



From the Minister of State
for Industry and Information Technology

GEOFFREY PATTIE MP

Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign
and Commonwealth Affairs
FCO

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215
GTN 215 5147
(Switchboard) 215 7877

cc

C. D. Powell

copy

JEPC

*Subject: -
Eureka Pol: Budget
Pt 30.*

20 June 1985

*Please put on file
but return a copy
to me on 26 June
CDP,
29/6.*

Dear Geoffrey

**UNITED KINGDOM RESPONSE TO EUREKA: HIGH TECHNOLOGY PRODUCT
WARRANTY SCHEME**

On my return from the Far East, I saw Robin Nicholson's letter to you of 6 June and thought I should make one or two comments.

I am always cautious about advancing proposals on the basis that they have not been fully researched and their authors are not in any way committed to them because inevitably they tend to generate a momentum of their own. Nonetheless I am sure you will have mentioned them at Stresa in exactly the right tone and I shall be trying them out on our industrialists in the course of this week.

I recognise the advantages of being able to canvass United Kingdom proposals in the Eureka exchanges, particularly if these would help to lead discussions into market orientated action. Certainly Robin Nicholson's scheme has that flavour. Nonetheless I think it might help anticipate some of the probing questions which may be put to us if we had a critical look at some of the considerations set out in the attached note. They

JE2/JE2AAJ



EUROTYPE PRODUCT WARRANT: SOME ISSUES FOR FURTHER CONSIDERATION

- (i) The proposition is for a system for "awarding" a Eurotype warrant.

Seemingly the "award" would be granted at a relatively early stage in a product's development. Decisions on the suitability of an award will thus be made largely on the basis of technological considerations rather than on assessments of marketability. Of itself the award will mean moving only a little way from technology push to market pull. The critical factors will therefore rest with the obligations resting on the holder of such a warrant and the advantages which he will receive - of which more later.

- (ii) Meantime the decision to grant an award will depend on "novelty" and "superiority".

One approach would be strictly objective by developing detailed criteria and a data bank of information (patents being the nearest analogy). Do we really accept the time that this would take and the bureaucracy entailed? Alternatively trust is placed in the subjective judgement and personal knowledge of wise men - who would be arbitrators and not consultants. Are we prepared for the considerable act of faith involved by potential applicants, potential users and by governments? [Do we envisage a situation in which Frenchmen would have endorsed EMI's NMR scanner?]

- (iii) There is a price to be paid for the award of a warrant, namely the readiness to negotiate in good faith with other enterprises to forward the research, development, production and marketing of the product on a risk-sharing basis.

Would warrant holders be able to do this without broadcasting their ideas to the world at large including their actual and potential competitors? And would they want to delay exploitation while "negotiating" for partners? What about allegations of bad faith by either side? Who would adjudicate and perhaps demand withdrawal of the warrant and therefore its benefits?