

The latter company was responsible for the erection of stations VIS and VIP at Sydney and Perth respectively; these stations were identical with those erected at Awarua and Awanui, Southland and Auckland respectively, and were high-powered stations of 35 K.W. capacity.

The Australasian Wireless Company Limited erected stations at Auckland, Wellington and Chatham Islands which were also of Telefunken design.

Pre-war Developments.

AS a result of the erection of these stations the Marconi interests in Australia considered taking legal action over certain rights, but about this time the Australian Government introduced Balsillie and his system of radio telegraphy into Australia and erected about a dozen land stations round the coast. Both the Marconi and Telefunken interests claimed that the Balsillie system used patents common to both, and combined against the Government. However, any patent action was abandoned owing to the outbreak of the war.

When the Amalgamated Wireless (Australasia) Limited was formed out of the companies previously mentioned the Marconi interests obtained control by securing more than 50 per cent. of the stock, and the new company, it is understood, virtually became a section of the Marconi interests in London, with E. T. Fisk as technical superintendent and representative. Hugh Denison (now Sir Hugh Denison, of the Sydney "Sun" newspaper interests) was appointed managing director.

In 1917 Hugh Denison resigned the directorship of the Amalgamated Wireless (Australasia) Limited and E. T. Fisk became managing director, the company thus becoming more definite-

ly representative of the Marconi interests.

A Further Amalgamation.

IN 1918 the Radio Corporation of America was formed, and the Marconi interests in England procured the British Empire rights for this company's (Radio Corporation of America) patents and interests. The Amalgamated Wireless (Australasia) Limited thus became the representative of the Radio Corporation in Australia and New Zealand.

In 1922 Amalgamated Wireless (Australasia) Limited went into partnership with the Federal Government for the purpose of creating a direct radio service between Australia and the other parts of the Empire, but primarily with England. The Amalgamated Wireless (Australasia) Limited also took over the land stations in Australia and obtained concessions for the purpose of erecting stations for inland communication. By virtue of this agreement the company was formed into a £1,000,000 concern, and the Commonwealth Government of Australia took over 500,001 shares, thus obtaining control.

Beginning of Broadcasting Sees Demand for Royalty.

IMMEDIATELY broadcasting was introduced into Australia and New Zealand, Amalgamated Wireless (Australasia) Limited commenced instituting claims regarding royalty payments due to the alleged use of their patents.

Certain Australian companies trading in radio who were allied to the Amalgamated Wireless (Australasia), Limited, through commercial interests existing in other parts of the world, entered into an agreement with the company, and commenced the payment of royalties. The majority of radio companies, however, stood aloof, as it was considered that the payments demanded were unreasonable.

In New Zealand in 1924 a certain position developed as a result of which the continuance of broadcasting was threatened. The Government then took steps to assure the position, and as a result the broadcasting service was continued and developed.

Royal Commission Investigates.

IN view of the very uncertain position existing regarding the development of radio in Australia, the Commonwealth Government appointed on January 28, 1927, a Royal Commission to inquire into:

- (1) Wireless broadcasting within the Commonwealth in all its aspects, making recommendations as to any alterations deemed desirable in the policy and practice at present in force.
- (2) The development and utilisation of wireless services for public requirements within the Commonwealth.

The findings of the commissioner's represented very definite recommendations, and as a direct result the Government took early action, and a new agreement was concluded with the Amalgamated Wireless Company of Australasia, Limited, in November, 1927, whereby the company agreed to abandon its claims against the trader and the broadcaster, and in return the Government agreed to pay to the company 3s. per annum per listener's license fee, on condition that the company at once proceeded, and were successful with the patent actions com-

menced in 1926 against David Jones, Limited, of Sydney, and Myers, Limited, of Melbourne, for alleged infringement of patents.

Cases Before the Court.

IN the case of David Jones, Limited, the point of law was raised as to whether the grant of letters patent to Marconi Wireless Telegraph Company, Limited, were valid or invalid. Judgment was given in June last by Davidson, J., as follows: "I hold that the grant of the patent is invalid, and that the plaintiff is to pay the costs."

With reference to the case of Myers, Limited, of Melbourne, taken also in June last, Myers submitted a spirited defence, but later in the case withdrew.

The agreement further provided that the company should take action in New Zealand within twelve months.

