Overlooked Opportunities

Making the most of U.S. antitrust limitations on international licensing practices

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The title, "Overlooked Opportunities — Making the Most of United States Antitrust Limitations on International Licensing Practices," may seem puzzling if not shocking to some of you. Unfortunately, all too often parties to license negotiations view the United States antitrust laws as the enemy — something to be evaded, ignored, or complained about. As a result, companies sometimes take action which fails to maximize licensing profits. Moreover, in addition to such commercial losses, companies often find that their inattention to antitrust details can result in massive litigation expenses and liabilities.

My objective here is to suggest a few ways to maximize licensing opportunities by properly recognizing United States antitrust limitations, rather than ignoring such legal constraints. But first, a brief review of some basic principles.

A. DISTANCE DOES NOT NECESSARILY GUARANTEE IMMUNITY FROM UNITED STATES ANTITRUST LAWS — CAPTURE OF THE "FLYING DUTCHMAN."

It is obvious and well known to United States companies that they are fully accountable under the United States antitrust laws for their licensing practices in the United States courts.

And, although most experienced companies now recognize that just being foreign does not immunize them from United States antitrust actions, few really understand how easy it is for them to become defendants in United States courts.

The United States antitrust laws frequently apply to technology agreements between United States and foreign companies if the arrangements involve United States exports or imports of products, technology, or royalties, or if they relate to the manufacture or sale of products in the United States.[1]

Foreign parties *are* liable for their United States antitrust law violations and they often *can* be sued in the United States courts, as is illustrated by a variety of actual cases.

United States Government civil suits. In recent years, almost all of the United States Justice Department Antitrust Division technology licensing litigation has focused on international licensing situations. For example, in the *Glaxo* case,[2] the government challenged the so-called bulk licensing restrictions which two giant United Kingdom firms imposed on their United States licensees.

The *Ampicillin* case[3] attacks patent procurement and enforcement practices of a large United Kingdom drug company.

Similarly, *United States v. Farbenfabriken Bayer, A.G.*[4] challenged field of use restrictions on resale imposed on over 100 American companies by the German defendant. Patent licensing practices of another German in the industrial chemical area are challenged in *United States v. Ziegler.*[5]

And of course, the *Westinghouse-Mitsubishi*[6] case is a head-on challenge to the long-standing exclusive technology agreements between two Japanese companies and Westinghouse.

These cases illustrate the keen interest which the Antitrust Division's Patent Section has in foreign technology licensing. In fact, every civil case now being handled by that 15-attorney group involves at least one foreign company or a foreign controlled United States company as a defendant.

The naive may believe that government civil suits are really nothing to be feared — they'll just make you stop violating the law. But, as many companies have learned the hard way, the relief can be much harsher than that.

Relief Tools

The Antitrust Division has a vast array of relief tools — none of which is particularly pleasing to defendants. First, there is the obvious and traditional "don't do it again" injunction. Such injunctions frequently cover a spectrum of products much broader than those restrained.[7]

Second, the court can require compulsory sales of the licensed products to all qualified applicants at reasonable prices to "'pry open to competition'" in the market "'closed by defendants' illegal restraints,'" as was directed by the Supreme Court in its recent *Glaxo* opinion.[8]

Compulsory licensing of the restrained patents at reasonable royalties to all qualified applicants in another painful government remedy revitalized by the Supreme Court's 1973 *Glaxo* ruling.

The *Glaxo* case gave the government still another remedy. It can now challenge the validity of licensed patents in conjunction with its efforts to challenge improper licensing tactics.

