

Ed Pratt in 1995

‘The current GATT victory, which established provisions for intellectual property, resulted in part from the hard-fought efforts of the US government and US businesses, including Pfizer, over the past three decades. We’ve been in it from the beginning, taking a leadership role’.

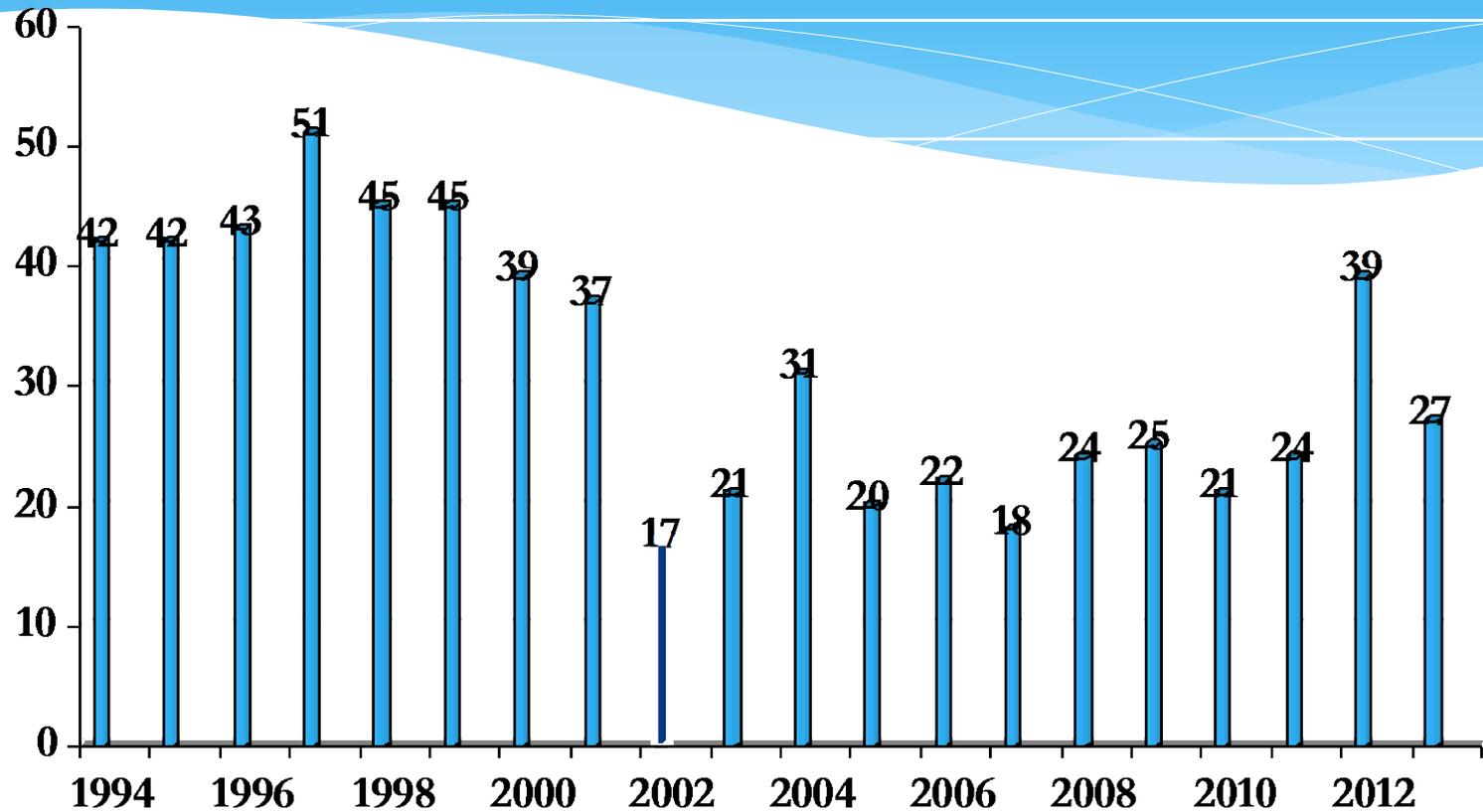
Ed Pratt Jr, CEO Pfizer (1972-91):

Joseph Stiglitz on patents

...are the incentives provided by the patent system appropriate...? Sadly, the answer is a resounding "no."

