

Beth Israel seeks deal with drug company

By Liz Kowalczyk, Globe Staff, 2/14/2001

In exchange for millions of dollars to aid its financial recovery, Beth Israel Deaconess Medical Center is seeking to offer a major drug company first rights to dozens of research discoveries made at the Harvard teaching hospital.

Dr. Michael Rosenblatt, the hospital's president, has pitched the idea to nearly 40 drug and biotechnology firms and is narrowing the field to finalists for what he described as a far-reaching and highly collaborative partnership. Under the agreement, hospital and corporate scientists would work together in a new research facility at the medical center.

Partnerships between teaching hospitals and the drug industry have become increasingly popular, but they have raised concerns about whether companies have become too powerful a force in the research process and are hampering academic freedom.

Even so, these close relationships are becoming more common, even at Harvard Medical School, which has some of the toughest rules about how scientists work with industry. The Japanese cosmetic firm Shiseido, for example, has given Harvard's Massachusetts General Hospital \$180 million over the past decade for first rights to discoveries by hospital dermatologists. Dana Farber Cancer Institute, another Harvard teaching hospital, has a similar deal with Novartis Pharmaceuticals for discoveries related to new cancer drugs.

Unlike those agreements, the Beth Israel Deaconess plan, as currently envisioned, would offer access to discoveries in a broad array of medical fields - cancer, cardiovascular disease, diabetes, obesity, neuroscience, transplantation, women's health, and infectious disease. If it works, such an agreement would propel Harvard to a new level of cooperation with industry.

Harvard Medical School Dean Dr. Joseph B. Martin said that he does not want Beth Israel Deaconess to enter into an agreement that gives a single company too much access to the hospital's intellectual firepower, preventing scientists from forming their own business relationships.

"The faculty are concerned that there not be a wholesale agreement that restricts their ability to deal with other companies," Martin said. "That's the principal reservation that I have, too. But I don't think the institution could move ahead with anything that violates individual faculty rights."

Rosenblatt said that while the plan is to give one company a "first look" at the hospital's entire portfolio, no single firm would have the financial resources or the desire to license such a vast array of research. The discoveries the partner did not want could be taken to another company.

In return for initial rights, the partner would pay the medical center a prenegotiated annual fee, initially for a five-year period.

Rosenblatt said that the hospital, which lost \$50 million on operations last year, does not need an industry agreement to survive. But Moody's Investors Service reported last month that Beth Israel Deaconess was counting on the research partnership to provide more than 50 percent of its turnaround income.

Either way, the partnership could be extremely lucrative. Rosenblatt would not say how much money he's requesting, but Novartis pays Scripps Research Institute in San Diego \$20 million a year for a "first look" at its discoveries.

The large Beth Israel Deaconess portfolio is potentially even more valuable. Last year alone, the hospital received \$109 million in federal research money, ranking it third among independent hospitals nationwide. And in the past three years, the medical center has obtained 200 patents and provided technology for 12 start-up companies.

Rosenblatt said that an industry partnership would benefit the hospital's patients by bringing life-saving and life-improving medical treatments to market more quickly.

"Would this give a lot of lift to us and help us do the kinds of things our patients want us to do? Yes it would," said Rosenblatt, who has had an unusual career in that he's worked at two Harvard hospitals and at the drug giant Merck.

Partnerships between teaching hospitals and universities and drug companies took off after Congress passed the Bayh-Dole Act in 1980, which for the first time allowed universities to patent discoveries made with federally funded research. The law was controversial then and still is. But even the harshest critics acknowledge that these collaborations are likely here to stay.

"It's clear that funding from industry is a fact of science today," said Eric G. Campbell, a researcher at Massachusetts General Hospital's Institute for Health Policy who studies conflict of interest. "The faculty members who have these relationships publish more and are more productive. But they have some potentially negative consequences."

Campbell said such collaborations can shift the focus of research away from important science that may take years to develop into profitable products.

"Basic science is what fuels the next generation of clinical discoveries," Campbell said. "And if we start focusing just on research that has an immediate commercial application, at some point in the future we're going to get a slowdown in clinical discoveries."

When Scripps proposed its partnership with Novartis in 1993, it wanted to give the company exclusive access to 100 percent of its research portfolio, including inventions not yet made.

But the National Institutes of Health said that proposed agreement violated federal law. Finally in 1994, Scripps signed an scaled-back agreement allowing Novartis to license 50 percent of its diagnostic and pharmaceutical discoveries.

To guard against secrecy that could harm academic freedom, most hospitals say that their industry partners cannot hold up publication for more than 30 days - the time it takes to file a patent. If the research has emergency health implications, then they can publish immediately, said Dr. Rebecca Campen, deputy director of the MGH/Harvard Cutaneous Biology Research Center, which has the agreement with Shiseido.

"The concept of academic freedom is built into the agreement - Shiseido knows academic freedom is extremely important to us," she said. "That doesn't mean there are not challenges."

Most recently, the challenge is whether the hospital can allow other companies access to MGH's skin discoveries - something it needs Shiseido's permission to do.

Dr. Michael Detmar, for example, studies the growth of blood vessels, which has implications for both cosmetic hair growth and the curing of cancerous tumors - a discovery another company may want to turn into a new drug.

"They have such a huge investment that we have to walk in that direction very carefully and make sure Shiseido is comfortable with that," Campen said. "If other industry comes in and interacts with scientists, potentially some of the technology Shiseido is interested in could leak out to a competitor."

Chris Scott, associate vice chancellor for research at the University of California, San Francisco, said there is danger in negotiating an agreement that gives one company too much power. "If you define the agreement too broadly, if you lock up all of cancer, for example, then your scientists are not going to be able to talk to anybody else."

It's unclear whether Beth Israel Deaconess will need NIH approval for its partnership, which Rosenblatt said could be completed in anywhere from two months to two years. NIH officials would not comment.

Martin said he would have to approve any agreement that involves medical school faculty - which is a majority of the researchers at Beth Israel Deaconess. And he indicated that he wants to strike a delicate balance between Harvard's commitment to independence and the hospital's need for financial first-aid. "Beth Israel Deaconess is critical to us," he said, "and this is part of their plan to survive."

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