

LICENSEES BACK A. T. & T. METHODS

Small Manufacturers Stress Cooperation They Received in Transistor Advice

Small business, licensees of American Telephone and Telegraph or Western Electric, greeted yesterday's court decision with an unexpected reaction.

An anti-trust suit against A. T. & T. was settled by a consent decree in Newark, N. J., Federal Court. The Government attorneys signaled it as a major victory in the anti-trust field.

A check of several who had been licensed to produce "semi-conductor devices" (transistors) in the early developmental period several years ago were loud in the praise of the license arrangements.

An executive of the one company reported his royalty fees amounted to no more than 1½ per cent of his selling price.

'Gave Us No Profit'

"It gave us no profit and it certainly didn't mean much to Western Electric," he explained.

In reply to a question, he said that elimination of the royalties at the point about four years ago when he began making transistors actually would have hindered their development.

"We could never have afforded the basic developmental work they put into transistors," he said. "They must have spent millions on the symposia they conducted just to educate us and get us in the business."

"After all, patents give only the bare essentials," commented the chief executive of another pioneer in the transistor field. "They gave us the know-how in the many meetings they conducted."

He reported that he had spent two days last week at a special symposium at Murray Hill, N. J., on latest developments in the semi-conductor field.

"It must have cost Bell half a million dollars, including the staff work, to put on that two-day program alone," he added.

Company Sharing Cited

Both executives pointed out that the transistor had reached a perfection point in only four years and that prices dropped from \$30 to 90 cents apiece. They added it took the vacuum tube thirty years to reach this same point. Both credited Western Electric's work and sharing of know-how with this rapid evolution.

Officials of A. T. & T. declined further comment on the decision or the attitude expressed by licensees, saying that it was too early at this time to know just what effect the decision would have on future exchanges of information or on reciprocal rights afforded licensees.