



*Primi - would you copy this letter & let me have it back. It is a gem! I wonder if you know how really it is! not.*

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PS/ Secretary of State for Industry

22 January 1981

Mike Pattison Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
London SW1

*Prime Minister*

*Dear Mike,*

*This first DoI reaction to ACARD's report on inventors is predictably cautious about the recommendations on the NRDC monopoly. You may hear different views on Monday. No action yet.*

ACARD REPORT ON PROBLEMS OF INVENTORS.

Thank you for your letter of 22 December. In it you asked for a brief report, in response to the Prime Minister's question about the future of NRDC, and you will now have seen my Secretary of State's minute of 19 January in which he proposes that the options for bringing together the work of NEB and NRDC should be explored through the appointment of Sir Frederick Wood as part-time chairman of NEB.

*MAP 23/1*

2 Although we shall need to look at NRDC's monopoly rights and access to loans in more detail when working out how best to bring together the activities of the two bodies, I would like to take this opportunity of letting you have some preliminary comments on the recommendations in para 15 of the ACARD report.

3 The Department agrees that the judgement of the commercial potential of many inventions, particularly when the ideas are at an early stage of development or when the application of new technology can receive little guidance from past experience, is an uncertain process and that there is therefore merit in a multiplicity of decision points. On the other hand, experience has shown that, if exploitation is to be achieved for national benefit and, in the case of publicly funded inventions, if there is to be a direct return to the public purse from successful exploitation, it is necessary to secure adequate protection of the industrial property (normally patents) and to nurse the development perhaps for several years. This often requires support from public funds. This has been NRDC's role and, although many of the inventions supported have proved to be unsuccessful, it has had one major winner (the cephalosporin group of antibiotics) and a number of lesser but significant successes.

4 In recent years NRDC has been in overall surplus and has been able to invest widely in high-risk advanced technology while repaying all its outstanding loans. If NRDC lost its preferential

/access ...



access to the current broad portfolio of public sector inventions, the Department would expect that it would need to borrow again from the Exchequer. *Or be abolished!*

*!!!  
think!*

5 There are two other points pertinent to NRDC's monopoly. Firstly, it currently accepts less than one quarter of the public sector inventions offered to it; it is open to the inventors to seek exploitation of the remaining three-quarters in other ways. Secondly, there have been some relaxations of the Corporation's monopoly rights during the past five years or so, including special arrangements for Celltech Ltd, this Department's research establishments, and SRC-funded research projects where an industrial company is providing partial financial support. As far as we are aware these relaxations have not yet led to any noteworthy successes. *And, the monopoly which has only led to one! And NRDC had first choice.*

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4m!*

6 On balance, the Department is not convinced that elimination of NRDC's present monopoly is desirable. ACARD would appear to be content for the inventor to decide how his idea should be exploited, and the Department does not consider that this can be justified when the invention arises wholly from publicly funded work. However, the time-scale for decision taking is often crucial if market opportunities are to be exploited and the inventor's interest is to be sustained. Therefore, the Department sees some scope for limiting the period during which the Corporation should retain its rights of first refusal. The Department intends to discuss this, and its implications, with NRDC.

7 I will be letting you have a draft reply for the Prime Minister to send to Dr Spinks next month, covering the ACARD report as a whole.

8 I am copying this letter to the recipients of yours.

*Yours sincerely,  
Cecily Morgan*

CECILY MORGAN  
Private Secretary