Moreover, it has been accurately stated that government suits have a "Johnny Appleseed" effect in that they

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spread the seeds for costly private treble damage litigation.[9]

Government criminal actions. Criminal antitrust actions are especially important in light of recent amendments to antitrust statutes. Until recently, a violation of the Sherman Act was a misdemeanor, carrying with it the relatively small fine of $50,000 per count and a maximum jail sentence of one year which was seldom imposed. But now, an antitrust violation is a felony, carrying the risk of up to three years in jail for individuals and a fine of up to $1 million for corporations per count.[10]

Nonresident Prosecution

Jurisdictionally, it is more difficult for the government to prosecute criminal actions against nonresident companies or individuals than in the case of civil actions. But, as a practical matter, if a foreign company wants to continue to do business in North America, it may be subject to these hazards. For example, John Massaut, a Dutchman who was indicted in 1968 in connection with the alleged price-fixing quinine cartel[11] had ignored the United States indictment for six years. The indictment remained stagnant in the courts due to lack of his presence. But, a few weeks ago when the Dutchman was traveling from Amsterdam to South America, he was arrested attempting to change planes at Kennedy Airport and held overnight in New York's West End Detention Center, pending the posting of $100,000 bail the next day.[12]

Private civil treble damage actions. The Clayton Act provides that any person "injured in his trade or business" can recover three times the amount of his injury plus his attorneys' fees.[13] Such actions can be brought by either party to the agreement being challenged or by third parties. Such suits frequently result in mammoth judgments. For example, in the *Zenith v. Hazeltine* patent pool litigation, the trial court awarded a judgment, later reduced somewhat by the Supreme Court, of $35 million.[14]

Disability of the licensed rights. Even if the foreign party cannot be sued in the United States, having an improper license agreement may pose serious impediments to enforce the licensed rights either against third parties or the other party to the contract. The United States "patent misuse" doctrine — a court-created defense to patent infringement actions — can preclude the recovery of royalties from infringers of even valid patents, if such patents are involved in improper licensing activities.[15]

The situations described are the most common ones in which United States laws are applied against foreign companies in licensing situations. Although not an exhaustive list, it should provide some insight into the magnitude of the problem. To be safe, a foreign party to a United States license agreement should always assume that it is subject to the strictures of the United States antitrust laws and should be aware that failure to adhere to them could result in serious complications in the United States courts.

B. BRIEF REVIEW OF THE TYPES OF LICENSING PRACTICES WHICH MAY RAISE QUESTIONS UNDER THE UNITED STATES ANTITRUST LAWS — BEWARE OF CATCH PHRASES

After recognizing the importance of complying with United States licensing standards, a company then needs to become familiar with the applicable substantive law.

Every rule has exceptions. The licensing law arena is filled with catch phrases and *per se* characterizations. But with most licensing practices it is necessary to evaluate the particular conduct by carefully analyzing the factual situation and applicable legal precedents. Practices which might be defensible in litigation today are not necessarily recommended for future conduct by a conservative company seeking to avoid burdensome litigation. With these caveats in mind, we will briefly summarize the areas in technology licensing in which antitrust problems may arise.

1. Price limitations

Technology agreements setting the price of the licensed product can raise serious antitrust problems, despite the Supreme Court's famous 1926 *General Electric* ruling,[16] and despite recent cases indicating possible areas of permissive price-fixing in licenses.[17]

2. Tie-ins

The licensing practice described by the catch phrase "tie-ins" is frequently said to constitute a *per se* violation of the antitrust laws. To be sure, such practices are often held illegal. But, like other rules, there are always exceptions. For example, the *Jerrold* case[18] recognized that entry into a new technological field might justify tie-in restrictions *for a limited time.*[19]

3. Domestic territorial restrictions

Licensing provisions specifying the territories in which the licensee may operate require careful analysis. To be sure, the Patent Code provides that a patentee may grant "an exclusive right" under its patent "to the whole or any specified part of the United States."[20] At least one recent case holds that this assignment statute legitimizes domestic territorial restrictions which might otherwise violate the antitrust laws.[21] Some antitrust authorities strongly disagree with this contention, however.[22] In any event, few patentees seek to take advantage of the apparent permissiveness of the statute. There has been very little litigation on the subject.[23]

4. International territorial limitations

One of the most exciting and important current topics in technology licensing is the propriety of territorial limitations in international licensing agreements. Frequently a patentee will license his patent in one country while refraining from licensing counterpart patents in other countries. This may well have the same effect as an explicit agreement dividing territories. But this practice is believed by many to be perfectly legal since the territorial barriers are based on different statutory exclusive grants, *i.e.,* the various patents.[24] In the simple example given, this is probably correct.

