

# **Making Chicken Soup out of the Hen that Lays the Golden Eggs**

*by Dr. Michael Factor*

In October, eight Knesset members led by Meli Polishuk-Bloch and Ophir Pines-Paz, proposed a new law, designed "to promote knowledge and technology transfer to benefit the population". This worthwhile aim is to be achieved by regulating the patent rights relating to inventions filed by academics working in Israeli universities.

Under current practice, around 40% of the royalties generated by a patent based on the invention of Israeli academics is shared between the inventors. Although many patent applications fall by the wayside, once in a while, the gold bearing lode is struck and innovative Israeli academics can become very rich indeed. Copaxone and Rebif are two drugs for the treatment of Multiple Sclerosis that are based on research conducted at the Weizmann Institute of Science. Exelon for the treatment of Alzheimer and Doxil for the treatment of cancer are medicines that are based on patents filed by the Hebrew University. Their combined sales totaled over *2 billion* dollars in 2003, which resulted in millions of dollars in royalties to the academic institutes and to the inventors.

Nor is it just pharmaceuticals. An encryption algorithm developed at the Weizmann Institute and commercialized by NDS, probably Jerusalem's most successful high tech industry, brought in revenues of about 250 million dollars that year, and also generated millions in royalties.

Current practices encourage collaboration between industry and academia. It provides industrial sponsorship of post graduate students and generates jobs. University towns spawn incubators which spawn hi tech industrial parks. Jobs are created at all levels, from guard duty and cleaning services, through administration and technical support, to subcontracting. Since the filthy rich pay about half their income in taxes, the government does quite well out of current practices. We all benefit.

Although royalty sharing with inventors was pioneered by Israel, some 25 years ago US academics received similar privileges and Europe and Japan have followed suit. If the new law is passed, the incentive to file patents will be lost. It may

simply deter Israeli academics from filing patent applications prior to publishing papers, and their universities, Israeli industry and the economy as a whole will suffer.

Alternatively, since most Israeli professors researching in applied science spend a couple of months a year abroad anyway, they may simply file patents through the foreign universities where they spend their summers.

This is not merely conjecture. The most significant British inventor of the 20<sup>th</sup> Century, Sir Frank Whittle, the originator and pioneer of the jet engine was poorly treated by the British Government. He eventually emigrated to the States, and was awarded a professorship at the US Naval College and consulted to American airplane manufacturers. Cambridge University, Rolls Royce aero-engines and the British economy as a whole suffered as a result.

One is reminded of the old adage "if it works, don't fix it".

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