

In closing, sharing of patent rights and technology with others under mutually agreed terms can be *profitable* for both parties. To be profitable requires effort by both parties to give a fair evaluation and exposure of the opportunity. Such effort can do much to continue the industrial development and economic growth in this country.

And by so doing, it is very possible that the word "technology" will be fully acceptable again, and in fact we might even find some unused technologies that would solve many of our current social and economic problems.

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POLSERVICE EXPERIENCE IN LICENCING TO AND FROM POLAND

by
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A rapid growth of international trade after World War II has taken place among other countries of the world also in Poland.

This growth has been connected with especially rapid extension of the traditional exchange of goods into the new forms like: leasing, investment abroad, licencing, cooperation etc. The new forms of trading have been extended even more rapidly than the traditional exchange of goods.

In the late forties came the formation of large integration groups like the Common Market and C.M.E.A. (Council of Mutual Economic Assistance), sharp international competition, customs barriers growth of giant multinational corporations rising new independent nations in Africa and Asia all these new conditions have had important influence on growth of new forms of trade and especially licencing.

These new tendencies, however slightly later than in West Europe and the U.S.A. has also taken place in Socialist countries i.e. in the German Democratic Republic, Poland, Czechoslovakia, USSR, Hungary, Roumania, Bulgaria. In spite of the different social system existing in these countries, the international division of Labor through foreign trade exchange has had important influence on growth and rising of new forms of trade within this area. Up to the middle of the fifties the traditional forms of foreign trade prevailed within Western Countries as well as within the CMEA area. The need for growth of industrial production, and the increasing standard of living has required intensification of exchange of technical documentations, know-how etc. first of all between CMEA members, secondly in larger international scale.

In the late fifties all CMEA countries achieved high technical and research potential, which has shown their possibilities in 1958 by launching the first space artificial satellite Sputnik.

The war damages and destruction in industrial, research and human sources have been restored; in many scientific fields the world primarily was achieved. In many cases hundreds of R and D Institutes and Centres, also giant industry built from the very beginning have formed very solid bases for licencing.

At the beginning of the sixties there were established special trading organizations in the CMEA countries for licencing to and from the individual countries. To one of them belongs POLSERVICE — established in 1961.

As a part of its licencing activity, Polservice has been established for providing patent protection of Polish inventions abroad (and foreign patents in Poland.) With the date of establishment of the POLSERVICE there was formed a new kind of licence (both in export and import) so called "PURE" LICENCE. What does the term mean — pure licence? By this form of licence it is understood that the licence which is granted from patents, trademark, or know-how agreement is one in which *no goods delivery is expected* in form of technological line, complete turn key delivery, etc. Such a division of licence has been necessary to make use of a lot of developments, know-how, inventions, etc., which could not be *explored in other forms* and which were able supply to the country through licencing (pure licencing) certain amounts of profit in form of royalties.

State monopoly of foreign trade within CMEA countries has enabled formation of trading companies dealing with different goods (including licencing) as well as special trading organizations dealing exclusively with pure licence. The great amount of time, efforts, etc. which is required in licencing has shown that sale or purchase of all kind of licences through big specialized trading organizations is not very effective or profitable and lead to the decision for establishment of special licencing organizations like POLSERVICE. Within the period of 1961-1971 about 80% of the licenses granted by Poland all over the world have been concluded by POLSERVICE! Moreover in comparison with 1960 the amount of licences granted has been increased by approximately 900% in 1971!

Different situation has been observed in importation of licences, but this has been caused by nature of licences sold and purchased in Poland. Whereas Poland sells, first of all so called pure licences, it imports in great majority complete technological lines combined with licences or necessary know-how. In the latter cases such importation of technologies is handled through other trading organizations like POLIMEX-CEKOP for chemical sector, CENTROZAP for mining, foundry and steel making sector, or METAEXPORT for machine tool industry, POLMOT for car making industry, CENTROMOR for shipping industry, or ELECTRIM for energetical sector.

As I have already mentioned, POLSERVICE has been established for handling export and import patents, licences and know-how not connected with goods deliveries as well as for providing consulting

services, effecting techno-scientific cooperation within CMEA area and providing Polish experts services abroad, as well for establishment of Polish industrial property rights abroad. These five main areas of POLSERVICE activity are still existing, expanding and growing far more quickly than growth of general Polish turnover within foreign trade. As this paper is related first of all to POLSERVICE experience in licencing, my further observations will be strictly limited to this area only.

