

Mr. CONZEN. There is a patent system which in effect in our particular field of pharmaceutical therapy is to all intents and purposes as far as I know as effective as the product patent system.

Senator NELSON. Is there any competitive prednisone on the market in Europe?

Mr. CONZEN. Yes, sir.

Senator NELSON. Who competes with Schering? What foreign companies compete with Schering in supplying prednisone to the European market? Do you happen to know?

Mr. CONZEN. I do not know the number, but there are innumerable companies that are marketing and selling prednisone preparations.

Senator NELSON. They are not licensed by you?

Mr. CONZEN. In Europe where we have patents they are licensed by us. In countries where there are no patents or which are behind the Iron Curtain of course they are not licensed by us. They are just pirates.

Senator NELSON. Is there competition from foreign companies in Italy on prednisone?

Mr. CONZEN. In order to do business in Italy, the drug has to be registered and approved by the Italian health authorities, and in order to get this approval, the drug has to be made in Italy, so these are all prednisone preparations actually manufactured in Italy.

Senator NELSON. Are they manufactured there in your case, or do you send the compounds over and then just tablet there, final finishing?

Mr. CONZEN. The pharmaceutical manufacturing is done by us in Italy.

Senator NELSON. What do you mean by pharmaceutical?

Mr. CONZEN. The tableting. In other words, the Italian-affiliated company of Schering Corp., buys bulk prednisone.

Senator NELSON. And it is all prepared except the tableting?

Mr. CONZEN. Only the active ingredients are imported into Italy.

Senator NELSON. The mechanical process of putting it in tablet form is performed there?

Mr. CONZEN. It is more than a mechanical manipulation, inasmuch as it involves, in our particular case, it involves 93 checks and tests between the arrival of the bulk active ingredient and the final release of the packaged and labeled product to the trade.

Senator NELSON. Let me ask this. In Switzerland is there competing foreign-produced prednisone on the market?

Mr. CONZEN. I would guess yes. I do not know for sure, because I have not any personal first hand knowledge of this particular product in that particular market today.

Senator NELSON. Would your company know? I would think that your sales people would know——

Mr. CONZEN. Sure.

Senator NELSON (continuing). Whether or not prednisone is foreign produced and sold competitively, in Switzerland, wouldn't they?

Mr. CONZEN. The answer is "Yes."

Senator NELSON. Do any of the gentlemen with you know for sure?

Mr. CONZEN. No. I think I know about the international business more than my colleagues, because I have worked in it for most of my