The problem becomes more complex, however, in cases involving cross-licenses providing for mutually exclusive territories. Such arrangements, especially if coupled with still further restrictions, can quickly lead to situations similar to the classic cartel cases.[25] The problem becomes even more complex when the cross-licenses include provisions for the exchange of technology and patents developed in the future, such as is alleged in the government's *Westinghouse-Mitsubishi* complaint.[26] Of course, an entirely different assessment may be required if the territorial division is achieved by licensing *unpatented* know-how.[27]

In any event, international territorial limitations present challenging questions for thoughtful legal analysis.

As the chief of the Antitrust Division's Foreign Commerce Section recently conceded, the old cartel cases leave a great deal of uncertainty in this area because of their complex factual situations and the presence in those cases of an aggregation of restraints.[28]

5. Fields of use

Another catch phrase used to describe licensing limitations is the so-called "field-of-use" restriction.[29] The legality of such a provision is particularly difficult to assess in the abstract because there is no uniformity as to what the phrase means as used by the judges or patentees. Some people use the term in a technical sense to describe different uses of a single patented device. For example, the same patented materials might be useful in an industrial process as well as in ladies' jewelry. Other people use the phrase "field of use" to describe marketing restrictions. For example, "wholesale distribution only," "animal use only," or "finished" as opposed to "bulk" products.

Frequently, what people perceive as field-of-use restrictions are not restrictions at all in the usual commercial sense, but are legitimate devices by which a patentee protects his royalty income.[30] For example, the owner of a patent on electrical motors might want to charge 10 cents per unit for small home electric fan motors, but thousands of dollars for large units used in locomotives. If the licensee were interested only in one or two sizes, there might be no mention of other sizes or "fields" in the agreement. But, to be safe, the patentee could state in the license that the provision is inserted merely for the purpose of defining what can be done by that licensee at the specified royalty rate. Other fields could be made available to the licensee upon request at an appropriate royalty rate.

6. Grantbacks

Provisions requiring the licensee to grant back future improvement inventions raise a variety of legal questions. Relying on the Supreme Court's 1947 *Transparent Wrap* decision,[31] the naive may just assume that grantbacks are always legal. However, even assuming the continued viability of the old *Transparent Wrap* case, grantbacks can, under certain circumstances, raise antitrust and patent misuse problems. Factors to be considered in evaluating the legality of a particular grantback include whether the grantback provision assigns the entire improvement rights or is a mere nonexclusive license to the patentee, whether there are a number of licenses containing provisions whereby the patentee can funnel back everybody's improvements to himself, whether the patentee will pay a royalty to the licensee developing the improvement, whether the licensor competes with the licensee, and whether other restrictions are in the agreement.[32]

7. Miscellaneous

Do not assume the above is a complete inventory of possible licensing pitfalls. It includes many but by no means all of the antitrust trouble spots encountered in technology licensing. There are others, such as resale problems,[33] exclusive dealing requirements,[34] improper procurement and enforcement of the patents,[35] and agreements tending to inhibit further licensing, such as "semi-exclusive licenses."[36] Moreover, the manner in which a licensee's royalties are calculated can raise a full spectrum of antitrust problems.[37]

In any event, whatever the particular licensing limitation may be, questions regarding its legality should *not* be answered in the abstract. Although the catch phrases and *per se* characterizations can provide some guidance in staying away from risky areas, they are not substitutes for a sophisticated factual and legal analysis. Most of the *per se* antitrust rules have exceptions.[38] Likewise, conduct which alone is innocent can become part of an overall antitrust violation in the context of a particular factual situation.[39] With these substantive guides in mind, let's examine methods of making the most of them.

II. SUGGESTED APPROACHES TO LICENSING FOR MAXIMIZING OPPORTUNITIES AVAILABLE AND MINIMIZING RISKS IN VIEW OF PRESENT ANTITRUST LIMITATIONS

To be sure, some of the critics of United States antitrust law have advanced sound arguments for reform in various areas. They are to be respected and encouraged in their efforts to correct apparent shortcomings of the law where appropriate.

