

pany. You can call it rental. There is, I think, a difference of names only. We call it royalty, the Bell people call it rental. By rental we mean what the subscriber pays for his exchange service. The royalty is not what is paid for service, but it is the annual amount paid for the privilege of using something at a price much higher than it is worth in the open market. We call it royalty.

Q. I mean they get the actual use of the object?—A. They get the actual use of the object for which they pay the royalty. The royalty is the same on the long-distance transmitter as it is on the Blake transmitter in every instance in all the licensee contracts in our country, as I understand and believe.

Q. Do you know that personally, Mr. Ware?—A. Only from the source I have explained.

Q. Was that told you distinctly?—A. Yes, sir, I understand that it is not a disputed fact.

Q. I wanted to know if it was told you distinctly?—A. I think you will find I am correct. That is my understanding of it, and I was pretty careful in the matter. I do not think there is any question about it, as to the United States.

Q. Do I understand you to say that your company, in building its farmers' lines insists that there shall be at least four farmers to the line?—A. No, I said as a rule we desired four farmers to the mile, but if there was a prospect of that many later, we had built with three to the mile.

Q. But you would consider that as the lowest guarantee to a proper return for the expenditure? Is that right?—A. I would consider at the rates which I have been naming here, \$12 and \$15, that there ought to be three farmers to the mile, and if it averages less than that, why the rates ought to be increased, for a commercial investment.

Q. Then, as a matter of fact you easily obtained four?—A. We endeavoured so to do, and in many places more than that.

Q. With reference to this contract between the American Bell Company and the various companies as to the use of instruments, you have given us a number of cases where the former company apparently does not insist upon that?—A. No, I said in each case that I understood that the American Bell Telephone Company never has made a formal contract of that character, but that the licensee companies make the arrangement, and it is permitted to stand by reason of conditions existing.

Q. That is merely your inference from the facts, as an outsider would see them?—A. Well, no, it is my inference from the facts that I have gathered from the inside.

Q. But you do not know positively what reasons may be actuating the company?—A. Well, Mr. Fish himself, if you desire to know, told me that they had no official notice of any such instance of that kind, and he did not want one. That is my authority, and that is why I have the inference I have regarding the matter, although I regret being compelled to make this statement.

Q. Do you know that as a matter of fact there are no existing Canadian patents covering essential features of the telephone?—A. I do not know, except, as I stated that I have understood the patent laws in Canada require a patent to expire in fourteen years and the patent laws in the United States seventeen, and I have never heard any question raised about patents in connection with Canada; otherwise I know nothing about it. I do not believe there is any patent claimed in Canada on telephones that would prevent the independents doing business.

Q. As a matter of fact, that field is absolutely open?—A. Yes, sir, it is, as I understand it.

Q. And as a matter of fact do you know that the field has been open since 1887?—A. No, it has not in our country.

Q. Well, I mean to say that the essential patents expired in Canada about 1887-1889?—A. I did not know that, I supposed they had expired later. I supposed they had expired about 1893.