The establishment of POLSERVICE was connected very strictly with the growth of research and developments as well as the national industrial centers. The commercial exploitation of generally speaking Polish technical development by licencing was a main target of POLSERVICE. POLSERVICE sells licences from the pharmaceutical sector, chemical technologies, steel making technics, licences for machine tool industry, know-how for textile production, computer technics, etc.

In further part of this paper I will present to the readers some most successful cases in POLSERVICE'S 10 years existence. Now I would like to answer the question how POLSERVICE operates within Poland, within such broad areas. The development of R and D Centres, individuals or industrial sector are offered to Polservice for sale abroad. The way of offering is regulated by proper institutional and legal arrangements. The first selection of industry offer is made by industrial corporations which take the decision concerning patenting of developments offered for sale abroad and sale of licence itself.

The second selection is made through primary marketing by POLSERVICE. After second selection there are concluded between POLSERVICE and owners of the development an agreement for the sale of the technology, product, or process.

The final selection is made by potential clients who purchase the offered licence or not.

Such three stage selection, however, requires a lot of time and effort, and at the same time enables a gathering of experience for owners of development, inventors and POLSERVICE as well.

All parties are interested in the sale of licence i.e. inventors/owners of development and POLSERVICE. Legal regulation assures to inventors and owners of development basic participation in earnings and profits coming out from licence fees. Such a regulation, fully in line with a social system in Poland meets with very big interest of national industry, R and D Centers as well as individuals in development works. Polish Legal regulation concerning the interest of all parties concerned in sale of licences is very *advanced and thorough* material interests assures to POLSERVICE rich supply of licence items.

It is worthwhile to mention that apart from profits received from foreign licences, the inventors could expect profits from industrial application of their developments in their native country. Dr. T. Rut's invention regarding new methods of forging crankshafts with continuous grain flow belong to the most successful stories in POLSERVICE. The development was made in 1961-1962 on order of BATTERY STEEL

WORKS in Chorzow, which has to start crankshafts production. The Metalworking Institute in Poznan has been asked to solve the problem and Dr. T. Rut (this time Ma. Eng.) was chosen for the task. As a result, the new method has been developed, actually known all over the world as the TR method. The following events then took place: 1963 — Batory Steel Works started the production of TR crankshafts. 1964 — first licence agreement was concluded by POLSERVICE with one British manufacturer of forgings. 1967 was finished by concluding licence agreement with Deutsche Edelstahlwerke AG. 1968 started with the contracts with SKOD/CSRS and Z. ZENICA from Yugoslavia. In 1970 contracts with Gerb. SULZER and SA ECHEVARIA from Spain were signed. 1971 was the year of ITALSIDER SpA, SA Astilleros Espanoles and ENDO IRON WORKS Ltd. of OSAKA — Japan. 1972 started with SKET from GDR, further contracts are expected with US and Japanese Companies. The total earnings received from abroad by now has exceeded \$2,000,000. US.

Another fine success story is artificial SMOKE EXTRACT replacing traditional smoking by wood of meats, cheeses and fishes. A license already has been granted to Great Britain and Denmark. To the recent sales by POLSERVICE belong the know-how licence agreement with Danish Company Niro Atomizer A/S. Under this agreement developed in Poland, cereal, coffee, extract INKA will be manufactured by all of NIRO'S existing and potential customers. Pressure drawing dies for cold drawing of wires, bars rods and tubes developed in Poland has been successfully introduced in West Germany. The leading alloy steel wire manufacturer of wires, thanks to these dies, has increased this production very considerably, simultaneously lowering the production and labor costs.

The biggest and most successful markets by now for POLSERVICE are: West Germany, USA, Japan, Italy, France, Great Britain, CSRS, GDR. Apart from the above, various licence have been sold to Netherlands, Yugoslavia, Denmark, Switzerland, Spain, India and many other countries.

Other examples include the U.S. National Standard Company of Niles, Michigan, which is manufacturing and selling a new dewatering unit under its own trade mark VORSIEVE built on Polservice licence. The Japanese Naitoh Machinery Co. Ltd. of Nagoya manufactures new hydraulic Rocking - Die Presses N.V. Demy of Netherlands constructs and supplies new light membrane roofs under POLSERVICE licence.

