

The Streptomycin Litigation

A STATEMENT REGARDING THE SETTLEMENT of the civil suit against Dr. Selman A. Waksman was issued by Dr. Clothier on December 29, 1950, and is repeated here for the information of those members of the faculty who may not have had an opportunity to read it previously.

STATEMENT BY DR. ROBERT C. CLOTHIER

President of the Rutgers Research and Endowment Foundation

December 29, 1950

The trustees of the Rutgers Research and Endowment Foundation are gratified to announce that the suit brought by Dr. Albert Schatz against Dr. Selman A. Waksman and the Foundation has reached an equitable conclusion and that the 26 associates, graduate students, technicians and others who assisted Dr. Waksman in the work that eventuated in streptomycin will share in the royalties accruing from the world-wide sale of this life-saving drug.

Basic to this agreement was the insistence of Dr. Waksman that the fruits of this discovery should be distributed to the entire team whose endeavors constituted an invaluable adjunct to his own efforts.

By agreement among all parties to the suit, the largest portion of the royalties—80 per cent—remains in the possession of the Rutgers Research and Endowment Foundation, as heretofore, for the sole purpose of furthering scientific research at Rutgers University. Net royalties to September 30, 1950, were approximately \$2,360,000. Dr. Waksman will continue to receive one half of the remainder—10 per cent. The other 10 per cent will be distributed in two ways: Fourteen of those most closely concerned with the work in streptomycin will share in the royalties accruing subsequent to October 1, 1950; twelve others who were less directly associated with the work will receive cash bonuses.

Dr. Schatz will receive 3 per cent—the largest share. Others will share, according to their respective contributions, in varying proportions ranging up to 2 per cent. Dr. Schatz will relinquish his interest in the Canadian, New Zealand, Japanese, and all other foreign patent rights, for which he will receive \$125,000. This will vest in the Foundation sole ownership of these potentially valuable foreign patent rights.

It has never been disputed that Dr. Schatz was a co-discoverer of streptomycin. This has been a matter of public record since 1945, when Dr. Waksman and Dr. Schatz jointly applied for the streptomycin patent.

In 1946, Drs. Waksman and Schatz voluntarily as-

signed the streptomycin patent to the Foundation. At the same time, a number of other patents which had resulted from research by Dr. Waksman and his assistants were also assigned to the Foundation. No one had any conception then that the returns to the Foundation would ever reach any sizeable sum.

Nevertheless, the Foundation felt that should any financial returns result, some monetary recognition should go to Dr. Waksman not for any specific discovery but for his more than thirty years of faithful service to Rutgers University which resulted in his becoming an international leader in the field of microbiology.

It was Dr. Waksman's hope in 1946 that should any of his discoveries prove of real medical value, ownership of the patent by the Foundation would prevent monopoly of manufacturing and thereby reduce the price to the consumer. In this respect, his hopes have been fully realized. In 1946 streptomycin cost more than \$25 per gram; today a gram wholesales for less than 35 cents! The competition among the major producers of the drug is largely responsible for this remarkable reduction in cost.

As streptomycin proved itself in 1947 and 1948, the royalties began to accumulate in unanticipated volume. This prompted Dr. Waksman to request the Foundation to reduce his participation from 20 to 10 per cent.

As Dr. Waksman's share continued to grow, he saw an opportunity to realize a lifelong ambition to give financial assistance to students of microbiology, irrespective of land of origin, religion, or race.

He created a scholarship fund at the College of Agriculture for the training of students coming to this country from foreign lands as he himself did 40 years ago. To this he has contributed \$25,000 of his own funds.

He has plans prepared for the establishment of an educational fund which would help to support the advancement of microbiology not only at the Rutgers Institute of Microbiology, but throughout the world. The litigation just concluded had put a temporary halt to Dr. Waksman's plans. Now that a settlement has been reached, Dr. Waksman is free to go ahead with this program—financed by his proceeds from the streptomycin royalties.

Most important is the fact that the conclusion of this litigation clears the way for expanded research in the field of microbiology and an intensified search for more weapons against disease by permitting the reactivation of the University's plans for construction of a building for the Institute of Microbiology. The Foundation allocated \$1,000,000 in streptomycin royalties for this purpose a year and a half ago but the work has been delayed by the suit.