

Senator NELSON. Let me ask you what your policy is. If Schering discovered a new and very valuable drug, and you patented it, would you license a number of other drug companies to sell in competition or not?

Mr. CONZEN. This would be a question of business judgment in each particular case. If it is a drug which we believe we cannot handle ourselves alone in sufficient volume and sufficient degree to insure that it is widely available to all those who need this drug, we might license somebody. If we think we can take care of it ourselves, we do it ourselves.

Senator NELSON. You have testified that Meticorten accounts for less than or around one-half of 1 percent of the total income of your business and your sales in the United States of this product are \$3 million. Would you license because your company wasn't capable of producing and supplying the market for \$3 million worth of prednisone.

Mr. CONZEN. In 1955, when this drug was marketed for the first time, this was definitely one factor in our consideration, but there were other factors. At that time we were faced with the situation in the Patent Office where other companies laid claim to this invention or discovery by filing patent applications and an interference was declared. At that time we could not be sure, until the Patent Office had finally ruled, who in the end would be permitted to sell and who would not be permitted to sell, so this was an additional factor why we adopted this licensing policy with prednisone.

Senator NELSON. If the company discovers a new drug that is patentable and in great demand, because of its value, isn't it the normal practice unless there is patent interference or some other compelling reason, for that company to market it exclusively domestically for the next 17 years of the patent?

Mr. CONZEN. For whatever period the company may decide in its best business judgment, the answer is yes, because neither the industry nor Schering Corp. could afford the investment necessary in developing these drugs, unless we would have our patent system, and it is interesting to note that in those countries where we do not have a patent system, not one single novel drug has been made available to mankind over the years.

Senator NELSON. Does Germany have a patent system?

Mr. CONZEN. Oh, yes, sir, very much so.

Senator NELSON. Do they have a product patent or just a process patent?

Mr. CONZEN. There is a process patent, but about 4 or 5 weeks ago the Bundestag in Bonn passed a new law which is tantamount to recognizing product patents.

Senator NELSON. Do they have product patents in France?

Mr. CONZEN. Yes, sir.

Senator NELSON. In Italy?

Mr. CONZEN. In the pharmaceutical field? In Italy there are no patents at all in our field, and this is one of the reasons why in my judgment never has a product been developed and discovered in Italy, that is of significant importance to public health. The same applies to Russia incidentally.

Senator NELSON. The staff asserts that there are no product patents in France on drugs. I do not know whether that is correct or not.