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Conference Report

CellPro's Murdock Offers Rueful Retrospective on March-in Petition

Frank but civil dialogue on contentious issues distinguished a recent conference: did the judge over-react in the CellPro case?, and will clever companies succeed in selling their strings-attached funding to second-tier universities? Look for part two of our coverage in January.

By Michael Odza

"Financial Strategies for Profiting Through University Licensing Agreements" was sponsored by International Business Communications (IBC). Its highlight was one of the rare public appearances by CellPro CEO Richard Murdock since the court and the NIH handed CellPro twin defeats on its core technology last August.

Murdock billed his low-key, quietly-received talk as "a chance to look back, and reflect." Noting that the idea for using a march-in petition arose in discussions with CellPro's attorneys, but was not taken seriously until the judge overruled the jury that had originally found for CellPro, he explained why he believed the petition failed. In addition to its becoming "a major political football," there was:

1. "No clear precedent;"
2. "No clear paths—the process was not well-defined;"
3. "Major bias against march-in both in the statute and in the systemwhich in general is good;" and
4. "Significant opposition from the university technology transfer community." CellPro was surprised by the university community's resistance and thought "naively" that "universities would support an effort to get a technology off the shelf."

Murdock claimed credit for forcing Baxter to guarantee patient access, a public good, which then turned the tide against CellPro. He believes that the judge committed "significant reversible error...in reconstruing the Civin patents to cover purification of stem cells no matter how accomplished—not just by antibodies;" in preventing any testimony about the first trial from entering the second, penalty trial; and in depriving CellPro of any income while awaiting the outcome of its appeal to the Court of Appeals for the Federal Circuit. He hopes the appeal will be heard in the first quarter of 1998—if the company doesn't run out of money before then.

Earlier, a workshop panel (disclosure: moderated by Michael Odza) addressed more than a dozen Bayh-Dole issues raised by the attendees. It featured Howard Bremer, "father" of Bayh-Dole, from Wisconsin Alumni Research Foundation; John Roubitschek from the Commerce Department, who actually wrote the regulations that enabled Bayh-Dole; Richard Lambert, counsel for the National Institutes of Health, who wrote the director's letter rejecting CellPro's march-in petition; and David Schmickel, counsel for BIO, the Biotechnology Industry Organization. Here are a few highlights:

1. What is a fair division of IP rights when a company sponsors research at a university?

A representative of Hewlett-Packard's inkjet division drew appreciative nods from other industry representatives when he said he would like to spend more money in universities, and expected only a royalty-free exclusive license in company's field of use for any intellectual property generated.

Bremer argued that what a company "purchased" was like a freeze frame from the long reel of an investigator's career, the rest of which was supported by the public. Industry representatives still wanted to know why they should support their competitors. Later in the conference, Tyrone Mitchell, manager of technology assessment at Corning Inc., said several universities had already accepted his division's fairly aggressive terms for $50,000, short-term grants: while university retains patent ownership and assuming the company is interested, Corning files the patent and pays all costs (the company usually has broader knowledge of what will make the patent most valuable commercially), and is granted a royalty-free, exclusive license in its field of use; while the university retains the right to publish, it agrees to "work diligently to rewrite publications to remove harmful information to Company's satisfaction."

Privately, Mitchell explained that Corning uses the Community of Science database of faculty and other resources to scout for investigators with the specific capabilities for each project, and is often finding them at second-tier, hungrier schools.

2. Where is the line drawn when federal funds are co-mingled with industry support? (Even one dollar of federal support is enough to "contaminate" industry support.)
3. NIH Director Harold Varmus has spoken out against patenting research tools. (Universities believe they have shown that they can patent and license research tools in the public interest. It is usually companies that have tried to secure reach-through royalties.)
4. Could flouting the Bayh-Dole preference for "substantial U.S. manufacture" be grounds to overturn a license? (No, since it is not explicitly included in the march-in language.)

Other Highlights

David Glass asked whether Mass. General Hospital's "mega-deals" have paid off. Although most of the multi-million dollar agreements have been extended and numerous patents have resulted, Glass felt that the big pharmaceutical companies still had trouble commercializing all of the inventions that result from the programs. MGH's intriguing new solution is to ask the sponsor to allow MGH to license them to third parties (typically biotech companies or even faculty spin-offs), sharing the income with the sponsor. ✦

Questions?

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