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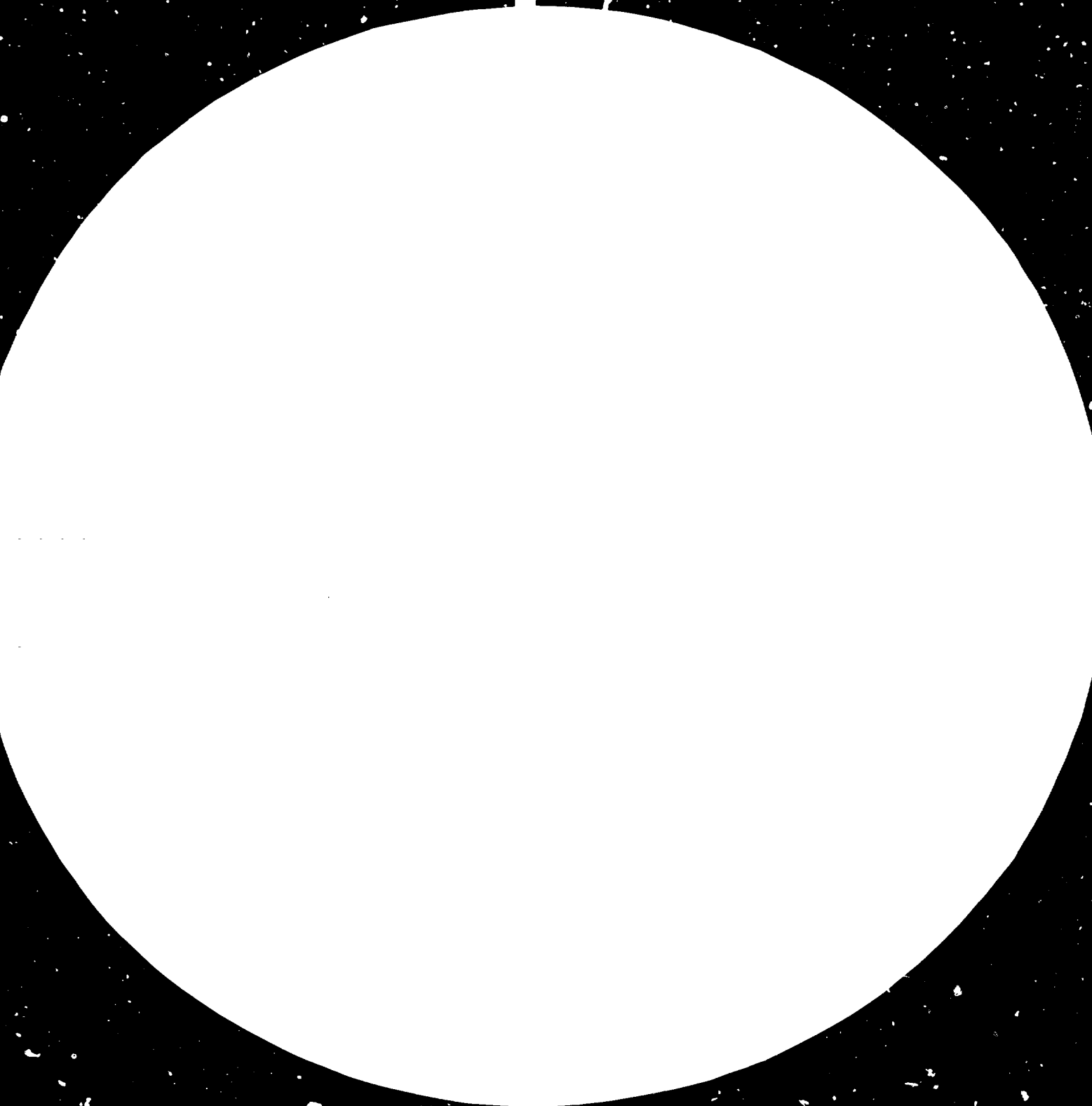
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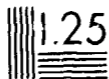
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2.8



3.2



4.0



5.0



Resolution test target for 1.0, 1.1, 1.25, 1.4, 1.6, 1.8, 2.0, 2.2, 2.5, 2.8, 3.2, 4.0, 5.0

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UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Distr.
LIMITED
UNIDO/IS.206
16 February 1981
ENGLISH

TECHNICAL COOPERATION AGREEMENT

ON

HI-FI RECORD PLAYER, CASSETTE MECHANISM,
MINIATURE MOTOR *

000.00

A CASE STUDY

by

Young-Hun Kim **

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** Deputy Director, Technology Transfer Center, KIST, Seoul, Korea

V.81-21662

TECHNOLOGICAL INDUCEMENT AGREEMENT

THIS AGREEMENT, made and entered into as of the _____ day of _____, 1977, by and between COMPANY A, a corporation organized and existing under the law of Country A, having its principal office at _____, Country A (hereinafter called LICENSOR) and COMPANY B, a corporation organized and existing under the law of Country B, having its principal office at _____, Country B, (hereinafter called LICENSEE).

