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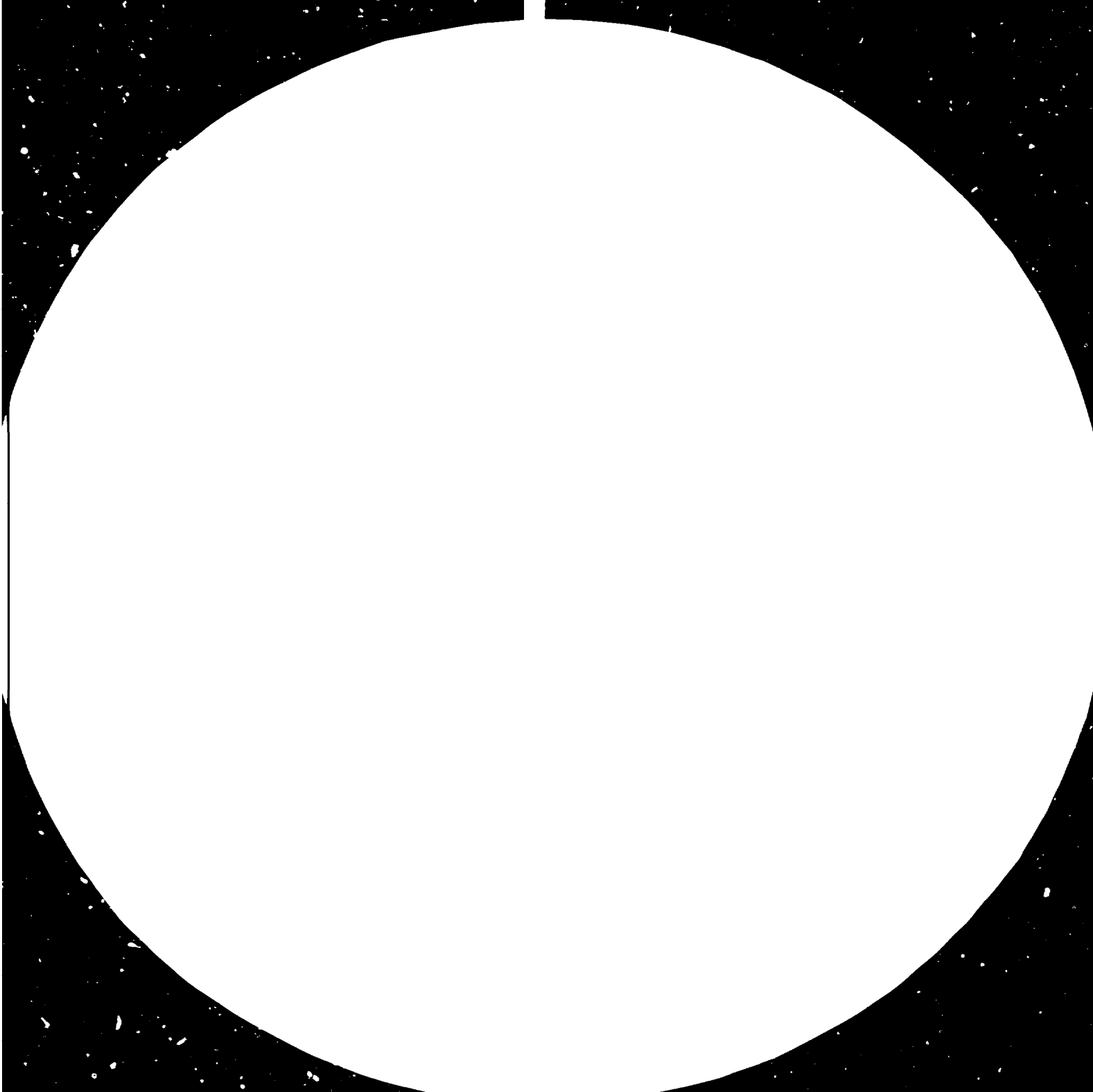
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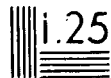
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Resolution Test Chart
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UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

