

IMAGE UNAVAILABLE FOR COPYRIGHT REASONS

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and as high-tech companies realize this, they are contracting out more research there.

Beneficiaries of this trend include Shanghai-based WuXi PharmaTech, which was established only in 2001 but already makes drugs for 18 of the world's 20 largest pharmaceutical companies.

Theft of ideas is a major threat, concedes Ge Li, who heads the company. WuXi's plant is equipped with tight security measures. Material received from companies is made into digital copies and notarized so that the documents can be used to establish precedent in case of a patent dispute. "They only feel comfortable once they visit us," Li says of his customers.

But Li's best weapon is his willingness to use the legal system against errant employees. If someone in the company stole something related to intellectual property, "I'd go after him," he says. "Intellectual-property protection is the lifeline of this company."

Such dedication is winning over research-oriented companies. Last November, Roche announced the opening of a Chinese research unit, and Novartis followed suit this year.

This trickle could soon become a flood as firms respond to the growing scientific skill of Chinese laboratories and to an expanding Chinese market for pharmaceuticals, which grew in value by 28% to US\$20 billion in 2004, making it the seventh largest in the world. And the number of US patent applications from Chinese scientists and engineers grew from around 600 in 2002 to 1,800 last year. It is time to take China more seriously, declares Harvey. "It will become a major force — maybe the major force — in intellectual property." ■

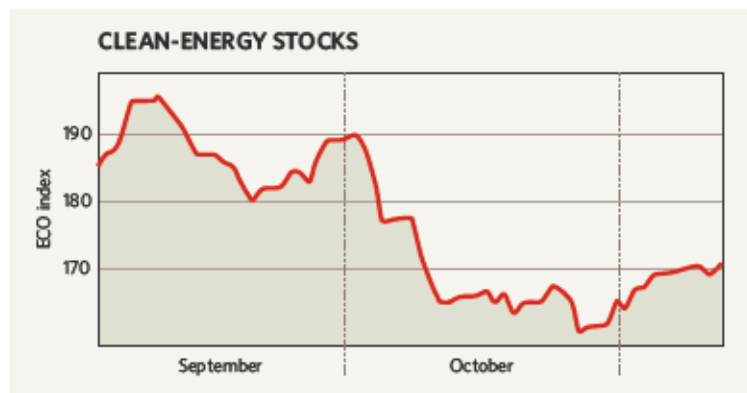
IN BRIEF

SUN RISING California computer maker Sun Microsystems has unveiled a chip, the UltraSPARC T1, which can process 32 threads of information at once. The Santa Clara-based company says that the chip consumes only 70 watts of electric power — less than half as much as some of its competitors. Computer-industry analysts say the chip, which will power large computer servers, breaks major new ground in terms of its parallel-processing power, but they point out that software compatibility issues might limit its success.

CHEMICAL SHIFT DuPont, one of the world's largest chemicals companies, has said it will shed 4,000 jobs in a major reorganization. No laboratory positions will be lost, the company says, but some research programmes, such as electronics and biologically based materials, will be given greater emphasis at the expense of others, including some polymer work. DuPont says the plan will save it \$2 billion over the next three years.

GENERIC GAIN The world's best-selling drug faces a looming generic threat after a company-sponsored study failed to prove that it is significantly more effective than a competitor in patients who have had heart attacks. High-dose Lipitor (atorvastatin), the \$12-billion cholesterol-lowering drug made by Pfizer, did not work significantly better than regular-dose Zocor (simvastatin), made by Merck, in preventing repeated heart attacks, cardiac arrest and deaths related to heart disease, *The Journal of the American Medical Association* reported last week (T. R. Pedersen *et al. J. Am. Med. Assoc.* 294, 2437–2445; 2005). The finding boosts the commercial prospects for generic versions of Zocor, which goes off-patent next June.

MARKET WATCH



Clean-energy stocks have slipped back over the past two months after hitting record highs in the summer, when oil price increases to \$70 a barrel alerted investors to the potential value of stocks in alternative energy sources.

The Wilderhill Clean Energy Index — whose symbol on the American Stock Exchange is ECO — tracks the performance of companies whose businesses rely significantly on energy sources other than fossil fuels or nuclear power.

And as oil prices have fallen this autumn, the index has taken a hit. Nonetheless, says Robert Wilder, the former political scientist whose company runs the index, money continues to pour into funds set up to track it. "That's an indication of

strong, ongoing interest in the sector," he says.

Big movers in the past two months included California microturbine-maker Capstone Turbine, whose stock halved in value as the speculative interest that had boosted its price fourfold in the summer wore off.

However, stocks in solar-panel supplier Evergreen Solar of Massachusetts advanced by 50%, to almost \$12, on powerful global demand for its photovoltaic cells.

If oil prices fall back further next year, Wilder suggests, speculative investors may start to frown on alternative energy sources. But even with oil at, say, \$50 a barrel, he says the sector could enjoy sustained growth in demand for its products in the medium term.

Colin Macilwain

WILDERSHARES