

sights of Washington, D.C., "This is the Washington Monument, and this is the White House." "Why do you call it the White House?" "Well, we call it the White House ever since it was necessary to paint it white to cover the flame and fire damage which took place when you British burned Washington during the War of 1812." "Oh, I'm sorry," said the Britisher. "Of course, I knew we burned Joan of Arc, but I thought Washington died a natural death."

I think this covers everything I wanted to say. However, I may be forgetful. Sunday night, I ate too much miyoga at Futaba Sushi — near the Kabukiza Theatre. For those of you who may not know of the effects of miyoga, it makes you forgetful.

The story is that a guest at a Japanese inn left a considerable amount of money with his host for safe keeping. The host, with some ulterior motive in mind, served the guest much miyoga in hopes he'd forget the money. It developed the guest did forget, but not to retrieve the money, he forgot to pay the bill.

I have two favorite Japanese proverb sayings which I like to use in Japan. I think they apply somewhat to the principles involved in licensing from developed countries to developing countries or to a licensor to licensee in any circumstances. "Do not make yourself too important," and "The able eagle hides his talons." With that, if I may indulge in a bit of Kansai dialect, "Okini." (Thank you)



Shigeo Okano

A REPORT OF EXAMPLES OF LICENSEES

By
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Enterprises are greatly affected by the history of the world. Many of enterprises in Japan introduced a

great number of technologies from developed countries. This is because Japan accepted modern scientific civilization about 100 years later than developed countries.

I would like to recall the matters in Japan before 100 years ago. Some of the people who visited Japan in those days from western world left interesting literary works regarding Japan. Many of them were diplomats¹ but there also were some scientists, medical doctors³ and military people². I had read some of these works before in Japanese language. I recalled these works when I started the job of summarizing examples of licensees of the company I am working with.

I found that the reason for our eagerness toward introduction of technology has something to do with the minds of our ancestors about one hundred years ago. It was such a day when the power of the Shogunate government fell into decay and the powers of feudal lords of Satsuma, Choshu, Tosa and Higo clans who were attempting to overturn the Shogunate government were rapidly gaining strength. In order to strengthen the power of each feudal lord it was necessary to introduce technology of western countries. Such technology was not limited to military field, but emphasis was also placed on the technology regarding industries to strengthen economic power.

The social condition for eagerly introducing foreign technology is that the society is unstabilized. Of course instability of the society alone is insufficient, and the ability of those who introduce technology is essential. In short, the major object of introduction of technology was to win in a competition within Japan.

The name of the company I work with is Kobe Steel, Ltd. Unlike other steel companies in Japan, the company has machinery division, welding electrode division and nonferrous division besides steel division; and I myself belong to machinery division. Since execution of technical tieup with Allis-Chalmers Corp. in 1951 for mining machinery and cement manufacturing machinery our company has executed about 70 cases of technical tieups of 1 year or longer term up to the present time. Approximately 60 cases are effective today, out of which 50 cases belong to machinery division. Construction machinery which are manufactured under technical tieup with Harnishfeger Corp. occupy major share among them and accordingly the trade mark of "P & H" is very popular in Japan today.

These technical tieups had in the early days such a severe provision that a permit should be obtained from the licensor if the design is to be changed by the licensee. Such a provision was an obstacle in many different ways. The largest obstacle was that under such a condition excellent designers do not grow. The second obstacle was that the standard of the company is diversified, and the third obstacle was that due to the difference in customer needs between the licensor's country and Japan the goods manufactured based on the drawings imported do not sell in Japan. These difficulties lasted for about 10 years, and thereafter the situation was changed as the licensors understood our difficulties. Export destination was also very severe, but in the recent years the number of such cases where licensors are not necessarily particular about

contracted territory has been increasing based on the cooperation structure and mutual understanding between licensor and licensee. Such circumstances bring profit to both parties as a result of growth of business. Human relation between both parties was important to establish such circumstances.

The thoughts regarding technical tieup also changed in the 20 years' history of technical tieup with our company. In the early days in almost all the cases directors took initiative as to selection of the subject or product, and it was successful in many cases. That is, the merchandise produced under technical tie-up sold well. However, a change was made in about 10 years, and merchandise did not necessarily sell well unless selection was made carefully. In the recent years market research has become a very important requirement. As a unique case there was a case where technical tieup was made as a result of an advice from a customer. It was very much successful.

It is one of the requirements for success in the Japanese market that when manufacture is made with the drawings of the machine purchased from the licensor it is necessary to sell the products with engineering and its know-how to establish a series of plant in addition to provision of application and after sales service. We were successful in marketing concrete aggregate plant for dams which is a combination of Allis-Chalmers' crusher with a series of machinery. This is one of the examples of the above. This tendency is getting more apparent these days, and in some sense it is a prelude of the age of division of labor between engineering company and machinery maker. I assume that the reason why such an age is not yet reached in Japan lies in the structure to employ engineers for life in Japan.

Companies in U.S.A. are the majority of our licensors. The reason for it must be that we signed agreement with Allis-Chalmers in the early days. Since then we made technical tieups with such leading companies as A. O. Smith and Falk Corp.

What I noticed when I observe licensors in U.S.A. is that vice presidents are transferred very often. We met a difficulty each time vice president was transferred as the policy of the licensor was changed. In U.S.A. a vice president of a company sometimes moves to a competitor. It is beyond our comprehension. Such happenings are rarely observed with companies of Milwaukee line.

Another characteristic of licensors in U.S.A. is that they employ excellent engineers from European companies in a considerable number. Japanese companies introduce technology through technical tieup, but American companies introduce technology through employment of engineers. This is not an ironical paradox, but I think that American way of doing is rather good because it results in technological development is multilaterally effected through movement of engineers.

I recently read a colloquy between Donald Keene and Ryotaro Shiba titled "Japanese people and Japanese civilization" (published by Chuo Koron Sha). An epoch of civilization in Japan, known as "The Reform of the Taika" was executed in Japan in 645. As its result a united nation was formed by copying a

united nation in China by the name of Zui. Mr. Keene points out that Japanese civilization has two different aspects; one accepts foreign civilization and another rejects foreign civilization.

There are many matters that should be considered regarding licensing agreement. I assume that the thoughts of young bureaucracy of the Japanese government will greatly affect the future attitude of Japan against licensing agreement. The Japanese economy is coming across a major turning point. Our technical tieups are oriented toward development of peripheral technology from manufacture and marketing of the contents of tieup themselves.

Ideas will probably be broadly pursued in the era.

¹Sir Rutherford Alcock, "The Capital of the Tycoon". Sir Ernest Mason Satow, "A Diplomat in Japan".

²Kattendyke, "An Extract from My Diary".

³Von Siebold, "Nippon".



N. Shikanai

COMMEMORATIVE SPEECH

Addressed By

Mr. N. Shikanai

*Nihon Kogyo Shinbun, President, at luncheon party
of L.E.S., Tokyo Conference*

Gentlemen, as mentioned in my introduction, my name is N. Shikanai. It is indeed a great pleasure to be invited to the Licencing Executive Society today through the auspices of the Nihon Kogyo Shinbun ("Japan Industrial News"), one of the sponsoring bodies for L.E.S. Tokyo Conference, Since I have long been concerned myself with the mass-communication business in Japan which bears little connection to your speciality, the licensing profession, I would like to speak about the relationship between the current international political development and mass-communi-