time when the item is introduced, rather than 3 years later, and competition can possibly come into play that much earlier.

Perhaps in this plan the royalty might have to be higher than in the earlier approach, but not by so much as to prevent licensing from being an effective check against exorbitantly high bulk prices.

Patentees would earn reasonable and adequate profits by charging attractively high bulk prices or by imposing the most favorable royalty rates permitted. But the cost of bulk ingredients is usually only a small fraction of the total cost of production, and high bulk costs or royalties would be more than offset by the economies in resource use, particularly reductions in the vast and largely wasteful advertising effort, and the more reasonable profit margins that price competition would bring about.

Compulsory licensing, because it permits rival firms to enter into the market, thus is a necessary condition if price competition is to be restored to the industry. But it is not a sufficient condition for that competition to arise, it opens the door to the entry of additional firms into markets closed by patents but it does not make them effective competitors of the dominant one or few.

I come then to my last major recommendation—the prohibition of trade name designations. Trade names, as you well know, are those unique company names for its products—simple, catchy, and easily remembered—Syncillin, Achromycin, Tetracyn, Pen Vee, Miltown, Ledercillin, Orinase, and on and on and on throughout the catalogs of the large drug houses. Such names are totally unnecessary in every respect. If differentiation of drug products is necessary, and I am not fully convinced that it is, let it be done not through a proliferation of new names that are intended to displace generic terms for the product, but in the same way as differentiation is made in virtually every industry, by the use of the manufacturer's name. Thus, the names "Carter: meprobromate" and "Wyeth: meprobromate" tell us much more than do the words "Miltown" and "Equanil," while preserving company differentiation.

(These statements of mine parallel very closely the testimony of Dr. Garb on June 20.)

The use of brand names that combine the company and generic comparability becomes clear and unobscured, contrary to the purpose and effect of trade names.

The elimination of trade names will go far in establishing the facts of generic similarity to physicians. Those doctors who want to select the speciality of a particular firm can continue to do so by using the brand name; but those who feel, as many do, that generic equivalents are therapeutic equivalents can thus prescribe by generic name alone, or by the brand name of a reputable seller whose product bears a competitive price tag.

These three proposals of mine—a special drug patent board, some form of compulsory licensing, and the elimination of trade names—can, together, go very far in restoring opportunities for competitive entry into markets, in restoring price competition in the place of wasteful and often harmful promotional competition, and in bringing about reasonable prices to consumers, while preserving the incentives for the research and development effort behind the industry's generally commendable product performance.