ENGLISH

LICENCING AGREEMENT
ON
HIGH-VOLTAGE DISCONNECTORS*

A CASE STUDY
by
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* This documents has been reproduced without formal editing
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V.81-21667

LICENSE AGREEMENT

BETWEEN:

COMPANY A having its registered office in Country A, at
_____, hereinafter called "LICENSOR",

Of the one part,

AND:

COMPANY B having its registered office in Country B at
_____, hereinafter called "LICENSEE",

Of the other part,

WHEREAS:

LICENSOR has designed, manufactured and sold High-Voltage disconnectors and has in this respect acquired the knowledge of original technical data and manufacturing processes.

LICENSEE declares it knows these Disconnectors and wishes to benefit from LICENSOR's technical experience and know-how to manufacture such Disconnectors.

LICENSOR accepts to grant the manufacturing and selling rights, as well as its technical assistance, to LICENSEE on the terms and conditions hereinafter set forth.

NOW IT IS HEREBY AGREED AS FOLLOWS:

CLAUSE 1 - OBJECT OF AGREEMENT

LICENSOR hereby grants to LICENSEE which accepts the disposal of the studies, developments and industrial know-how of LICENSOR to manufacture the Disconnectors as described in Clause 2 (hereinafter referred to as "Licensed Products"). In this respect, LICENSOR will deliver to LICENSEE all drawings and information necessary to manufacture the Licensed Products (Clause 4 hereafter) and will grant it its technical assistance for the manufacture and assembly of such Disconnectors.

CLAUSE 2 - DESCRIPTION OF THE LICENSED PRODUCTS

This Agreement covers the Disconnectors of voltages from 36 kv to 360 kv whose technical data are specified in Appendix I.

CLAUSE 3 - SCOPE OF AGREEMENT

3.1 Under this Agreement LICENSOR grants to LICENSEE:

- a. the exclusive right to manufacture and sell the Licensed Products in Country B,
- b. the non-exclusive right to sell in all the countries of the world, except in the countries where LICENSOR has granted or will grant exclusive rights of manufacture and/or sale of such Disconnectors. It is specified that the countries where LICENSOR has granted exclusive rights to date are as follows:
all the countries of the EEC and Algeria, Brazil, India, Morocco, Poland, Spain and Tunisia.

3.2 LICENSOR however reserves the right to sell the Licensed Products in Country B directly or not, in one of the following cases:

- a. In the event of LICENSEE being unable or not desiring to meet the requirements of customers in Country B,
- b. For sales of industrial package deals or complete projects by a group of manufacturers in which LICENSOR would participate,
- c. For contracts secured further to international requests for proposals or tenders and financed either by I.B.R.D., or by A.D.B., or by a multi-government banking organization when the Government of Country A participates in such an organization, or by any non-Country B banking organization.

This Agreement is not indivisible, not negotiable and not transferable. LICENSEE will therefore not be entitled to grant all or part of the rights and obligations under this Agreement to third parties, either freely or subject to payment, without prior consent in writing from LICENSOR.

CLAUSE 4 - DELIVERY OF MANUFACTURE DRAWINGS AND DOCUMENTS

4.1 LICENSOR undertakes to supply one reproducible copy of the technical data, drawings and all documents necessary to manufacture the Licensed Products within the periods specified hereafter.

The adaptation of the Disconnectors to standard specifications and regulations of Country B will be left to LICENSEE's care under its own responsibility.

4.2 Upon LICENSEE's request, the drawings and documents will be sent to LICENSEE not later than three (3) months after the Agreement becomes effective (refer to Clause 9.1 hereafter).

- a. pamphlets and catalogues,
- b. outline drawings,
- c. standard installation drawings,
- d. instruction manuals for erection and maintenance,
- e. general layout drawings of sub-assemblies,
- f. list of loose parts specifying raw materials and machining allowances, etc.,
- g. workshop assembly drawings, specifications of raw materials, and test reports.

