

4.5.3. Brief von J. Lyons (GE-Patentabteilung) mit Auerbacher-Bericht zu Scheinwerfer-Kaufverhandlungen mit Sperry Gyroscope an H. Beck (17.12.1917)

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GENERAL ELECTRIC COMPANY  
PATENT DEPARTMENT

SCHENECTADY, N. Y. Dec. 17, 1917.

Mr. Heinrich Beck,  
#1206 Union Street,  
Schenectady, N.Y.

Dear Mr. Beck:

I send you here enclosed a copy of Mr. Auerbacher's statement as respects his connection with the Beck System of Searchlights, which he dictated to my stenographer in my office and in your presence on October 24, 1916.

I may now tell you that I have found that Mr. Hall was at the Navy Yard on Thursday, July 23rd, 1914, and on Friday, July 24th, 1914, on the roof, where your searchlight had been placed for tests. On July 23rd nothing was done, on account of bad weather, but on July 24th, tests were made and there were present Messrs. Sparrow, Waldrum, McDowell, Lieut. Hicks of the Army; also Mr. Mayhood and Mr. Sperry. Mr. Hall can prove this.

Of course, it is possible and indeed probable that Sperry had seen the lamp and had opportunity to examine it some time before July 24th, but whether we can prove this is another question. I have written to Mr. Auerbacher

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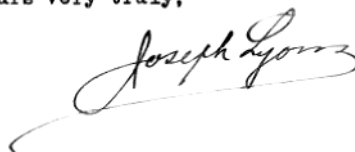
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H.B.

again today and sent him also a copy of his statement.

Yours very truly,

JL:MPH



STATEMENT OF LOUIS J. AUERBACHER

as respects his connection with the Beck System of Searchlights

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During the year 1912, I received a letter from Heinrich Beck, of Meiningen, Germany, an inventor. He stated that he was working on a valuable invention in connection with searchlights and when the same was far enough developed so as to be marketable in America he would like to enlist my services in its introduction in the United States. The reason Mr. Beck wrote me was because I had marketed another invention of his, a flaming arc lamp, which was known as the "Beck Flaming Lamp".

I advised Mr. Beck that I would be pleased to assist him in placing this invention in America and from time to time received advice from him as to the progress of his invention.

Under the dates of the 13th of May and March 8th, I have letters, and later in 1913 Mr. Beck mailed me a description in German, together with photographs and curves describing his invention. He also advised me that he was forwarding me English translations, which arrived in the early part of January, 1914.

About January 1, 1914, I communicated with the Navy Department, setting forth that I was in receipt of information stating that Mr. Beck had invented a new and very radical improvement in searchlights, whereby their efficiency was increased many times, and inquired if they were interested.

I gave Mr. Sparrow a description together with photographs and curves which Mr. Beck had sent me, which was later returned to me by Mr. Sparrow, and then I forwarded it to Lieut. McDowell at the Navy Yard. A copy was also sent to Major Waldrun of the Army, who made copies of it.

I also called on the Navy Department personally and my conversation was with Lieutenant Commander Herbert G. Sparrow, at that time in charge of the Electrical Division of the Bureau of Steam Engineering. Mr. Sparrow was very much interested and frankly said that it was absolutely new to him and I could expect his hearty co-operation and the co-operation of his Department in making such arrangements as would demonstrate that the facts as set forth in these papers were real.

I had a series of formal communications with the Department the effect of which was that they would make a formal test of this lamp, which the inventor agreed to forward to this country, and finally, on July 4, 1914, the inventor arrived in this country, on the steamer "Vaterland", and personally took charge of these tests, and about July 14, or 15, a searchlight, together with a mechanic, Mr. Kesslering, arrived on the steamship "Graf Waldersee".

Through the courtesy of the Dispatch Officer of the Navy Department, Mr. Roosa, the cases containing the lamps were forwarded direct to the dock by a Government Navy tug, and they were then opened and the lamp assembled at the Navy Yard under the supervision of Mr. Beck and his mechanic Mr. Kesslering, and Test Officer at the Navy Yard, under whose super-

vision these tests were made, Lieutenant Clyde S. McDowell.

I might add that Lieutenant McDowell was also informed about all these matters pertaining to the searchlight and also furnished with drawings and descriptions of the same, the same as I had furnished the Bureau of Steam Engineering, at Washington.

While at the Navy Yard I was very much interested in tests made of a gyroscope which was said to be the invention of Mr. Elmer A. Sperry. I was introduced to Mr. Sperry and in a conversation held in July, while the tests were in progress, Mr. Sperry suggested that it might be a good plan if he and the Sperry Gyroscope Company made an arrangement with the inventor to manufacture these lights at his factory in Brooklyn, as he was now making only one article, which had a limited demand, and the searchlight strongly appealed to him as a valuable improvement over existing lamps, and moreover as he was on such close terms with the heads of the Navy Department he thought we would have very little trouble in introducing this lamp under the most favorable conditions of that Department under his auspices.

He was present at a number of tests and one evening after the completion of the tests he took Mr. Beck, Lieutenant McDowell, who was neighbor or his in Brooklyn, and frequently rode down from the Navy Yard with Mr. Sperry, in his automobile (as well as myself) to the Flatbush people, as Mr. Beck and I lived at Far Rockaway at the time.