What the Patents Cover.

THE Amalgamated Wireless (Australasia), Limited, claims a large number of patents, but the major portion of them are irrelevant from the Broadcast Traders' viewpoint, although they do undoubtedly affect the Broadcaster. The patent, which has a general effect, is an original Telefunken patent in the name of Von Arco and Meissner; it controls the principle of reaction. This patent is one of those which is described in the opening portion of this statement, and it has passed through a sufficient number of vicissitudes to have a doubt thrown on its validity. However, this patent is registered as the property of Amalgamated Wireless (Australasia), Limited, in New Zealand.

The chief reason for Amalgamated Wireless (Australasia), Limited, delaying taking action in the past, is the fact that it is only of recent date that the company has definitely owned to these patents, the original owner in Australia, Edwin Phillips, having died.

The David Jones case has a distinct bearing on claims made in respect of this patent.

The Position of the Trader.

PENDING the holding of the conference to be arranged at a convenient time in the near future, between the Department and the trade, it is undesirable to discuss the merits or otherwise of the agreement which has been reached. For the information of listeners, however, it may be well to briefly state the point of view of the trade, so that they will be informed of the position.

A section of the trade has throughout been prepared to combat the claims and force determination of the validity of the patents in question, by decision of the Court. Litigation of this scope and character would unquestionably have been most expensive, but it is an open secret that measures had been taken to provide a fighting fund of some weight for that purpose. It may be assumed, however, that the responsible officers of the Post and Telegraph Department, in reaching the decision they did, had full regard to the facts as available to them, and were actuated by a desire to clarify the position in the general interests of all.

Apart from the basic question of the validity of the patents upon which the claims were based, certain minor, although important, considerations concern the dealers. These, it is assumed, will be clarified in the detailed discussions to take place between the Depart-

ment and the trade, as it is announced that the Department is now in a position, by virtue of its agreement, to grant licenses to deal in patents held by the Amalgamated Wireless Company, without risk of an action for damages.

Are Royalties Claimed Twice Over?

ONE of the complicating factors in the position is the sale of imported sets in New Zealand, because the majority of American sets imported into this country have already paid royalties to the Radio Corporation of America, and other interests, prior to export. The claim, therefore, made for a lump sum in respect of all licenses in New Zealand, seems to create the position of a second payment being demanded on a set which already has paid a royalty in America. If American royalties were rebated before export from that country, the New Zealand trade would, no doubt, view royalty payments differently. A similar position existed in England, only twelve months ago, when the Marconi Company arranged with the English manufacturers that receivers should pay a royalty of 15s. per valve socket prior to export, and that 2s. 6d. of this sum should go to the Marconi Company, and 12s. 6d. to Amalgamated Wireless (Australasia), Limited.

On a date following the publication of the Australian Royal Commission's report this position changed, because the Marconi Company refused to collect in England, on behalf of the Amalgamated Wireless (Australasia), Ltd., and thenceforth collected only 2s. 6d. per valve socket from the exporter to cover its own claims. This has left the responsibility upon the Australian company to collect royalties in Australia and New Zealand in respect of all sets used. If a similar position obtained in regard to American sets, dealers would be more satisfied.

The Practice Elsewhere.

IN England local royalty payments are collected by the dealers who sell the sets, the amount being shown as a separate charge on the invoice. For instance, a four-valve set of standard manufacture requires a payment of 50s. to be made on purchasing, in the case of an eight-valve Supersonic-heterodyne receiver the Western Electric Company as well as the Marconi Company demand royalties, and an eight-valve receiver set of this type has royalties to the extent of £6 10s. added to the retail price as a separate item. When broadcasting commenced in 1922 the Marconi Company made this arrangement with large manufacturing firms who were the only parties interested.

The Comptroller-General of Patents has ordered the Marconi Company to grant licenses for the manufacture of sets under reduced royalties, but the matter cannot be regarded as settled, as the Marconi Company will appeal against this decision.

IN France the royalty collected is five francs per valve holder, and in Germany 10 per cent. on the selling price of the set is charged with a minimum of 1s. 6d. per valve holder.

THE foregoing sums up the position as far as it is feasible to go at the present stage. The next move rests with the Government to call the very important conference which must be held with the trade, to inform it of (Concluded on page 23.)

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