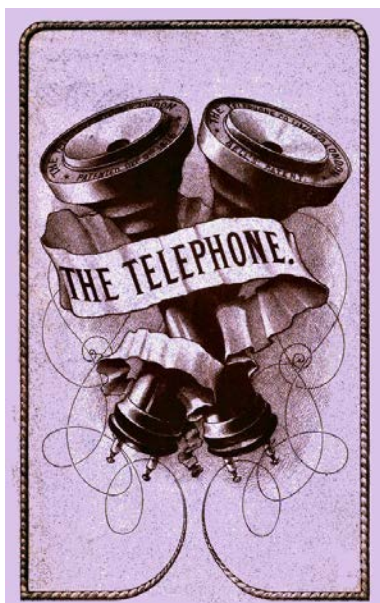




Private and municipal telephone companies



Information booklet (TPA/2/2)

In 1875 Alexander Graham Bell built the first telephone in Boston, Massachusetts. This invention sparked a new method of communication and threatened the telegraph with obsolescence. The rapid development of this new invention led to fierce competition and strongly contested legal battles on both sides of the Atlantic.

The telephone arrived in the UK in 1877. It instantly brought unwelcome competition to the inland telegraph network, which had only recently been bought at great expense by the Post Office. Unsurprisingly, the Post Office took legal action against these telephone companies to protect its interests. The court judgement was delivered on 20 December 1880. It ruled in favour of the Post Office, that a telephone was a telegraph and a telephone conversation was a telegram within the meaning of Section 4 of the Telegraph Act 1869. This could have effectively stifled the growth of the telephone, with the private companies owing the patent rights and the Post Office the right to transmit messages. However, a compromise was reached with the Postmaster General allowing the private telephone companies to operate under licence.

The number of private telephone companies in the UK grew rapidly during the 1880s within localised areas of operation. Many of these small

companies were only operational for a short period of time before they merged with another or were taken over. The records of many of these pioneering companies are cared for by BT Archives. An introduction to them is given in this information sheet.

Private telephone companies

The Telephone Company Limited (Bell's Patents) (1878-80)

BT Archives ref: TPA

The Telephone Company Ltd (Bell's Patents) was registered on 14 June 1878 to market Bell's patent telephones in Great Britain. Its offices were at 36 Coleman Street, London where in August 1879 it opened Britain's first public telephone exchange. During 1879 it opened a further two exchanges in London and also in Glasgow, Manchester, Liverpool, Sheffield, Edinburgh, Birmingham and Bristol. On 15 January 1880 it issued the first known telephone directory (in



this country), listing 250 subscribers connected to the three London exchanges. On 13 May 1880 the Telephone Company Ltd and its rival the Edison Telephone Company amalgamated to form the United Telephone Company.

Edison Telephone Company of London Limited (1879-80) **BT Archives ref: TPB**

The Edison Telephone Company of London Limited was floated on 2 August 1879 with its headquarters at 6 Lombard Street. It also opened an exchange at Lombard Street, but this was later transferred to 11 Queen Victoria Street. In September 1879 representatives of the Edison Telephone Company went to Manchester and gave a practical demonstration by fitting instruments at either end of an existing telegraph wire between Manchester and Dinting, a distance of around 13 miles. Exchanges in Manchester were then opened on behalf of the company. On 13 May 1880 the Edison Telephone Company and its rival the Telephone Company Ltd amalgamated to form the United Telephone Company.

United Telephone Company (1880-89) **BT Archives ref: TPC**

The United Telephone Company (UTC) was formed through the merger of The Telephone Company Limited (Bell's Patents) and the Edison Telephone Company of London on 13 May 1880. Shortly after the formation of the UTC, the Post Office took action against the Edison Company regarding the definition of 'telegraph' claiming that its wires and apparatus were telegraphs within the meaning of the

Telegraph Acts. The company was confident of its status, but the case caused public concern about the status and reliability of the telephone network. The legal hearing lasted for five days with the judgement being delivered on 20 December 1880. It found in favour of the Post Office, dealing a severe blow to the telephone companies. However, the UTC was still in possession of the master patents and determined to uphold its rights. On 1 January 1881 a compromise was reached when the Post Office issued the UTC a licence to operate for 31 years.

