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Book Review of International Licensing Agreements

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BOOK REVIEW

INTERNATIONAL LICENSING AGREEMENTS

Edited by *Gotz M. Pollzien* and *George B. Bronfen*;
The Bobbs-Merrill Company, Inc. : 1965 XXXV, 426 pp.

The increasing importance of international trade brings about a great need for practical material on how to go about entering the foreign trade area and avoiding all the pitfalls that go along with such activity. *International Licensing Agreements* is an excellent step towards fulfilling this need.

There are several methods which can be used by an American company to sell goods abroad:

- (a) Direct exports to foreign purchasers
- (b) Conclusion of license agreements
- (c) Partnership with an existing foreign company or formation of a new company with other partners, foreign and domestic
- (d) Establishment of a wholly-owned subsidiary

A mere licensing agreement would require little or no capital to get into production in a foreign market, but the risk exists that after the expiration of the agreement the licensee may become a competitor of the licensor, notwithstanding any non-competition clause that may have been included in the original agreement. On the other hand, forming a partnership with an existing or newly formed company, or establishing a wholly owned subsidiary, requires a substantial investment and is subject to the risks of expropriation, nationalization or confiscation.

Except for direct exporting, a licensing agreement will be required regardless of the method used for sales abroad. Thus, under a mere license agreement, a foreign licensee will be permitted, for a royalty, to manufacture and sell the product. Under the wholly-owned subsidiary or partnership method the foreign entity will be licensed to manufacture and sell the product in the foreign country.

The subject matter of the license agreement may be a patent, "know-how," the invention itself, trade-marks, copyrights or combinations of these. The laws regarding these license agreements and patents are treacherously different from country to country and thorough knowl-

edge is required lest a licensor will find that he is unprotected under the agreement he signed.

The book under review reports comprehensively the licensing requirements of twenty-two countries, authored by specialists of these countries. The countries are: Austria, Belgium, Canada, Denmark, England, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United States, and Yugoslavia. The report on each country analyzes the subject matter under the following headings:

- (a) Statutes and other sources of law applicable to license agreements,
- (b) Parties to license agreements,
- (c) Definition and types of licenses
- (d) The subject matter of license agreements
- (e) Term of license and notice
- (f) Duties and warranties of licensor
- (g) Duties of licensee
- (h) Infringement of patent
- (i) Legal factors
- (j) Anti-Trust or cartel law
- (k) Taxation

The last sixty pages of the book are devoted to an analysis and discussion of the anti-trust rules of the common market.

For a businessman (or his attorney) who intends entering the field of foreign trade this book is almost an indispensable guide.

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