of the contracts; who received and deposited the money arising from them, and who spent it, with no expectation on his part, or on her part, that he would ever be called upon to account to her for its receipt or expenditure. He kept no books of account, except of the most meagre and partial kind, of the receipts and the expenses of the business. The wife never asked for an accounting and never expected any, and he 30 40

knew that she never expected any.

The organization of the Arnold Sewing Machine Co., and its operation are illustrations of his absolute control of affairs. The company was organized in this way. The property in which the husband had conducted his experimentation, was in her name. The Arnold Sewing Machine Co., was organized and \$75,000 worth of its stock was given to the wife ostensibly for this property which she turned over to the corporation. The rest of the stock seems to have been held by friends of the Arnolds, the husband holding one share. The husband was made President and Manager, and is still such. His control of the business of the corporation has been absolute. No meetings of directors seem to have been held. In fact, he cannot tell who the present directors are. He has been the President, the Manager, the Board of Directors and the whole corporation.

The facts of the case, as I have found them, are very much in line with those in *Glidden Murphew & Co., et al. v. Taylor et al.*, 16., *Oh., St.*, 509. In that case the husband manufactured in the name of his wife for years. There was no formal agreement between the husband and wife concerning his services or as to the disposition of the property of the business. As her agent and trustee he received the proceeds and supported himself and his family therewith, and spent what money he desired, and with the surplus purchased in the name of his wife, a dwelling house and lot. In the prosecution of the business, he had entire control. The property thus accumulated was held to be subject to the claims of his creditors. But it is strongly insisted that all the property which is now alleged to be equitable assets of the husband, is the outcome of his inventive ability, and that he had the right to give his talent to his wife, without impressing upon the property produced by it any liability for his own debts. It is said that a man is not the slave of his creditors, and that he is not bound to devote his personal labor or mental ability to the payment of his

debts. This statement is undoubtedly true. While there is a moral duty to pay debts yet there is no method of physical coercion by which the debtor can be compelled by any judicial proceeding, to do so. But the question here is, not whether the debtor can be compelled to work for his creditors, but whether if he does put into action his latent ability to earn money, and it produces property, the property can be reached and applied to the payment of his debts. In *Abbey v. Deyo*, 44 N. Y. 344, Mr. Commissioner Ward 10 Hunt, in his opinion took the ground that the debtor could give his time and his talents to whomsoever he pleased. Therefore it followed that however great his talents were, if he chose to exercise them for the benefit of his wife, the product was hers.

In *Vorhees v. Bonestell* 16 Wallace 31, the Supreme Court of the United States on appeal from the Circuit Court of the Eastern District of New York, followed the cases in the State Courts in holding that a wife could employ her husband to manage her business, 20 and that the application of a portion of the income of the wife's separate property to the support of the husband would not impair the title of the wife.

In *Aldridge v. Muirhead* 101 U. S. 397, on appeal from the Circuit Court for the District of New Jersey, Chief Justice Waite held, that the fact that the husband had rendered services in employing the wife's capital in the purchase of lands, would not invalidate her title thereto, if his services were devoted to her separate property. These cases were cited with ap- 30 proval by Vice-Chancellor Van Fleet, in his opinion in *Tresch v. Werts* 7 Stew., 154. The right of a wife to employ her husband in her grocery business in consideration of his clothes and board, was upheld by Vice-Chancellor Bird in *Kutcher v. Williams* 13 Stew. 436.

I do not understand, however, that in any case decided in the courts of this State, it has been held that the right of a husband to give away the proceeds of his labor or his talents as he pleases, free from the demands of his creditors, has been asserted in the un- 40

restricted language used in the opinion in *Abbey v. Deyo, Supra*.

It is to be observed, that in all the cases so far mentioned, the services of the husband were rendered in a separate business, or upon the separate property of the wife.

There is no instance, within my knowledge, where a husband has said to his wife, "I am going to work and I give to you my labor and its fruits," that a Court
 10 has held that the gift of the property creating potentiality of the husband, carries to the donee a title to the property created, free from all liability to pay the husband's debts.

As has already been remarked, it is of course true that a Court cannot exert any authority over a debtor to make him work with his hands or his intellect for his creditors; and even when a debtor has turned his ability into value by the exertion of his talent or the
 20 exercise of his hands, it is in a degree free from liability, if the debtor is a husband. Such a debtor undoubtedly possesses the right to labor for the support of his family and the maintenance of his children. This is a duty, and so long as the result of his labor does not exceed an amount sufficient to properly maintain and educate his family in their walk in life, it cannot be reached, *Phillips v. Hall*, 160 Pa. Sr., 60. *Seay v. Hesse*, 123 Mo. 450 *Bump on fraud Con. Par.*
 25.

