Mr. GORDON. Now, I just want to clarify another point and that is this: When you sold it at $17.88, it was the same drug as the drug you are selling for $1.36 at present; am I correct there?

Mr. BURROWS. That is correct.

Mr. GORDON. So there is absolutely no difference in quality, efficacy or purity or anything else?

Mr. BURROWS. There might be some difference and some small saving if you sell in bottles of 1,000, for example, inasmuch as the price per 100 tablets in a container of 1,000 would be less than the cost per 100 tablets in a container of 100.

Mr. GORDON. But the difference between $1.36 and $17.88 would not be accounted for by this?

Mr. BURROWS. Oh, no.

Mr. GORDON. I just want to make sure of that.

Mr. BURROWS. No.

Mr. GORDON. And you also stated, if I recall correctly, that your prednisone, as far as you know, is just as pure, safe, and efficacious as anyone else's; is that correct?

Mr. BURROWS. I don't know anything against our prednisone, and I do not know anything against any other prednisone.

Mr. GORDON. Now, you stated that $1.36 is your average competitive price. Can you give us the range of prices at which you sell the product, the high and the low?

Mr. BURROWS. Certainly the high would be not more than $17.88.

Mr. GORDON. Yes.

Mr. BURROWS. As for the low, I do not know if I can cite that price. No, I am sorry, I do not have the low information.

Mr. GORDON. But the $1.36 is not your price but merely an average price?

Mr. BURROWS. That is right. It is the average that we realized during the year 1966 on our sales to all customers.

Mr. GORDON. In fact, the chances are you may not have sold any at $1.36 but some at lower prices and some at higher prices?

Mr. BURROWS. That is right.

Mr. GORDON. Now, this $1.36, as you told Senator Nelson, includes a 6-percent royalty to Schering. When did you start paying this royalty?

Mr. BURROWS. I am informed that the first payment was made in 1958 on 1957 sales. I think probably at that time it was at a tentative 5-percent rate which rate was to prevail until and unless Schering received the patent on the product, which it did in 1964.

Mr. GORDON. This is my next question. Since Schering got its patent on May 26, 1964, can you please tell the subcommittee, then, why you paid royalties to Schering for about 6½ to 7 years before it received a patent?

Mr. BURROWS. May I ask my associate, Mr. McGregor, to comment on that.

Mr. MCGREGOR. As Mr. Burrows has said, we decided in 1956 to enter this market with a product under our own brand name. There was a patent interference then pending in which a number of research-oriented houses were involved. We felt it desirable to try, if we were going to enter the market, to get a solid position in furtherance of which we negotiated licenses with the firms that were involved in that interference.