Book Review of International Licensing Agreements

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BOOK REVIEW

INTERNATIONAL LICENSING AGREEMENTS

Edited by Gotz M. Polzien and George B. Bronfen;

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-

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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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