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Switzerland and Denmark-based Novo Nordisk are collaborating with Dr Reddy's on developing drugs for diabetes.

In the short term, Indian firms need these partnerships to help run large clinical trials, position their drugs in the United States and Europe — and bring in money. Biocon has subsidiaries that do contract research in early drug development and help conduct clinical trials. These companies account for 15% of its revenues and 25% of its profits. “If we had built Biocon as a stand-alone company, it would have been very expensive and almost unaffordable,” says Mazumdar-Shaw.

There are still some disincentives to foreign companies setting up in India. The Drug Controller General of India has been slow to approve new drugs and it still has arcane rules mandating, for example, that every drug be tested for its effect on male fertility. And although the law has been changed to protect patents, it doesn't shield trade secrets or proprietary information.

But as the competition increases, local companies will need to learn fast. “It's going to be a real battle,” says S. V. Kapre, executive director of the Pune-based Serum Institute of India, the world's largest manufacturer of DPT (diphtheria, pertussis and tetanus) and measles vaccines. “We've always had the philosophy of making something from scratch,” he adds. “We don't want to be bottlers and fillers for somebody else.”

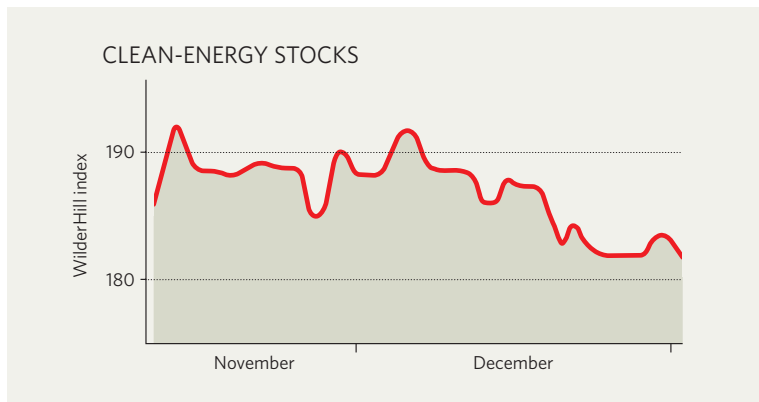
IN BRIEF

FACTORY PLAN Plastics-based electronics hardware took a big step forward with the announcement that electronics company Plastic Logic, based in Cambridge, UK, has raised \$100 million to build a production plant that will make control circuitry for flexible, plastic displays. The company, founded in 2000 by University of Cambridge physicists, says it will build the plant in Dresden, Germany, by the end of 2008. The technology uses thin-film transistors made of semiconducting plastic substrates.

VIAGRA VERDICT A Beijing court has ruled in favour of Pfizer in a long-running case over counterfeit versions of its anti-impotence drug Viagra. The Beijing No. 1 Intermediate People's Court ruled on 28 December that two Chinese manufacturers, Beijing Health New Concept Pharmacy and Lianhuan Pharmaceuticals, should stop producing their version of the drug and that the latter should pay the New York-based drug company 300,000 yuan (\$38,400) in compensation. The case has been running since 2004, when China's patent review board ruled against Pfizer's patents, and the verdict is viewed as a bellwether of China's readiness to enforce foreign companies' drug patents (see *Nature* 440, 990; 2006).

CASH AT THE READY Codon Devices, a Cambridge, Massachusetts-based company that specializes in DNA engineering, successfully raised \$20 million in a second round of financing from venture capital. The new round was led by Highland Capital Partners, one of the United States' largest venture-capital firms. Codon was founded by researchers at the Massachusetts Institute of Technology in 2004, and is one of the first commercial companies to specialize in the emerging field of synthetic biology.

MARKET WATCH



2006 drew to an unusually quiet close in the normally volatile clean-energy sector. With no big movements in the oil price the market ran fairly flat — as it had done for much of the second half of the year.

But that stability won't last long into 2007, predicts Rob Wilder, chief executive of San Diego consultancy WilderShares. His firm runs the WilderHill Clean Energy Index (see graph), which tracks the performance of a basket of US-listed firms with strong interests in energy sources not based on fossil fuels or nuclear power.

Wilder notes that the new, Democrat-controlled US Congress is likely to turn national attention towards both energy security and global warming in the new year. The forthcoming publication of the fourth report of the Intergovernmental Panel on Climate Change will doubtless

have the same effect — and could also help clean-energy stocks. There are risks, however: last week, the oil price began to tumble and that could scare some investors away from alternative-energy stocks. Either way, Wilder says, “it is highly unlikely that the sideways movement of the index will continue”.

Michael Liebreich, chief executive of London-based New Energy Finance, agrees that there could be turbulence ahead for clean-energy stocks. The sector needs three things to happen for sustained growth during 2007, he says: investors not to overinflate prices; governments not to oversubsidize new energy sources; and the industry to build up its supply capacity. “These are the areas where we don't want to see any car crashes,” Liebreich says.

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