But, in the meantime, companies choosing to enter into licensing agreements must do so with the full awareness of what the law is today and where it is going. They should maximize their opportunities in view of the existing situations rather than ignore or flout these very serious licensing considerations. To aid in doing so, I suggest the following points.

First, the business objectives sought by companies entering into a licensing agreement should be carefully outlined and analyzed. All too often, once businessmen have decided to license, the project is then turned over to others who routinely pull out the same agreement form they have used in other situations where the business considerations were entirely different. At a minimum, the company's objectives should be drafted with a view to avoid complications and to maximize the business benefits to be derived from the agreement. Failure to proceed along these lines may result in use of restrictions of questionable legality and enforceability, but which substantially increase the company's risks, and provide little commercial benefit in return.

Having the company's business objectives clearly formulated, and with reasonable business alternatives in mind, the licensing negotiator should be armed with a good working knowledge of substantive United States law. Obviously, no one can have all the answers at his fingertips for instant recall. But it is helpful to know which practices are usually legal, which are usually illegal, and which practices are in the vast gray area of risky conduct.

But, it is not enough just to know what the law is today. It has been stated that there is a "crusade"[40] and a "revolution"[41] within the Antitrust Division to change the law, thereby making the law applicable to licensing more restrictive. Indeed, just recently the Deputy Assistant Attorney General for Antitrust made an admitted "Alice in Wonderland" pronouncement outlining the Division's enforcement goals.[42]

Thus, it is important to know the direction the law is taking with respect to various kinds of licensing conduct. Remember, today's agreement may run the life of patents perhaps not yet issued, or even conceived, especially if the license contains provisions for future developments. The legality of the license agreement may well be questioned many years later in the context of changed legal circumstances.[43]

To avoid questionable license provisions — thereby minimizing antitrust exposures and possibly maximizing commercial opportunities by avoiding restrictions — the licensing negotiator should be prepared to convince the other party as to the impropriety of proposed provisions, setting forth in a helpful manner the various consequences — previously discussed — resulting from government and private actions under the United States antitrust laws.

Remember, if the other party insists on including licensing provisions of questionable legality, you do have several alternatives to entering such license arrangements. Companies should be prepared to be firm, and refuse to enter into agreements involving a high risk situation. Patentees can refuse to enter such agreements and consider possible ways to enforce their rights. Alleged infringers can challenge validity and infringement in the courts or wait for the patentee's infringement suit which may never materialize. Accused infringers may bring suits for declaratory judgment that the proposed terms are improper and that the offered patents are disabled under the misuse doctrine.

In sum, to maximize your position in licensing situations, be well informed as to the business objectives sought, develop a good working knowledge of substantive antitrust restrictions on licensing, and then be fair, but firm, in negotiations.

CITATIONS

[1] *See, e.g.,* United States v. Aluminum Co. of America, 148 F.2d 416, 444 (2d Cir. 1945) (United States' antitrust laws may be applied to foreign acts having effects in the United States); Japan Gas Lighter Ass'n v. Ronson Corp., 257 F. Supp. 219, 233-34 (D. N.J. 1966) (foreign patentee subject to United States jurisdiction in patent case by virtue of presence of royalty agreement with United States company). *See generally* Wallace, *Multinational Patent and Know-How Arrangements,* 39 Antitrust L.J. 791 (1970). *But see* Neidhart v. Neidhart, S.A., 212 P.T.C.J. A-1 (D.C. Cir. 1975) (foreign patentee can *not* be sued respecting licensing rights in U.S. courts under Patent Code "long-arm statute," 35 U.S.C. § 293).

[2] United States v. Glaxo Group Ltd., 410 U.S. 52 (1973). *See also* United States v. Ciba Corp., Civil No. 791-69 (D. N.J., Complaint filed July 9, 1969); United States v. Ciba Corp. and CPC Int'l Inc., Civil No. 792-69 (D. N.J., Complaint filed July 9, 1969); and United States v. Fisons Ltd., Civil No. 69 C 1530 (N.D. Ill., Complaint filed July 23, 1969).