A husband can render those incidental services
 30 which the head of the family generally performs, and can give his wife the benefit of his experience and skill in the transaction of her separate business, and in the management of her separate property, *Tresch v. Wertz. Supra*.

But there is no case in our Courts which has upheld the right of the husband to give to his wife, unrestrictedly all the profits of his labor or his talent.

Instead of upholding the right of the husband to this extent, the Courts have asserted a different rule. In the *National Bank of the Metropolis v. Sprague*, 5
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C. E. Gr., 13, Chancellor Runyon held, that while a husband had the right to give to his wife her earnings when she carried on her separate business with his assistance with her own means, and on her own account, yet when the labor and skill of the husband had, united with those of the wife, the business would be considered as the husband's, and the proceeds would not be protected from his creditors.

So in *Quidorts, Admrs. v. Pergeaux*, 3 *C. E. Gr.*, 472, it was held that the husband could not give to his wife his earnings. 10

It is true that at the date of these decisions Par. 3, of the present married woman's act (Rev. p. 637) had not been enacted. That section became operative in 1874.

The statute shields all the earnings of the wife derived from her separate business from her husband's creditors. Under this statute the relation of the husband and his wife is exactly the same as it was before its enactment whenever the husband had abandoned in favor of his wife all claim to her earnings. In both the cases cited, the husband had done this so far as he was able. The ability of the husband to confer all the benefit resulting from his labor and skill was not affected at all by the act, nor does the act modify or annul the force of the previous decisions touching that point. Those cases represent the true doctrine. No debtor can obtain a clearance from all the claims of creditors, except by virtue of a bankrupt law; nor, can he voluntarily turn over all the proceeds of his labors or his ability by a gift which proceeds or follows the accretion of such property, so long as he has creditors. 20 30

My conclusions are that the business carried on in the name of Mrs. Arnold was not her separate business, but was, in fact, the business of her husband.

The profits derived from it and the property into which the profits have been put are liable as equitable assets of the husband to be applied to the payment of 40

the complainant's judgment.

I am of the opinion, however, that Mrs. Arnold has a superior equitable lien upon all this property as security for the re-payment to her of all the money advanced to her husband, together with interest upon it.

One object which Mr. Arnold had in mind, when he caused the patents to be assigned to, or issued in the name of the wife was security to her. This much of the transaction she must have known, although she knew little beyond this.

The case is one where the legal titles held by her should be set aside, upon equitable terms, and the wife's equity in the property to the degree already stated, should be protected.

I will frame the details of the decree on application of the counsel of complainant, upon notice to the counsel of the defendants.

A true copy

L. A. THOMPSON,
Clerk.

DECREE

IN CHANCERY OF NEW JERSEY.

30

Between

JAMES TALCOTT,
Complainant.

and

SATTERLEE ARNOLD and WIFE,
Defendants.

On Bill, &c.

Final Decree.

This cause coming on to be heard in the presence of John B. Vreeland and Theodore Little of Counsel with the complainants, and Elwood C. Harris of Counsel

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with the defendants, and the Court having heard the evidence herein and the arguments of the respective counsel and considered the same, and it appearing that the complainant is entitled to the relief prayed for in his bill of complaint;

And it further appearing that the defendant, Anna M. Arnold, has the legal title to certain property and assets, the equitable title to which belongs to the defendant, Satterlee Arnold, and which should be applied to the payment of the complainant's judgment mentioned in the bill of complaint in this cause, after the payment to the said Anna M. Arnold of the sum of ten thousand dollars with interest to be computed as hereinafter directed, 10

It is on this twenty-fifth day of November, in the year of our Lord one thousand eight hundred and ninety-six, on motion of John B. Vreeland; solicitor of the complainant, ordered, adjudged and decreed by Alexander T. McGill, Chancellor of the State of New Jersey, and the said Chancellor doth by virtue of the power and authority of this Court hereby order, adjudge and decree that the several letters patent, to wit : 20