CLAUSE 5 - TECHNICAL ASSISTANCE

LICENSOR accepts to receive one or more LICENSEE's engineers or technicians as trainees in its factories in Country A for periods as defined hereafter:

5.1 A maximum of 16 man-weeks for training (period during which the delegates of LICENSEE are assisted by personnel from LICENSOR). In such case, all the expenses involved by such training periods, i.e. travelling, housing, food, living expenses will be borne by LICENSEE.

In order to help LICENSEE with the manufacture, assembly and adjustment of the Licensed Products, and upon LICENSEE's request, LICENSOR will delegate one or more of its engineers or technicians to Country B for a period up to 12 man-weeks.

5.2 LICENSOR will pay the travelling expenses from Country A to Country B and return, as well as travelling, housing and living expense in Country B of LICENSOR's personnel who will be delegated to LICENSEE.

In addition, LICENSEE will pay LICENSOR an amount of US dollars One Hundred (US\$100) per man and per day of visit, including travelling time. The sums paid in this respect will be net for LICENSOR; all the Country B taxes or fiscal charges will be borne by LICENSEE.

The above sum of US dollars One Hundred (US\$100) per man and per day will remain valid for one year from the date of signature of this Agreement, after which period it will be revised within the limit of ten per cent (10%) per year after discussion between the two parties.

CLAUSE 6 - OBLIGATIONS OF LICENSOR

6.1 Remuneration of LICENSEE:

(1) FEE;

LICENSEE will pay LICENSOR a fee of US dollars Sixty Thousand (US\$60,000) to be paid as follows:
US\$30,000 at the date upon the Agreement becomes effective and not later than thirty (30) days after the date,
US\$30,000 One Hundred and Eighty (180) days after the Agreement becomes effective by draft accepted and guaranteed by a First Class bank, which bank must also be approved by the Country A Authorities.

(2) ROYALTIES:

a. In addition, LICENSEE shall pay LICENSOR a royalty of three per cent (3%) calculated on the net amount, viz. exclusive of Country B taxes on sales and commodity, freight, insurance and packaging expenses, agent commissions (in case of sales of LICENSEE outside Country B and sales discounts of the sales of Licensed Products invoiced by LICENSEE to its customers.

- b. LICENSEE will send a statement of royalties once a year. The statement will be addressed to LICENSOR within three (3) months following December 31st of every year, and will specify the technical data of the Licensed Products which have been sold, together with their serial number as shown on the rating plates, the number of Disconnectors of each type, the date of the invoices. The royalties will be paid before March 1st.

The payment will be in U.S. Dollars in the bank of Country A nominated or agreed by LICENSOR.

- 6.2 LICENSOR shall pay an interest of ten per cent (10%) on any delayed payment of the FEE, ROYALTIES or any other amount due under the above CLAUSE 6.1.

6.3 Secrecy:

All the information and documents furnished by LICENSOR to LICENSEE in pursuance of this Agreement will be treated as confidential and LICENSEE expressly undertakes not to disclose them to third parties knowingly or not, and to take all necessary steps to this end.

6.4 Preference Clause:

Due to the particular terms of the conclusion of this Agreement, as well as to the scope of the technical assistance to be given by LICENSOR to LICENSEE, LICENSEE agrees to conclude no agreement whatsoever of the same type or similar nature with any manufacturer other than LICENSOR.

In addition, LICENSEE shall purchase the loose parts, sub-assemblies and accessories not manufactured by LICENSEE, with which the Disconnectors manufactured by LICENSEE under this Agreement will be equipped, only from LICENSOR or from suppliers nominated by LICENSOR.

- 6.5 During the term of this Agreement LICENSEE agrees not to directly or indirectly undertake the manufacture and/or sales in the licensed territory of products directly competitive with any of the Products manufactured by LICENSOR, which are not the subject of this Agreement, without the prior consent of LICENSOR.