[3] United States v. Bristol-Myers Co., Civil No. 822-70 (D. D.C., Complaint filed March 19, 1970; *see also In re* Ampicillin Antitrust Litigation, 55 F.R.D. 269 (D. D.C., 1972).

[4] Civil No. 586-68 (D. D.C., Complaint filed March 7, 1968); *see also* United States v. Farbenfabriken Bayer A.G. and Chemagro Corp., 1969 Trade Cas. ¶ 72,918 (D.D.C.) (consent decree).

[5] Civil No. 1255-70 (D. D.C., Complaint filed April 24, 1970).

[6] United States v. Westinghouse Elec. Corp., Mitsubishi Elec. Corp., and Mitsubishi Heavy Indus., Ltd., Civil No. C 70-852-SAW (N.D. Cal., Complaint filed April 22, 1970).

[7] *See, e.g.,* United States v. Ward Baking Co., 376 U.S. 327 (1964).

[8] 410 U.S. at 62.

[9] Remarks of Sigmund Timberg, APLA Bull. 279, 287 (1969).

[10] *See* 685 Antitrust & Trade Reg. Rep. A-3 (BNA 1974).

[11] United States v. N. V. Nederlandsche Combinatie Voor Chemische Industrie, 68 Cr. 860 (S.D.N.Y., indictment returned October 25, 1968).

[12] 690 Antitrust & Trade Reg. Rep. A-6 (BNA 1974).

[13] 15 U.S.C. § 15 (1970).

[14] Zenith Radio Corp. v. Hazeltine Research, Inc., 395 U.S. 100, 106 (1969), *modified,* 401 U.S. 321 (1971).

[15] *See* Wallace, *Proper Use of the Patent Misuse Doctrine — An Antitrust Defense to Patent Infringement Actions in Need of Rational Reform,* ___ Mercer L. Rev. ___ (1975); Nicoson, *Misuse of the Misuse Doctrine in Infringement Suits,* 77 U.C.L.A. L. Rev. 76 (1962). Even a proposed improper license not consummated can result in a cause of action or patent misuse defense in the United States courts. *See* W.L. Gore & Associates, Inc. v. Carlisle Corp., 381 F. Supp. 680, 701-06 (D. Del. 1974).

[16] United States v. General Elec. Co., 272 U.S. 476 (1926). *See generally* Gibbons, *Price Fixing in Patent Licenses and the Antitrust Laws,* 51 Va. L. Rev. 273 (1965).

[17] *See, e.g.,* Congoleum Indus. v. Armstrong Cork Co., 366 F. Supp. 220, 228-31 (E.D. Pa. 1973).

[18] United States v. Jerrold Electronics Corp., 187 F. Supp. 545 (E.D. Pa. 1960), *aff'd per curiam,* 365 U.S. 567 (1961); *see also* Address by Richard M. Stern before Licensing Executives Society in New York City, April 5, 1967.

[19] *See also* Dehydrating Process Co. v. A. O. Smith Corp., 292 F.2d 653 (1st Cir.), *cert. denied,* 368 U.S. 931 (1961) (refusal to sell patented devices unless installed in seller's container not illegal "tie-in" where restriction was motivated by quality control considerations).

[20] 35 U.S.C. § 261 (1970).

[21] Dunlop Co. v. Kelsey-Hayes Co., 484 F.2d 407, 417-18 (6th Cir. 1973), *cert. denied,* 415 U.S. 917 (1974).

[22] Baxter, *Legal Restrictions on Exploitation of the Patent Monopoly: An Economic Analysis,* 76 Yale L.J. 267, 347-52 (1966); Gibbons, *Domestic Territorial Restrictions in Patent Transactions and the Antitrust Laws,* 34 Geo. Wash. L. Rev. 893 (1966); Turner, *The Patent System and Competitive Policy,* 44 N.Y.U. L. Rev. 450, 474-76 (1969).

[23] *See* ABA *Antitrust Law Developments,* Ch. 9, *Patent-Antitrust Problems,* at 349 (1975).

[24] Remarks of Bruce B. Wilson before the Fourth New England Antitrust Conference, Boston, Mass., Nov. 6, 1970; Stern, *The Antitrust Status of Territorial Limitations in International Licensing,* 14 Idea 580 (1970-71).