No. 104,532, issued June 21st, 1870; No. 119,958, issued October 17th, 1871, and No. 204,936, issued June 18th, 1878, to Satterlee Arnold, the title to which has been passed over by said Satterlee Arnold to the defendant, Anna M. Arnold; and No. 241,116, issued May 10th, 1851; No. 378,822; No. 378,823, issued February 28th, 1888, the title to which has been assigned by the defendant, Satterlee Arnold, the patentee thereof, to his wife, the defendant, Anna M. Arnold, and No. 392,581, issued November 13th, 1880; No. 242,038, issued May 24th, 1881; No. 249,734, issued November 22d, 1881; Nos. 278,484, 278,485, 278,486, issued May 29th, 1883; No. 311,558, issued February 3d, 1885; Nos. 331,106 and 331,108, issued February 24th, 1885; No. 313,909, issued March 17th, 1885; No. 324,351, issued August 18th, 1885; No. 331,107, issued November 24th, 1885; Nos. 378,644 and 378,645, issued 30 40

February 28th, 1888, all issued in the name of said Anna M. Arnold; and also ten Government bonds of the par value of one thousand dollars each, and a bond of the Toledo and Ohio Central Railroad Company of the value of one thousand dollars; and the stock of the Arnold Sewing Machine Company of the par value of seventy-five thousand dollars now held by said Anna M. Arnold; and the two agreements made by the defendants, or either of them, one with
 10 the Norfolk and New Brunswick Hosiery Company, dated April 10th, A. D. 1882, the other with Abraham G. Jennings, Warren P. Jennings and Oliver T. Jennings, dated April 2d, A. D. 1886, and all other property and things in action belonging to the said Satterlee Arnold or held in trust for him, or which are held by the said Anna M. Arnold as the result or proceeds of any of the said letters patent or any business organized for developing the same, or any agreements made by the defendants, or either of them, for the payment
 20 of royalties or income on account of said patents or any of them; also certain real estate situate at Verona, the legal title to which is in the said Anna M. Arnold, the same having been purchased with money received for the use of said patents or some of them; should be and hereby are declared to be the equitable property of the said Satterlee M. Arnold and liable for the payment of the judgment of the complainant mentioned in his bill of complaint.

And it is hereby further ordered, adjudged and decreed that Harry A. Dobbins be and he hereby is appointed Receiver of the aforesaid property and things in action and all other property and things in action of the defendant Satterlee Arnold belonging or due to him, or held in trust for him, on the twenty-eighth day of September, in the year eighteen hundred and ninety-one or at any time afterwards, together with the said real estate above mentioned to dispose of the same by public sale and out of the proceeds to pay in the first place unto the defendant, Anna M. Arnold, the sum
 30 of Ten thousand dollars together with interest thereon
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from the first day of January, eighteen hundred and eighty-one, that being the amount which she claims to have advanced to the said Satterlee M. Arnold for the purpose of enabling him to obtain the said letters patent and developing the same; and in the second place to pay and satisfy the complainant's judgment, costs and interest, together with the costs of this suit; and it is hereby further ordered that the defendants do convey and deliver to such Receiver all such property and rights in action and the evidence thereof 10 according to the form of the statute in such case made and provided, and that such Receiver before he enters upon the execution of his trust to the Clerk of this Court a bond with sufficient surety to be approved by the Master hereinafter named in the penalty of Ten Thousand Dollars, conditioned that he will faithfully execute the duties of said trust and file the said bond with the Clerk aforesaid, and that such Receiver upon filing such bond with such Clerk be invested with all the rights and powers as received according 20 to law.

And it is further ordered, adjudged and decreed that the deed of conveyance to the said Anna M. Arnold made to her by Anna L. Gould and husband, bearing date on the ninth day of May, eighteen hundred and ninety-six, and recorded in the Essex County Register's Office, in Book V 29, page 361, for lands at Verona in said County of Essex, and all the letters patent above mentioned be set aside, annulled and made void as against the judgment and execution of the said 30 complainant in his said bill set forth and described, and that the said lands and premises be sold by the Sheriff of said County of Essex free, clear and discharged of and from the said deed of conveyance and of and from all claims of the said Anna M. Arnold either under or by virtue thereof, and that the proceeds of the sale thereof be applied to the amount due to the said Anna M. Arnold as aforesaid or to the complainant upon his said judgment, as the case may be. 40

And it is further ordered that it be referred to Roderick Byington, one of the Masters of this Court, to ascertain and report the amount due to said Anna M. Arnold for the sum of money advanced by her as aforesaid together with interest thereon, also the amount due the complainant on his judgment together with interest and costs, and also what amount has been received by the said Anna M. Arnold or Satterlee Arnold, upon any of the aforesaid letters patent or
 10 any agreements made by them or either of them with any person or persons whatever for royalties or other proceeds, and to take an account thereof and of the disbursements made by them, or either of them, and of the amount remaining in the possession, control or custody of the said defendants or either of them, and also what property and things in action the said Anna M. Arnold may now have which should be applied to the payment of the complainant's judgment after deducting such amount as may be found
 20 to be still due to said Anna M. Arnold on the said sum of Ten thousand dollars hereinbefore mentioned.