- 6.6 LICENSEE agrees not to use the technical information and documents licensed under this Agreement for any other purposes than the Licensed Products.
- 6.7 LICENSEE agrees that any improvements made by LICENSEE under this Agreement belong to LICENSOR who is free to use them.
- 6.8 LICENSEE agrees to disclose to LICENSOR any developments or improvements which it may make in the machines, products, processes designed or suggested by LICENSOR and to permit LICENSOR to freely use such improvements or developments vested to LICENSOR and agrees to co-operate with LICENSOR in obtaining patent or patents of Country A on any of such improvements or developments which may be patentable, and agrees to transfer the title to patents of Country A for the same to LICENSOR.

CLAUSE 7 - INDUSTRIAL PROPERTY

LICENSOR knows of no patents in the licensed territory of third parties which would be infringed by the operation of the machines and/or the operation and use of the Licensed Products or the manufacture and/or the use of fittings, but has not made a complete study of the patent situation, and accordingly LICENSOR makes no warranty regarding patents and shall not be held responsible for any infringement of patent rights of third parties.

LICENSEE agrees not to undertake anything, directly or indirectly, likely to prevent the exercise of LICENSOR's rights but, on the contrary, to assist LICENSOR with all possible means in any action tending to preserve their validity.

CLAUSE 8 - LIFE OF AGREEMENT

The present Agreement will become effective from the date upon which LICENSOR will be notified by registered letter from LICENSEE of its approval by the relevant Government authorities of Country B, as much as this notice takes place, at the latest, 6 (six) months after the date of signature of this Agreement.

The formalities, if any, for approval of this Agreement by the Government authorities of Country B, the obtainment of the Country B Government authorities licenses and permits required for this Agreement, are left to LICENSEE's care under its own responsibility.

It will be for a period of five (5) years from the date it becomes effective.

One year prior to the date of its termination, both parties will examine the conditions of its renewal, if any. If, after such a discussion, it is decided not to renew the Agreement, LICENSOR will stop supplying LICENSEE with the drawings relative to the alterations and improvements carried out on the Licensed Products.

CLAUSE 9 - LIABILITY

The LICENSOR will neither be liable for any defects of the Licensed Products manufactured by the LICENSEE nor for any mistakes made by LICENSEE during such manufacture.

The LICENSOR does not warrant that the technical information and documents supplied to LICENSEE under this Agreement is capable of increasing commercial profit of LICENSEE. The risk of such commercial profit shall be assumed solely by LICENSEE.

CLAUSE 10 - TERMINATION

During its life, this Agreement can be terminated in one of the following events:

- 10.1 In the event of failure of LICENSEE to perform its obligations, LICENSOR will be entitled to terminate this Agreement by sending a registered letter specifying its will to consider the Agreement as terminated. Such termination however can take place only six (6) months after the notice has been given by registered letter and has remained without effect.

The term after receipt of the notice by registered letter will be shortened to thirty (30) days in the event LICENSEE would not dispatch the statements to LICENSOR or would not pay the amounts provided for in CLAUSE 6 hereabove at the specified date.

10.2 In the event of a substantial change in the capital structure of LICENSEE, likely to lead to the control of LICENSEE by a company or a group competing with LICENSOR, LICENSOR has the right to terminate this Agreement without any notice and without LICENSEE being entitled to claim any damage whatsoever in this respect.

CLAUSE 11 - DISPUTES

Failing a mutually agreed settlement, any dispute in connection with the interpretation or the application of this Agreement will be finally settled under the rules of Conciliation and Arbitration of the International Chamber of Commerce in Paris by one or more arbitrators to be appointed in conformity with the said rules. The Agreement will be governed by the Swiss Law and the arbitration will take place in Zurich.

This Agreement is executed in two copies in English and signed by both parties.

Company A

Company B

Representative
Director

Representative
Director