[25] *E.g.,* Timken Roller Bearing Co. v. United States, 341 U.S. 593 (1951); United States v. National Lead Co., 63 F. Supp. 513 (S.D.N.Y. 1945), *aff'd,* 332 U.S. 319 (1947).

[26] United States v. Westinghouse Elec. Corp., Mitsubishi Elec. Corp., and Mitsubishi Heavy Indus., Ltd., Civil No. C 70-852-SAW (N.D. Cal., Complaint filed April 22, 1970).

[27] Stern, *The Antitrust Status of Territorial Limitations in International Licensing,* 14 Idea 580, 589-90 (1970-71).

[28] Address by Joel Davidow before the American Bar Association Antitrust Section, Honolulu, Hawaii, August 13, 1974, ___ ABA Antitrust L.J. ___ (1975).

[29] *See generally* General Talking Pictures Corp. v. Western Elec. Co., 304 U.S. 175 (1938); Gibbons, *Field Restrictions in Patent Transactions: Economic Discrimination and Restraint of Competition,* 66 Colum. L. Rev. 423 (1966).

[30] *See* Address by Richard M. Stern before Licensing Executives Society in New York City, April 5, 1967; Remarks of Bruce B. Wilson before the Fourth New England Antitrust Conference, Boston, Mass., Nov. 6, 1970; Baxter, *Legal Restrictions on Exploitation of the Patent Monopoly: An Economic Analysis,* 76 Yale L.J. 267, 339-46 (1966); Turner, *The Patent System and Competitive Policy,* 44 N.Y.U. L. Rev. 450, 470-72 (1969).

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Important Role of Licensing in World

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technological developments that are made only within each individual enterprise are likely to be inadequate. Thus, in many countries, projects are undertaken on a national scale in order to solve these important problems. International agencies, such as the United Nations and the OECD, are also promoting international cooperation in science and technology. On the other hand, the importance of technological exchange or trade among enterprises is on the increase. This is the very reason why we should further promote international licensing activities.

The basic idea of technological licensing is to disseminate new technology rapidly and improve the technological standard of total society, avoiding the overlapping investments in research and development.

Important Role of Licensing

It is important to promote the brisk activities of technical licensing internationally. Promotion of international licensing activities will make it easier to make effective responses to such large problems as mentioned before on a worldwide basis.

Technology related to resource and environmental problems should be mutually utilized with a sense of international solidarity so that it will be possible to use the most advanced and up-to-date technology in the most needed places.

Japan has imported from foreign countries pollution control technology, such as disposal of dust or dirt, desulfurization, and waste water disposal. There were 10 cases of such technology imports in 1965 and 63 in 1970. It has increased every year up to 90 in 1972. This is a good example of the application of the international licensing activities.

Licensing transfers can be also an effective means to reduce a technological gap between the industrially advanced nations and developing countries and to improve the total technical level in the world. Under the traditional pattern of world trade, the advanced nations exported to the whole world the products mass-produced from the imported resources. To continue this pattern may neither bring a solution to the technological gap nor promote industrialization in developing countries. In this sense, it is desirable for advanced nations to shift to the policy of exporting technology to every extent possible.

Sense of Responsibility

As is well known, the spectacular development of Japan in technical and economic fields was due in large measure to the introduction of technology from foreign countries. Accordingly, Japan feels a sense of responsibility to developing countries to extend positive technical assistance in their industrialization. The advanced countries should compete with each other in technical development on a free and equal basis and should actively exchange the results of their competitive efforts in the form of licensing transfer.

In this manner, each country and enterprise can contribute to the development of human society as a member of the international community.

While each licensing activity is carried out by individual enterprises, we cannot help but recognize that the totality of the efforts combined does play a very important role in modern society and also that we must make further efforts to promote this activity.

Conclusion

I have mentioned the urgency of the resources and environments problems and the significance of technological licensing. In order to promote licensing activities there is need first of all for effective exchange of information on technology, a fact that has recently gained wide recognition.