ALEX. T. MCGILL, C.

Respectfully advised,

ALFRED REED, V. C.

A true copy.

L. A. THOMPSON, *Clerk*.

NOTICE OF APPEAL.

In Chancery of New Jersey.

JAMES TALCOTT,

Complainant.

and

SATTERLEE ARNOLD and

ANNA M. ARNOLD, his wife.

Defendants.

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Notice of Appeal

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The defendants, Satterlee Arnold and Anna M. Arnold, his wife, hereby appeal from the decree made in this Court in the above stated cause on the twenty-fifth day of November, in the year eighteen hundred and ninety-six, and from the whole and every part thereof to the Court of Errors and Appeals in the last resort in all cases.

Dated December 5, 1896.

ELWOOD C. HARRIS,

Solr. and of Counsel with the Defendants.

30

I conceive there is good cause for appeal in the above stated cause.

ELWOOD C. HARRIS,

Of Counsel with Defendants.

Service of within notice acknowledged, December 7, 1896.

JOHN B. VREELAND,

Sol. Complt.

40

PETITION OF APPEAL
COURT OF ERRORS AND APPEALS.

	Between SATTERLEE ARNOLD and ANNA M. ARNOLD, his wife, Appellants. and JAMES TALCOTT, Apellee.	} <i>On Appeal Petition.</i>
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20 *To the Honorable, the Court of Errors and Appeals
in the last resort in all cases :*

The humble petition of Satterlee Arnold and Anna M. Arnold, his wife, appellants, respectfully shows that your petitioners find themselves aggrieved by the decree made in the Court of Chancery by his Honor, Alexander T. McGill, Chancellor of New Jersey, bearing date the twenty-fifth day of November, in the year one thousand eight hundred and ninety-six, in the cause wherein James Talcott was the complainant and your petitioners were the defendants in these respects, to wit.: that certain letters patent, to wit :

No. 104,532 issued June 21st, 1879; No. 119,958 issued October 17th, 1871, and No. 204,936 issued June 18th, 1878, to Satterlee Arnold, the title to which has been passed over by said Satterlee Arnold to the defendant, Anna M. Arnold; and No. 241,116 issued May 10th, 1881; No. 378,822, No. 378,823 issued February 28th, 1888, the title to which has been assigned by the defendant, Satterlee Arnold, the patentee thereof to his wife, the defendant, Anna M. Arnold,

and No. 392,581 issued November 13th, 1880, No. 242,-
 038 issued May 24th, 1881; No. 249,734 issued Novem-
 ber 22d, 1881, Nos. 278,484, 278,485, 278,486, issued
 May 29th, 1883; No. 311,558 issued Feb. 3d, 1885; Nos.
 331,106 and 331,108 issued Feb. 24th, 1885; No. 313,909
 issued March 17th, 1885, No. 324,351 issued August
 18th, 1885, No. 331,107 issued November 24th, 1885,
 Nos. 378,644 and 378,645 issued February 28th, 1888,
 all is issued in the name of said Anna M. Arnold, and
 also ten Government bonds of the par value of one 10
 thousand dollars each, and a bond of the Toledo and
 Ohio Central Railroad Company, of the par value of
 one thousand dollars; and the stock of the Arnold
 Sewing Machine Company of the par value of seventy-
 five thousand dollars, now held by said Anna M.
 Arnold; and the two agreements made by the defen-
 dants, or either of them, one with the Norfolk and
 New Brunswick Hosiery Company, dated April 10th,
 A. D., 1882, the other with Abraham G. Jennings,
 Warren P. Jennings and Oliver T. Jennings, dated 20
 April 2nd, A. D., 1886, and all other property and
 things in motion belonging to the said Satterlee
 Arnold or held in trust for him, or which are held
 by the said Anna M. Arnold as the result of proceeds
 of any of the said Letters Patent, or any business
 organized for developing the same, or any agree-
 ments made by the defendants, or either of them,
 for the payment of royalties or income on account of
 said patents or any of them; also certain real estate
 situated at Verona, the legal title to which is in the 30
 said Anna M. Arnold, the same having been pur-
 chased with money received for the use of said
 patents or some of them, were thereby declared to be
 the equitable property of the said Satterlee Arnold
 and liable for the payment of the judgment of the
 complainant against the said Satterlee Arnold; in
 that the said decree further orders and adjudges that
 Harry A. Dobbins be appointed Receiver of the said
 property and things in action and the said real estate,
 and directs him to dispose of the same by public sale 40