'Prizes, not patents' (3.3.07), <http://www.project-syndicate.org/commentary/prizes--not-patents>

New chemical entities



Pharmaceutical profits

- * ... international and US research pharmaceutical companies trading on the US exchange enjoyed profits more than 3.2 times greater than non-pharmaceutical companies between 1988 and 2009.
- * Spitz J. and Wickham M. (2012) Pharmaceutical High Profits: The value of R&D, or oligopolistic high rents? *American Journal of Economics and Sociology* 71, p 1-36.
- * Australia: Pharmaceutical Patents Review. Draft Report (April 2013)

- * Specific industries and the public may also benefit through fewer patents impeding their freedom to operate. In this respect patents are a blunt instrument, with generally the same duration and extent of rights being granted regardless of the development costs or market size of the invention.
- * Australia: Pharmaceutical Patents Review. Draft Report (April 2013)

G Becker (Nobel Prize)

* The current patent length of 20 years (longer for drug companies) from the date of filing for a patent can be cut in half without greatly discouraging innovation. One obvious advantage of cutting patent length in half is that the economic cost from the temporary monopoly power given to patent holders would be made much more temporary. In addition, a shorter patent length gives patent holders less of an effective head start in developing follow on patents that can greatly extend the effective length of an original patent.

* <http://www.becker-posner-blog.com/2013/07/on-reforming-the-patent-system-becker.html>, 21-7-13

G. Becker on patent term

- * Even pharmaceutical and biotech companies,... usually do not need more than about a decade of monopoly power to encourage their very large investments in new drugs.
- * <http://www.becker-posner-blog.com/2013/07/on-reforming-the-patent-system-becker.html>, 21-7-13

Do fixed patent terms distort innovation? Evidence from cancer clinical trials

- * Since society cares about an invention's total useful life, but private firms care only about monopoly life, a distortion emerges not just in the level of R&D...), but also in the composition of R&D: society might value invention A more highly than invention B, but private industry may choose to develop B but not A.

Do fixed patent terms distort innovation? Evidence from cancer clinical trials

- * ‘...under a fixed patent term, research and development (R&D) investments may be distorted away from technologies with long time lags between invention and commercialization’

CIPIH (2006)

- * 'Where the market has very limited purchasing power, as is the case for diseases affecting millions of poor people in developing countries, patents are not a relevant factor or effective in stimulating R&D and bringing new products to market'

Are patents needed?

- * There is another weakness in the patent system: it might not stimulate innovation in certain areas of public interest because the commercial return, even after the grant of a patent, provides insufficient incentive. For example, pharmaceutical companies would be reluctant to invest considerable research funds for drugs for illnesses where the prospects of cost-recovery are small. (p. 5)

* Australia: Pharmaceutical Patents Review. Draft Report (April 2013)

Investment in R&D: small countries' impact

- * A small country can have very little influence on the global economics of IP production by changing its own IP protection policies. Given that Australia contributes less than 2 per cent of the world economy, extensions of Australian IP rights on their own are unlikely to influence a global firm's decisions as to whether or not to invest in IP. (p. 22)
- * Australia: Pharmaceutical Patents Review. Draft Report (April 2013)

Who benefits from an increase in IP protection

- * 'an increase in intellectual property rights in a country which is a net importer of technology is 'likely to benefit overseas rights holders disproportionately compared with domestic rights holders'.
- * Productivity Commission 2012, *Trade & Assistance Review 2010-11*, Annual Report Series, Canberra, p. 100.

Do patents promote pharmaceutical innovation in emerging economies?

- * Brazil: **1/287**
- * Colombia: **2/439**
- * South Africa: **10/2.442**
- * Argentina: **15/ 951**



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Impact of TRIPS on R&D in India

- * Their analysis of the post-TRIPS R&D strategies of domestic pharmaceutical firms shows that little has changed to dispute the conventional wisdom that the developing countries should not grant products patent protection. They are already paying the cost of high prices of patent protected products. But the technological benefits claimed have not yet taken place. While R&D activities have diversified, Indian pharmaceutical firms are yet to prove their competence in innovating new products. None 'new chemical entity' (CE) has yet been developed for marketing.
- * *Sunil Mani and Richard Nelson, TRIPS Compliance, National Patent Regimes and Innovation Evidence and Experience from Developing Countries, Edward Elgar, 2013, p. 12.*