The POLSERVICE offer today exceeds several hundreds of inventions, know-how technologies or processes from all branches of industry. Among the most important and interesting items in our licence offer belong: a new method of production of Al_2O_3 simultaneously with the cement production (called the Grzymek process), new types of foundry. Sand binders, Syncor and Synflo, Gamma-Radiation Shield, technology for production of photographic gelatine (15% output), method of production IPE profiles without necessity of using expensive universal rolling

mills and many, many others. Our offer is regularly presented in bulletins like Product Licencing Index, International Licencing, and in various professional and scientific magazines. A Polservice stand could be found in almost all large technical trade fairs and exhibitions in Europe, Asia and Africa.

In a recent time POLSERVICE has started a new activity strictly connected with licencing, i.e. *licence joint-ventures*. For this project a new division has been recently formed within POLSERVICE in order to find foreign partners which will take up such developments and joint-venture agreements for further elaboration and will start industrial application. The participation of Polservice are: development such and such stage, actual experience and inventors services; the profits will be paid back in a form of royalties. This Polservice new offer has been met with a big interest in many countries and MANAGEMENT expects rapid growth of this kind of agreements.

At the end of my observation concerning POLSERVICE experience in selling licences I wish to say a few words concerning our experience trading with Socialist countries. From the beginning of the formation of the CMEA, special attention has been given on mutual exchange of technical documentations and know-how between CMEA members. Naturally, especially in early fifties the Soviet Union was the main supplier to all CMEA countries. For example based on Soviet Union technical assistance a huge Lenin Steel Works Complex has been built as well as many other important plants.

At a meeting in 1971 in Budapest, all CMEA members decided to increase the importance of exchange of know-how and licences for the national economies. The decisions taken in Bucharest have been followed by rapid growth of inter CMEA licence agreement. The big possibilities are today before all like POLSERVICE specialized trading organizations. In recent times, the Bucharest decisions have been followed by annual CMEA meetings concerning exchange of licences within inter CMEA area. Licences are offered for consideration and when from technical point of view are accepted, the projects are included into development national plans. The specialized trading organization like POLSERVICE start then further commercial negotiations.

The importance of POLSERVICE in importation of licences to Poland is comparatively smaller than in exportation. Such a situation (similar as in other CMEA countries) is caused by volume of purchased licence in a pure forms and in a forms connected with delivery of full technological lines. The best known

purchase of a licence by POLAND for manufacturing of FIAT cars has been handled by POLMOT — trading organization for motor industry. Along with know-how and licence the deal consists of purchase of equipment and machinery. The clause of partial payment of delivery of Polish-made FIAT engines for Italy is a very important moment of this licence agreement.

Another similar arrangement is the licence granted by International Harvester to Stalowa Wola Works for manufacture of the International Harvester range of trucks. The license has been handled by BUMAR — trading organization for building machinery industry. The majority of purchased licences by POLAND (whether handled by POLSERVICE or another trading organization) come out from National 5-years development plans or goals. The decisions regarding purchase of licence are made by industrial corporations, then confirmed by proper Ministry and State Planning Commission together with Ministry of Foreign Trade. Trading organizations which select licences, gather offers, and concludes the agreements on behalf of corporations or particular industrial works come to the picture afterwards. One of the recent, and vital for Polish economy, licences has been handled by POLSERVICE, which made an agreement with British Metal-Box for manufacture of their range of sheet containers. Necessary equipment for this licence is imported by another trading organization METAEXPORT.

Instead of a summary, I wish to add into my paper that the licencing activity of POLSERVICE is ruled by general customs and habits prevailing in this kind of business. Our contracts are modelled after recent work of WIPO, UNIDO, or other international organization; however, they have a national mark coming out from socialist system in Poland. Elasticity is the main devisa of POLSERVICE management and there, apart of high technical level of our offers, lies the secret of POLSERVICE world success.

Dear readers, by this short paper I have tried to introduce to you the POLSERVICE, specialized licencing trading organization, its activity and possibility as well as certain experience and background gathered during my years spent in its service.

If this short introduction helps to better mutual understanding and extension of trading relations — I will be more than satisfied.

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