WITNESSETH

WHEREAS, LICENSOR has for many years been engaged in the manufacture and sale of hi-fi record players, cassette mechanisms, miniature motors and parts thereof and has acquired extensive technical information and knowledge concerning the manufacture of the said products.

WHEREAS, LICENSOR has rights to trade marks under which LICENSOR's said products are marketed and has the right to grant licenses under such trade marks.

WHEREAS, LICENSEE desires to acquire the right to use the said technical information to manufacture Licensed Products as hereinafter defined and the right to use LICENSOR's trade marks; and

WHEREAS, LICENSOR is willing to grant LICENSEE such rights as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, the parties hereby agree as follows:

ARTICLE 1. DEFINITIONS

The terms as hereinafter used in this Agreement are defined as follows:

1. "Licensed Territory" means the Country B
2. "Licensed Products" means record players for model T-236, T-833, cassette mechanism, miniature motors for AC model L-25 and small DC motor and parts thereof.

Any addition to Licensed Products may be made with mutual written consent.

3. "Technical Information" means any technical know-how, confidential knowledge, data, advice, formulas, designs and all other information and knowledge available to LICENSOR relating to the manufacture and use of Licensed Products.

ARTICLE 2. LICENSE GRANTED, TECHNICAL INFORMATION AND SERVICES

LICENSOR grants LICENSEE an exclusive and non-assignable license to manufacture, use and sell Licensed Products in the Licensed Territory.

LICENSOR also grants LICENSEE a non-exclusive and non-assignable license to sell Licensed Products outside Licensed Territory. In exporting Licensed Products, LICENSEE will consult with LICENSOR on a case by case basis.

LICENSOR will provide LICENSEE with Technical Information required by LICENSEE to manufacture and use of Licensed Products, including, without limitation, one (1) set of the following materials necessary to manufacture Licensed Products:

1. Assembly and exploded drawings
2. Parts drawings and materials specifications
3. Manufacturing particulars
4. Test and inspection standards.
5. Jig drawings for manufacture and assembly
6. Parts list, parts price list, operation and manufacturing plans
7. Materials regarding facilities and layout necessary for manufacture, adjustment and inspection of Licensed Products
8. List of manufacturers and price list of special machines
9. Purchase specifications of component parts that LICENSOR is procuring from other manufacturers.

LICENSEE shall make every effort to manufacture record players within one (1) year after receipt of the materials in the preceding paragraph. LICENSEE agrees to commence the manufacture of cassette mechanisms and miniature motors within one (1) year after commencement of manufacture of record players.

During the term of this Agreement LICENSOR will, upon the reasonable request in writing by LICENSEE, train at its works the employees of LICENSEE to become familiar with the techniques in relation to manufacture, assembly and inspection of Licensed Products. All costs or expenses incurred by such LICENSEE employees shall be borne by LICENSEE.

During the term of this Agreement LICENSOR will, upon the reasonable request in writing by LICENSEE, send necessary engineers for the reasonable period mutually agreed by the parties to assist LICENSEE in giving necessary technical assistance and advice for manufacturing of Licensed Products. LICENSEE shall pay LICENSOR all the travelling expenses and remuneration of the engineers: The travelling expenses shall be prepared by LICENSEE based upon the economy class round trip tickets between Country A and Country B and the remuneration to be paid by LICENSEE shall be calculated based upon a sum (in currency of Country A) per day for each person of such engineers.

LICENSOR shall, at the request of LICENSEE, test and evaluate parts or components furnished by LICENSEE to be used in manufacturing Licensed Products and advise LICENSEE of the result of the test and evaluation.

ARTICLE 3. USE OF LICENSOR TRADE MARK AND
MARKING

LICENSEE may, during the term of this Agreement, affix marking on Licensed Products manufactured by LICENSEE indicating in effect that they are manufactured under license from LICENSOR.

For domestic market and for export in which case record-players may bear the trade mark "XXX XX" provided they are mounted into music centres. The name "XXX XX" can only be used on Licensed Products, that is on the record-player and not on the hi-fi music centre itself.

ARTICLE 4. SECRECY

All the Technical Information supplied to LICENSEE by LICENSOR shall be limited to the use of LICENSEE and its affiliated companies only for the purpose of manufacturing Licensed Products.

In order to prevent divulgement of secrets of all the Technical Information on Licensed Products supplied by LICENSOR, LICENSEE shall take all the specific measures that LICENSEE considers necessary during the term of this Agreement.

Should LICENSOR sustain any damages from divulgement of the secrets due to negligence of LICENSEE, LICENSOR may demand reasonable compensation for such damage from LICENSEE.

ARTICLE 5. PAYMENT, REPORT AND INSPECTION

In consideration of the license and Technical Information furnished by LICENSOR under the provisions of this Agreement, LICENSEE shall make payment to LICENSOR of the following amount:

1. Initial payment fees for the drawings of Licensed Products as below:
 - (a) Record-players -- currency of Country A
 - (b) Cassette mechanisms -- currency of Country A
 - (c) Miniature motors -- currency of Country A

2. The royalty of three per cent (3%) of the Net Selling Price of Licensed Products as defined in the following paragraph, free of all taxes.