It is gratifying that various kinds of information service agencies have been established and that international conferences and exhibitions are frequently held. I hope that these activities will be further promoted and all enterprises will earnestly come to grips with this problem in order to get fruitful results from technological exchange through licensing transfer.

Japan's Technology Imports Changing

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Japanese Government into the following two categories.

1. Class-A Type

Class-A agreements are within the application purview of the Foreign Investment Law and are technology assistance agreements in which either the effective period or the period for payments exceed one year.

Therefore, if an agreement requiring no payment is effective for over one year, it is a Class-A agreement. An agreement for payment from Yen currency is also defined as Class A, only if the period of payment or the effective period is over one year. Similarly, an agreement to grant licenses under a trade-secret right alone, if its effective period is in excess of one year, belongs to Class A.

2. Class-B Type

Class-B agreements are the ones with an effective period and period for payment of one year or less and these agreements are considered by the Foreign Exchange Law. An exception is that a technology assistance agreement between a foreign company and its subsidiary or branch in Japan, even though its effective period or period for payment exceeds one year, is a Class-B arrangement. Most typical of Class-B agreement is the one for lump-sum payment in exchange for granting of a license of patent rights or for the supply of technical know-how and drawings to be made within one year.

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[31] Transparent-Wrap Mach. Corp. v. Stokes & Smith Co., 329 U.S. 637 (1947).

[32] Chevigny, *The Validity of Grant-Back Agreements Under the Antitrust Laws*, 34 Fordham L. Rev. 569 (1966).

[33] *Compare* United States v. Glaxo Group Limited, 302 F. Supp. 1

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Notes & News From Chapters

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(D.D.C. 1969), *modified*, 410 U.S. 52 (1973), *with* Tripoli Co. v. Wella Corp., 425 F.2d 932 (3d Cir.), *cert. denied*, 400 U.S. 831 (1970).

[34] *E.g.*, Berlenbach v. Anderson & Thompson Ski Co., 329 F.2d 782 (9th Cir.), *cert. denied*, 379 U.S. 830 (1964).

[35] *See* ABA *Antitrust Law Developments*, Ch. 9, *Patent-Antitrust Problems*, at 331-35 (1975).

[36] *See Recent Government Patent Antitrust Suits*, Address by Richard H. Stern before Western Corporate Patent Seminar, Colorado Springs, Colo., September 30, 1968.

[37] *See, e.g.*, LaPeyre v. FTC, 366 F.2d 117 (5th Cir. 1966); *see generally* ABA *Antitrust Law Developments*, Ch. 9, *Patent-Antitrust Problems* at 342-44 (1975).

[38] *See* United States v. Jerrold Electronics Corp., 187 F. Supp. 545 (E.D. Pa. 1960), *aff'd per curiam*, 365 U.S. 567 (1961); Dehydrating Process Co. v. A. O. Smith Corp., 292 F.2d 653 (1st Cir.), *cert. denied*, 368 U.S. 931 (1961); and *Department of Justice Luncheon Speech Law on Licensing Practices: Myth or Reality? or Straight Talk from "Alice in Wonderland,"* Remarks by Bruce B. Wilson before the American Patent Law Association, Wash., D.C., Jan. 21, 1975, at 11-13.

[39] Continental Ore Co. v. Union Carbide & Carbon Corp., 370 U.S. 690 (1962).

[40] Hollabaugh, *The Scott Amendments v. the Second Patent Crusade*, 39 ABA Antitrust L.J. 780 (1970).

[41] Remarks of Sigmund Timberg, APLA Bull. 279, 283 (1969).

[42] *Department of Justice Luncheon Speech Law on Licensing Practices: Myth or Reality? or Straight Talk from "Alice in Wonderland,"* Remarks by Bruce B. Wilson before the American Patent Law Association, Wash., D.C., Jan. 21, 1975.

[43] *See, e.g.*, United States v. Westinghouse Elec. Corp., Mitsubishi Elec. Corp., and Mitsubishi Heavy Indus., Ltd., Civil No. C 70-852-SAW (N.D. Cal., Complaint filed April 22, 1970) (challenge to arrangements dating back as early as 1923).