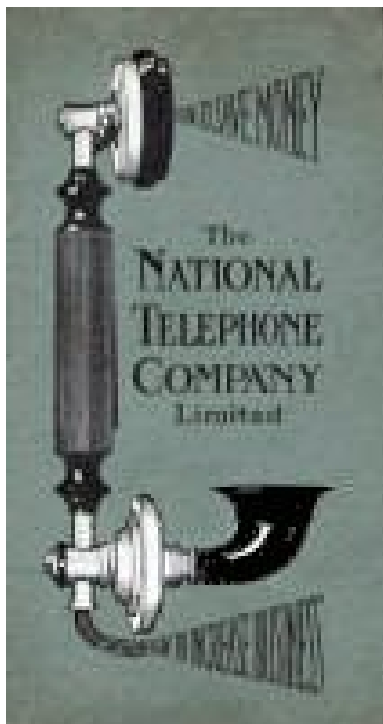
In February 1881 the UTC formed the Provincial Telephone Company Limited to promote new telephone companies across the United Kingdom leaving the UTC to concentrate on London. The Provincial Telephone Company subsequently set up a series of subsidiary companies to operate in specific regions over which the UTC exercised a large amount of control. The subsidiaries were as follows: the National Telephone Company (NTC); the Lancashire and Cheshire Telephonic Exchange Company Limited; the Northern District Telephone Company; the Telephone Company of Ireland Limited (established on 27 May 1882 to operate in Ireland except for the portion previously allotted to the NTC, wound up January 1893); the Western Counties and South Wales Telephone Company Limited; and the South of England Telephone Company Limited. For more information about these companies please see below. The Provincial Telephone Company, its function performed, was wound

up on 18 September 1884.

By 1889 the telephone was flourishing which highlighted the problems of interconnection between the different companies and their networks. This made it desirable for the UTC and its subsidiaries to join forces to improve their service. As an added incentive the expiry date of the master patents was approaching, Bell's patent was due to expire on 9 December 1890 and Edison's on 30 July 1891. It was proposed that the companies should amalgamate as the 'Telephone Union', but the Government objected arguing that this was not envisaged when the licences had been approved. So instead of forming a new company it was decided that one of the existing companies should absorb the others. Therefore, on 1 May 1889 the NTC absorbed the UTC and the Lancashire and Cheshire with the other subsidiaries following later.

National Telephone Company (1881-1911) **BT Archives ref: TPF**

The National Telephone Company (NTC) was the first UTC subsidiary to be formed on 10 March 1881 covering Yorkshire, Nottinghamshire, Ulster and part of Scotland. It was based in Glasgow and acquired the businesses of Bell and Edison already operating in the city. The company quickly started to purchase smaller, rival telephone companies in its operating region including the Dundee and District Telephone Company Limited in June 1885 and Taskers of Sheffield in 1888.



TPF/5/1/1 Publicity material for the National Telephone Company

By 1894, following the amalgamation of the subsidiaries under the NTC, the only serious challenger to the dominance of the NTC was the Post Office, which did not actively compete except in Newcastle and Cardiff. The acquisition of smaller companies was hastened by an arrangement agreed on 11 August 1892 for the purchase of the trunk line system by the Post Office. Subsequent agreements saw the transfer of the NTC's assets to the Post Office at midnight on 31

December 1911. Arbitration between the two companies started in June 1912.

For more information see 'The role of the Post Office' section below.

Lancashire and Cheshire Telephonic Exchange Company (1881-89)

BT Archives ref: TPD

The Lancashire and Cheshire Telephonic Exchange Company Limited was formed as a subsidiary of the UTC on 21 May 1881 covering Lancashire, Cheshire, Isle of Man, Westmorland and North Wales. In 1889 it was absorbed along with its parent company under the NTC.

Northern District Telephone Company (1881-90) BT Archives ref: TPE

The Northern District Telephone Company was formed as a subsidiary of the UTC on 13 December 1881 covering Westmoreland, Cumberland, Northumberland and parts of Durham and Scotland. It was absorbed by the NTC on 30 April 1890.

Western Counties and South Wales Telephone Company (1884-92) BT Archives ref: TPG

The Western Counties and South Wales Telephone Company was formed as a subsidiary of the UTC on 17 December 1884 and acquired the interests and plant previously owned by the parent company. It was absorbed by the NTC on 1 January 1892.

South of England Telephone Company (1885-90) BT Archives ref: TPT

The South of England Telephone Company was formed as a subsidiary of the UTC on 29 January 1885 to develop the telephone in the south of England in areas not previously allotted to any of the other subsidiary companies. It was absorbed by the NTC on 31 October 1890.

Gower-Bell Telephone Company (1880-1881)

BT Archives ref: TPP

The Gower-Bell Telephone Company was formed in 1880. The Gower-Bell telephone had first been manufactured by Messrs Scott and Wollaston with a licence issued to them from The Telephone Company Ltd in 1879. Gower ultimately acquired the licence and formed the company, which supplied the Post Office with telephones. The British Gower-Bell Telephone Company Limited was established on 25 March 1881 to acquire and extend the Gower-Bell Telephone Company and purchase the six patents upon which it was founded. The Consolidated Telephone Construction and Maintenance Company Limited was then established on 9 April 1881. It secured all of Gower's patent rights in the UK and abroad except for North America, France and countries served by the Oriental Telephone Company Limited. It made arrangements with the UTC for the exclusive right to manufacture Bell, Edison and Gower patents for twenty years.