He invited Mr. Beck and me to visit his factory and showed the wonderful facilities he had for manufacturing this light, and believed Mr. Beck would be so favorably impressed with his equipment that he would readily make arrangements with Mr. Sperry.

He visited the factory and were very courtesously shown through the entire factory, introduced to his Superintendent and other officials, and he pointed out the drafting room and he stated that it was ready for Mr. Beck to come in at once and start his work. He said that every facility would be given Mr. Beck to carry on his work.

Mr. Sperry in the various talks he had with myself never intimated, nor did I hear from anyone else in or out of the Navy Department that Mr. Sperry was working on a searchlight of any character whatever.

I might add that in my conference with Admiral Griffin, the head of the Steam Engineering, Navy Department, and Lieutenant Commander H. G. Sparrow, his Assistant in charge of the Electrical Division at that Bureau, and Lieutenant McDowell, Test Officer of the Navy Yard, it was reiterated time and time again that this invention was to them absolutely new and novel, and that if the tests bore out the claims of the inventor, they were all ready to recommend it to their Department.

The outcome of the visit to Mr. Sperry's factory was that

Mr. Sperry wished Mr. Beck to submit to him a business proposition whereby he could buy or control his invention, and patents in the United States.

There were therefore some negotiations made between Mr. Beck and Mr. Sperry, I myself not taking part, as I was ill at the time at my home. The outcome of this was that Mr. Sperry wrote to Mr. Beck a letter which was undated which was received by Mr. Beck about November 10, 1914, the receipt of which was acknowledged by Mr. Beck about November 12th. This Sperry letter outlined the only terms on which he would do business, which terms were rejected by Mr. Beck, which terminated the negotiations. We entirely dismissed Mr. Sperry as regards searchlights from our minds and gave him no more thought, as we never for a moment imagined that he contemplated marketing the invention without authority from the inventor, Beck.

Meanwhile the tests had been going on in the Navy Department and had been completed, and a report was made by Lieutenant McDowell which was extremely favorable, and later the tests made on the battle ship "Texas" were reported on and this also was extremely favorable. The Navy Department officially recommended that this type of lamp be adopted and I had negotiations with the Navy Department in order to enable me to put the lamp on a business basis in this country and secure the needed facilities to manufacture the lamps so that the Navy Department could purchase them if they ordered them.

On or about the 15th of November, or immediately following the termination of the negotiations with Mr. Sperry, I commenced negotiations with the General Electric Company relative to marketing the invention. I had before me the favorable reports and recommendations of the Navy Department and also the fact that they were willing to place orders for these lamps. After negotiating for some weeks a contract was finally made on July 25th, with the General Electric Company whereby they agreed to purchase Mr. Beck's patent under certain terms.

Meanwhile the Navy Department had placed an order with us for eight lamps. Some time in January, or February, 1915, the Navy Department put out specifications for more lamps of the same type, and we were very much astonished to learn that Mr. Sperry put in a bid under these specifications. We first then became aware of the fact that he had used the knowledge obtained in the negotiations previously had and also the knowledge he had gained in the Navy Yard by examination of the Beck lamp, and that he was preparing to copy Mr. Beck's lamp in order to meet these specifications of the Navy Department which covered the salient features of this lamp.

I therefore tried to find out how it came that Sperry would attempt this and learned that the Secretary of the Navy was very anxious to obtain competition and was advised by some of the officers that it was through the encouragement of the

Secretary that Mr. Sperry was prompted to go into the business of trying to duplicate Mr. Beck's invention.

After these specifications were issued I went to Washington with Mr. Beck and had an interview with Admiral Griffin and Lieutenant Commander Sparrow, and we wanted to know how it was that after all the work and effort on our part as well as the expense of Mr. Beck in bringing this lamp to the Government's attention, with the understanding that it was confidential, Mr. Sperry would be allowed to do what practically amounted to stealing the invention. We explained at this time, as we were still in the tentative arrangement with the General Electric Company, that such action would naturally discourage the General Electric Company from continuing the business, and would naturally be a detriment to the Navy Department, as they would then not secure the benefit of the inventor's knowledge and would therefore have to depend upon getting a very poor copy of someone else's invention. Admiral Griffin told Mr. Beck very plainly that he considered that Beck was ~~the~~ the inventor; that they had never heard of this invention of the lamp before we presented it to his Department, and that he certainly would do all in his power to see that ~~Mr.~~ Mr. Beck was amply compensated for his work. He seemed very much incensed at the turn affairs had taken in regard to this imitation lamp. He arranged immediately to give a further order for twelve



searchlights, which order was put before the General Electric Company but refused by them.

Lieutenant Commander McDowell, Test Officer of the Navy Yard, had an assistant in his office, Mr. Mayhood. Mr. Mayhood left the employ of the Navy Department and was engaged by Mr. Sperry. I was informed by an official of the Navy Yard that this employment was given to Mr. Mayhood by reason of the knowledge he was supposed to have about Mr. Beck's invention.

*Oct. 24, 1916.*