and out of the proceeds thereof (after satisfying a certain claim of the said Anna M. Arnold) to pay and satisfy the complainant's judgment, costs and interest and the costs of said suit; and in that the said decree further orders the defendants to convey and deliver to said Receiver all said property and rights in action and the evidence thereof; and in that the said decree further adjudges that the deed of conveyance to the said Anna M. Arnold made to her by Anna L. Gould
 10 and husband, bearing date on the ninth of May, eighteen hundred and ninety-six, and recorded in the Essex County Register's office in Book V 29, page 361 for lands at Verona in the County of Essex, and all the letters patent above mentioned should be set aside, annulled and made void, as against the judgment and execution of the said complainant in his bill set forth and described, and that the said lands and premises should be sold by the Sheriff of the said
 20 County of Essex, free, clear and discharge of and from the said deed of conveyance and of and from all claims of the said Anna M. Arnold, either under or by virtue thereof, and that any part of the proceeds of such sale should be applied to the payment of the complainant's judgment; and in that the said decree further orders that it be referred to Roderick Byington one of the Masters of the Court of Chancery, to ascertain and report the amount due to said Anna M. Arnold for money advanced by her and interest, also
 30 the amount due the complainant on his judgment with interest and costs and what property and things in action the said Anna M. Arnold may now have which should be applied to the payment of the complainant's judgment.

And your petitioners humbly appeal from those parts of the decree of the Chancellor which decree as aforesaid upon the ground that the same are erroneous, for that it decrees that the said patents and other property are the equitable property of said Satterlee
 40 Arnold and liable for the payment of the judgment of

the complainant, and for that the said decree appoints Roderick R. Byington, receiver of the said property and things in action, and for that the said decree directs an account to be taken of the amount that may be due to complainant on his said judgment, and of what property and things in action the said, Anna M. Arnold may now have and which should be applied to the payment of the complainant's judgment, and for that the said decree directs the Sheriff of the County of Essex to sell the lands and premises conveyed as aforesaid to the said, Anna M. Arnold, and to apply any of the proceeds thereof to the payment of the complainant's judgment, and for that the said Court of Chancery should have ordered and decreed that the complainant's bill should be dismissed as against these petitioners with costs. 10

Your petitioners therefore prays that the said decree of the said Chancellor may be wholly reversed, set aside and for nothing holden, and that your petitioners may have such relief in the premises as to this Honorable Court shall seem meet. 20

ELWOOD C. HARRIS,
Solr. and of Counsel with the Petitioners.

Service acknowledged December 19, 1896.

JOHN B. VREELAND,
Sol. of Appellee.

NEW JERSEY COURT OF ERRORS AND
APPEALS.

10 	Between SATTERLEE ARNOLD and ANNA M. ARNOLD, his wife, <i>Appellants.</i> and JAMES TALCOTT, <i>Appellee.</i>	} <i>On Appeal.</i> <i>Answer to Peti-</i> <i>tion of Appeal.</i>
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20 In answer to the above named appellee to the peti-
tion of appeal of the above named appellant.

30 This appellee, not acknowledging all or any of the
matters which in the said petition of appeal are con-
tained, to be true, for answer thereto, nevertheless,
says and admits, that a decree was, on the twenty-
fifth day of November, last past, made and entered in
the Court of Chancery, in the cause for that purpose
mentioned in the said petition, as is therein stated;
but as to the substance and form thereof, this appellee
prays to refer thereto when the same shall be pro-
duced. And this appellee is advised and believes, that
the said decree is agreeable to equity, and he prays
that the same may be affirmed, with costs to be ad-
judged to this appellee.

JOHN B. VREELAND,
Sol. of Appellee.

Filed Dec. 28, 1896.