Messrs G Sharples and Son (1882) BT Archives ref: TPR

An advert was placed in the Preston Guardian on 6 September 1879 by George Sharples promoting a telephone service in Preston. On 21 February 1880 Sharples completed the first telephone line laid in Preston from the office of the Town Clerk to that of the Borough Surveyor. Demand for their service grew and an exchange on Fishergate, Preston was opened on 1 September 1881 known as the Preston Telephonic Exchange. The Lancashire and Cheshire



Telephonic Exchange Company Limited had opened their exchange in the town the previous month, on 3 August 1881. There was active competition between the two companies until the Lancashire and Cheshire bought out Sharples on 1 December 1886.

London and Globe Telephone Maintenance Company Limited (1881-84)
BT Archives ref: TPQ

The London and Globe Telephone Maintenance Company Limited was established in 1881 as a rival to the United Telephone Company in London. It charged £10 for the annual rent of a telephone, half the price of the UTC. It was located in the Wool Exchange where a number of the UTC's wires crossed. The Globe demanded their removal and when the UTC ignored this, the Globe deliberately caused

Chancery, which were only beneficial to the lawyers. The dispute was eventually settled when the Globe and all of its patent rights were acquired by the UTC on 24 June 1884.

Municipal telephone companies

During the 1890s there was a growing interest from municipal bodies in taking over the running of public services including electric light and power, tramways and telephones. In 1893 a vigorous campaign, led by the Corporation of Glasgow, began against the alleged inefficiency of the telephone service and the shortcomings of the NTC. This led to a Select Committee being established by the House of Commons on 1 March 1895 to consider whether the present telephone service was adequate. Additionally, a local

municipal bodies to run telephone services in their area.

An Act of Parliament was passed on 9 August 1899 which allowed the establishment of municipal telephone companies. Out of the 1334 municipal bodies, 60 gave serious consideration to establishing a telephone system. Of these only thirteen applied for licences with just six actually establishing telephone services: Glasgow; Tunbridge Wells (licence granted 30 May 1900, service sold to NTC November 1902); Brighton; Portsmouth; Hull (licence granted 8 August 1902, continued to be owned by the city until 2007); and Swansea.

The operation of telephone services by municipal bodies was, with the exception of Hull, a short-lived enterprise. Their failure was due to a number of reasons. The cost of establishing telephone systems was generally underestimated, which combined with the low rate of rental charges and the out of date systems they used meant that it was difficult to make these concerns break even. In addition they were competing against the well-established and financially powerful NTC, which was used to meeting with opposition. A summary of the municipal telephone companies, whose records are held by BT Archives, is given below.

Corporation of Glasgow Telephone Department (1900-06)

BT Archives ref: TPK

The Corporation of Glasgow was granted a licence on 1 March 1900 to serve an area of 140 square miles including Clydebank, Govan, Partick,



TPF/5/1/1 Publicity material for Glasgow Corporation Telephones

annoyance to them and their subscribers by faulting these wires. Legal cases between the UTC and the Globe alternated between the police courts and the Court of

investigation lasting for eleven days was held in Glasgow in 1897. The Postmaster General, acting on these recommendations, expressed a willingness to grant licences to



Kirkintilloch and Kilsyth. Construction commenced in July 1900 and service opened with its Central Exchange on 28 March 1901. By August three other exchanges had opened with a total of 1450 subscribers. One criticism of the financing was that insufficient allowance was made for depreciation. A report issued with the accounts for the year ending 31 May 1905 stated that negotiations had begun with the NTC and the Postmaster General, creating doubt as to the future of municipal telephony. An agreement dated 6 September 1906 saw the undertaking transferred to the Postmaster General for £305,000 despite previously rejecting a higher offer from the NTC.

Corporation of Portsmouth Telephone Department (1901-13)
BT Archives ref: TPL

The Corporation of Portsmouth was granted a licence on 21 September 1901 to serve an area of about 100 square miles, including the towns of Southsea, Gosport, Fareham, Cosham and Havant. Construction commenced in April 1902 and in March 1903 an exchange opened in the Town Hall. The system, comprising of eleven exchanges, passed into hands of the State on 1 October 1913. During 1916 these exchanges were closed with subscribers transferred to Post Office exchanges.

Corporation of Brighton Telephone Department (1901-06)
BT Archives ref: TPM

The Corporation of Brighton was granted a licence on 3 May 1901 to serve an area of 120 square miles along coast from

Rottingdean to New Shoreham and north as far as Burgess Hill. Construction commenced in March 1903 and the service opened on 5 October 1903. The decision was taken not to charge for the service until 750 subscribers had been connected, a risky experiment which caused concern to the NTC. The system, therefore, only reached commercial stage in March 1904. In October 1905 disposal of the Corporation telephone system began to be talked of and in February 1906 the Postmaster General offered to purchase it, but was rejected. A subsequent higher offer was accepted in July, with the transfer taking effect on 22 October 1906.

