UK medical research

Charity begins at home

THE dangers of relying on charities or industry to prop up British medical research in the face of inadequate government support are emphasized in two new reports written from different perspectives. One, published by the Association of Medical Research Charities (AMRC), warns that despite a growing income, the charities cannot be expected to assume responsibility for "strengthening the research base". The other, published last week by the Office of Health Economics (OHE), warns that government policies may drive pharmaceutical companies to pursue their research elsewhere than in Britain.

In two years time, predicts the OHE report, the spending of charities on medical research is likely to outstrip that of the Medical Research Council. The latest figures from the charities association show that £89 million was spent by their members directly on medical research in 1984 compared with £113 million by MRC. But OHE predicts that the charities will contribute £133 million compared with £131 million from MRC in 1987–88. The latter figure will only increase in the unlikely event that the government alters its current economic policy. The predicted contribution from the charities incorporates the annual £15 million extra that Wellcome Trust expects as a result of its sale of 20 per cent of the Wellcome foundation early this year, and allows for an annual increase of 10 per cent in the sum available from other charities.

This is likely to be a modest forecast because in last month's budget, tax relief was granted on donations from companies of up to 3 per cent of their dividends and on contributions at source of up to £100 per annum from individual employees. This may rescue a situation in which a number of charities have had to dip into their reserves to provide continued support for essential research — 1985 was the first year in which the Imperial Cancer Research Fund spent more than it received and a year in which income increased by less than inflation according to figures released this week. But the shift away from government being the major provider of funds cannot continue "without inflicting permanent and lasting damage to the research enterprise in Britain", warns David Evered, director of the Ciba Foundation, in the AMRC report. Were the charities to divert some of their funds to bolster university departments deprived of government support, he adds, the public would probably respond by donating less money.

OHE supports this view, pointing out that whereas it is only because of charitable funds that medical research in Britian is still at a respectable level, they cannot necessarily be relied upon, particularly for long-term support. (A clear exception is cancer research which accounts for very nearly half of the charities expenditure, much of it in long-term research.) Moreover, some diseases do not attract much in the way of donations from the public (in which respect Wellcome Trust can play a vital role), and charities cannot be expected to be responsible for training in research.

But of more concern to OHE, which was founded by the Association of the British Pharmaceutical Industry, is the future of the industry, which spent £490 million on research and development in 1984, in Britain. Repeating oft-heard complaints from an industry that claims to have discovered 5 of the 12 medicines that had the biggest worldwide sales in 1984, OHE claims that moves by government to contain public expenditure threaten future investments by pharmaceutical companies. Particular concern is expressed about government measures designed to contain the cost of the National Health Service, including enforced price reductions and freezes for drugs, and the introduction of a policy, so far restricted in scope, that limits prescription on the National Health Service to a list of named drugs.

The overall result, says the OHE report, may be the rejection of Britain as a manufacturing and research base for the pharmaceutical industry, a conclusion for which some apparent support can be found in recent corporate decisions (see *Nature* **319**, 529; 1986), even if there is a suspicion that other reasons may sometimes have been more important.

Peter Newmark

US intellectual property

Trade reprisals against pirates

Washington

PIRACY and counterfeiting has cost US companies between $8,000 million and $20,000 million in lost sales, according to Department of Commerce statistics, for which reason the Reagan administration is proposing legislation that will strengthen protection for US patents, copyrights and trademarks.

The strategy is aimed at those countries that either "flagrantly disregard" intellectual property rights or even encourage domestic industries to seek profits by copying US products. The administration said last week that the effects are to "distort" patterns of international trade and also to deprive innovators of the fruits of their labours. In the long run, the administration said, one result could be to stifle innovation and to discourage investment in new technology.

The proposed legislation is called the Intellectual Property Rights Improvement Bill and contains provisions that both protect US industry from international abuses and encourage continued research through modifications of licensing arrangements. The bill extends the rights of holders of process patents to include products made by the protected process.

Moreover, importing a product made under a patented process into the United States would be illegal. Since process patent holders may already prevent domestic manufacturers from using a patented process, this revision will primarily affect foreign manufacturers.

A widely supported component of the legislation would be modification of the procedure needed to block the sale of goods imported in violation of a property rights law. It would no longer be necessary to show that the importation or sale will cause injury to a US industry, but simply that the importation infringes on an existing patent or trademark.

To encourage continued investment in research and development, the legislation offers several incentives to US companies. Patent terms for pesticides and veterinary products are extended to cover the time period used in the approval process. As things now stand, years of the patent period can be taken up waiting for permission from the appropriate federal agency to market a product. Such relief has already been provided for the pharmaceuticals industry.

The new legislation is just one part of a comprehensive strategy for protection of US intellectual property rights. The administration believes that the standards for protection in international conventions are too weak, especially in the patent area. In the long run, the United States is planning to seek development of international codes covering intellectual property. That process could begin at the next round of General Tariff and Trade Talks scheduled to start later this year. But in the meantime, bilateral "consultations" will be used to try to bring violating countries into line. Not only do many countries have inadequate laws covering intellectual property by US standards, but laws that do exist are inadequately enforced. The US Trade Representative has made it clear that violators face possible denial of trade benefits provided by the Generalized System of Preferences and the Caribbean Initiative. Resolving the issue of intellectual property protection is clearly a priority for the Reagan administration.

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