Net Selling Price means the gross selling price exclusive of the following items:

 - (a) sales returns and allowances
 - (b) selling expenses, sales commission, sales tax and other taxation
 - (c) packing, crating, installing, freight charge and insurance
 - (d) other expenses not related to the technological inducements under this Agreement
 - (e) the C.I.F. price for the parts supplied by LICENSOR for Licensed Products, import tax, related import expenses and commission.

3. The royalty of four per cent (4%) of the Net Selling Price of Licensed Products, if the products are sold under the trade mark of LICENSOR.

4. The royalties payable by LICENSEE per year under this Agreement shall be not less than the amount calculated on the basis of the following minimum quantity of each item of Licensed Products, but in no event shall the amount of royalties exceed the amount calculated on the basis of the following maximum quantity of each of Licensed Products:

<u>Item</u>	<u>Minimum quantity</u>	<u>Maximum quantity</u>
Record-players	100,000	200,000
Cassette mechanisms	100,000	300,000
Small DC motor	100,000	300,000
Miniature AC motor, L-25	100,000	200,000

The one year period applicable to the above minimum and maximum quantity shall mean each twelve (12) months and commence from the actual manufacture of each item of Licensed Products.

In case the latest applicable period for the above minimum and maximum quantity is less than one year, the minimum and maximum quantity shall be calculated on a proportionable basis. The above minimum and maximum quantity of Licensed Products shall only serve as the basis of the minimum and maximum royalties payable by LICENSEE.

As for the record players, in the event the amount of royalties calculated on quantity basis is less than _____ (currency of Country A) LICENSEE shall pay LICENSOR _____ (currency of Country A) as minimum royalty and this exceptional condition shall be applicable only from the second year on.

5. Within thirty (30) days following 31 March, 30 June, 30 September and 31 December of each year, LICENSEE shall submit written statements indicating:

- (a) The number of Licensed Products sold or used during the corresponding quarterly period, including name and address of the purchaser and the trade mark used;
- (b) Total Net Selling Price for Licensed Products sold or used, and total amount of parts for Licensed Products bought from LICENSOR during the corresponding quarterly period; and

- (c) Total amount of money payable to LICENSOR under the provisions of Article 6 during the corresponding quarterly period.

ARTICLE 7. GENERAL REGULATIONS AND LITIGATIONS

1. LICENSEE shall make utmost efforts in marketing Licensed Products.
2. LICENSEE shall not tie up with any third party in any way in respect to manufacture of hi-fi record-players similar in features and functions to the record players as specified in the above.
3. LICENSEE shall purchase mechanical devices, parts and components used in the manufacture of Licensed Products, which could not be manufactured in the Territory, directly from LICENSOR or from other specific sources designated by LICENSOR.
4. LICENSOR assumes no liability for any defect or malfunction of Licensed Products manufactured by LICENSEE including any outcome resulting therefrom. LICENSEE shall indemnify and hold harmless LICENSOR from all liabilities for all claims, suits, expenses and losses of all kinds which result from any defect or malfunction of Licensed Products manufactured by LICENSEE.

However, if any problem is found in Licensed Products manufactured by LICENSEE hereunder, LICENSOR is fully prepared at the request of LICENSEE to assist in solving such problems.

5. LICENSOR does not warrant that Licensed Products sold by LICENSEE does not infringe other party's patents.

ARTICLE 8. DURATION

This Agreement shall become effective upon the date of Country B government authorization for five (5) years.

ARTICLE 9. FORCE MAJEURE

Neither of the parties hereto shall be liable for failure of performing their obligation hereunder due to an act of God, disaster, war, artificial cause or any other causes similar to the foregoing which are beyond the reasonable control of the party.

ARTICLE 10. NON-ASSIGNMENT

This Agreement shall bind both parties and their successors or assigners. No assignment of this Agreement of any part thereof may be made by either party without written consent of the other.

ARTICLE 11. ARBITRATION

All disputes that may arise under or in relation to this Agreement shall be submitted to arbitration under the Commercial Arbitration Rules of (a) the Commercial Arbitration Association in Country B if the arbitration is to be held in Country B or (b) the Arbitration Committee of Country A if the arbitration is to be held in Country A.

ARTICLE 12. APPLICABLE LANGUAGE, NOTICE AND PROCEDURE FOR VALIDATION

Presentation of any material or correspondence under this Agreement shall be made in the English language unless otherwise provided for herein.

Any notice or requirement under this Agreement shall be directed to the address of each party stated at the head of this Agreement, or to such other addresses as any of the parties may designate by notice in writing to the other.

IN WITNESS THEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives on the day and year first above written.

COMPANY B

COMPANY A

By _____
Representative

By _____
Representative