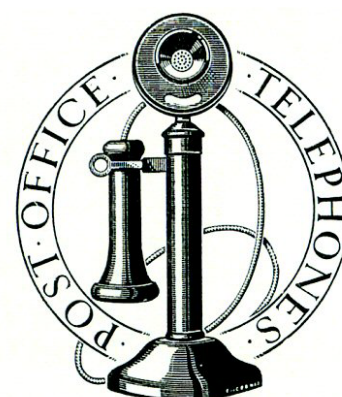
Corporation of Swansea Telephone Department (1902-07)
BT Archives ref: TCA 11/TPS

The Corporation of Swansea was granted a licence on 27 September 1902 and a service was opened on 5 November 1903. In early 1906 overtures were made by the Government for the purchase of the system, but the offer was seen as ridiculous. The Corporation, therefore, entered into negotiations with the NTC and sold their system on 31 March 1907.

The role of the Post Office

1870 saw the transfer of the inland telegraph network from private companies to the Post Office, creating a monopoly for the State. The establishment of the first private telephone company in the UK in 1878 concerned the Post Office that this would create competition for their newly acquired telegraph network. The Post

Office, therefore, challenged the legality of these new companies claiming that they infringed upon its monopoly in telecommunications. A court judgement on 20 December 1880 ruled in favour of the Post Office by stating that a telephone was a telegraph and a telephone conversation was a telegram under the Telegraph Act, 1869. It was not until 1951 that the telephone was distinguished from the telegraph in legislation.



Logo for Post Office Telephones, 1920s

Private telephone companies were required to obtain licences to operate from the Postmaster General, who issued 31 year licenses dated from 1 January 1881. They were restricted to areas defined by a circle with a radius of four to five miles from the centre of the town, although this restriction was later withdrawn in August 1884. The liberalisation in 1884 led to the public call office and provided much larger access to the telephone.

The expiry of the master patents held by the private companies in the early 1890s finally allowed the Post Office to compete effectively with the private telephone companies. In 1892 the NTC sought new powers from Parliament. The Postmaster General opposed



this move and instead proposed the purchase of the NTC's trunk lines. This was a significant change in policy, motivated largely by complaints about the quality of service and the accumulation of overhead wires in towns. The transfer of the trunk system started in April 1896 and was completed on 6 February 1897.

In November 1901 an agreement was signed between the Postmaster General and the NTC to prevent unnecessary duplication of plant and wasteful competition in London allowing for free intercommunication between the two systems in London for the first time. A further agreement between the two parties, which came into force on 1 September 1905, started the work towards the unification of their systems ready for the expiry of the NTC's licence on 31 December 1911.

This meant that except for in Hull, Portsmouth and Guernsey the Post Office became the monopoly supplier of telecommunications in the UK in 1912.



Private and municipal telephone companies - timeline

1878	The Telephone Company Limited (Bell's Patents) established
1879	Edison Telephone Company of London Limited established
1880	The Telephone Company Limited and the Edison Telephone Company merged to form the United Telephone Company (UTC) Legal case brought by Post Office regarding the status of the telephone in relation to the Telegraph Acts led to the granting of licences to operate telephone services
1881	The London and Globe Telephone Maintenance Company established to rival the UTC in London The Provincial Telephone Company formed by the UTC to promote the telephone in the regions leaving the UTC to concentrate on London The National Telephone Company (NTC), the Lancashire and Cheshire Telephonic Exchange Company and the Northern and District Telephone Company formed as UTC subsidiaries
1882	The Telephone Company of Ireland formed as a UTC subsidiary
1884	The London and Globe Telephone Maintenance Company taken over by the UTC The Western Counties and South Wales Telephone Co Ltd formed as a UTC subsidiary The Provincial Telephone Company was wound up having fulfilled its objectives
1885	The South of England Telephone Company formed as a UTC subsidiary
1889	Merger of the Lancashire and Cheshire Telephonic Exchange Company, the UTC and the NTC under the NTC name
1899	Act of Parliament passed allowing municipal bodies to be granted licences to operate telephone systems
1900	The Corporation of Glasgow gained licence and started operating telephone system
1901	The Corporation of Brighton and Corporation of Portsmouth granted licences to operate telephone systems
1902	The Corporation of Swansea gained licence and started operating telephone system



1905	The NTC's trunk services were transferred to the Post Office
1906	The Corporation of Glasgow and the Corporation of Brighton telephone systems were transferred to the Post Office
1907	The Corporation of Swansea telephone system was transferred to the NTC
1911	The NTC was wound up with all of its assets being transferred to the Post Office on 31 December, making the Post Office the monopoly supplier except for Portsmouth, Hull and Guernsey