

7690-21-849-8686

File	4140-2	Volume
Dossier		
Subject	PATENT EXAMINATION	
Subject		
GC 40-3	7690-21-849-8686	

BEST AVAILABLE COPY

June 24, 1986

Mr. [REDACTED]  
Chairman,  
The Canadian Drug Manufacturers  
Association,  
Suite 306,  
60 St. Clair Avenue East,  
Toronto, Ontario.  
M4T 1N5

Dear Mr. [REDACTED]

Thank you for your May 14, 1986 letter and  
attached articles in which you very succinctly set out your  
organization's views with regard to proposed changes to the  
Patent Act.

I appreciate the trouble you have taken to keep me  
informed, and assure you that I will keep the points you  
make in mind.

Sincerely,

Original signed by  
Erik Nielsen

Original signed by

EN/n-1

June 12, 1986

Dr. [REDACTED]  
Dean,  
Faculty of Pharmacy and  
Pharmaceutical Sciences,  
University of Alberta,  
3118 Dentistry, Pharmacy Centre,  
Edmonton, Alberta.  
T6G 2N8

Dear Dr. [REDACTED]

Thank you for your May 15, 1986 letter following  
up on that of March 19.

I assure you that I have noted your views  
carefully, and will keep them in mind during Cabinet  
deliberations.

Sincerely,

Original signed by

Erik Nielsen



EN/n-1

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s.19(1)

June 3, 1986

Mr. [REDACTED]  
Chairman,  
The Canadian Drug Manufacturers  
Association,  
Suite 306,  
60 St. Clair Avenue East,  
Toronto, Ontario.  
M4T 1N5

Dear Mr. [REDACTED]

On behalf of the Honourable Erik Nielsen, I  
would like to acknowledge receipt of your May 14, 1986  
letter and enclosures.

Please be assured that your correspondence  
has been brought to Mr. Nielsen's attention.

Sincerely,

Original signed by

\* signed for original \*

Norah Mulvihill  
Correspondence Assistant

NM/mb

s.19(1)

May 27, 1986

Dr. [REDACTED]  
Dean,  
Faculty of Pharmacy and  
Pharmaceutical Sciences,  
University of Alberta,  
3118 Dentistry, Pharmacy Centre,  
Edmonton, Alberta.  
T6G 2N8

Dear Dr. [REDACTED],

On behalf of the Honourable Erik Nielsen, I  
would like to acknowledge receipt of your letter dated  
May 15, 1986.

Please be assured that your correspondence  
has been brought to Mr. Nielsen's attention.

Sincerely,

Original signed by

a signed original \*

Norah Mulvihill  
Correspondence Assistant

NM/ld

s.19(1)

BEST AVAILABLE COPY

May 26, 1986

Mr. [REDACTED]  
Chairperson,  
Canadian Health Coalition,  
2841 Riverside Drive,  
Ottawa, Ontario.  
K1V 8X7

Dear Mr. [REDACTED]

Thank you for your April 10, 1986 letter and attached copy of a letter to the Prime Minister regarding the proposed changes to Canada's Drug Patent Act.

I very much appreciate your taking the trouble to write and bring to my attention the views of the Canadian Health Coalition. I assure you that I will keep them in mind.

Sincerely,

Original signed by

Erik Nielsen  
[Signature]

EN/n-1

c.c.: The Honourable Michel Côté



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s.19(1)

May 26, 1986

Dr. [REDACTED]  
The Hospital for Sick Children,  
555 University Avenue,  
Toronto, Ontario.  
M5G 1X8

Dear Dr. [REDACTED]

Thank you for your March 13, 1986 letter in which you expressed your views with regard to proposed changes to the Patent Act.

I assure you that I will consider the points which you make very carefully, and I appreciate the trouble you have taken to write.

Sincerely,

Original signed by

Erik Nielsen

• [Signature] •

EN/n-m

MIN/PH/arb

PERSONAL & CONFIDENTIAL

May 26, 1986.

The Honourable James McGrath, P.C., M.P.,  
House of Commons,  
Ottawa, Ontario.  
K1A 0A6

Dear [REDACTED]

This will acknowledge, with thanks, your  
letter of May 14, 1986, with respect to changes to the  
Patent Act.

As you know, further consideration is being  
given to the communications dimension of the proposed  
changes. I very much appreciate your advice and  
continued assistance on this matter.

Kindest regards,

Sincerely,

ORIGINAL SIGNED BY  
ORIGINAL SIGNÉ PAR

Erik Nielsen.



s.19(1)

BEST AVAILABLE COPY

May 26, 1986

Mr. [REDACTED]

[REDACTED] Street,  
[REDACTED]

Dear Mr. [REDACTED]

Thank you for your recent letter and enclosed label from a box of stomach tablets.

I appreciate your taking the trouble to write with regard to generic drugs being sold in the United States.

Sincerely,

Original signed by  
Erik Nielsen

~~Original signed by~~ ☐

EN/n-m

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4140-2



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA  
K1A 0A6

HON. JAMES A. McGRATH, P.C., M.P.  
ST. JOHN'S EAST, NFLD.

OTTAWA - (613) 996-1783  
ST. JOHN'S - (709) 753-5580

**PERSONAL AND CONFIDENTIAL  
FOR MINISTER'S EYES ONLY**

May 14, 1986

The Hon. Erik Nielsen, P.C., M.P.  
Deputy Prime Minister and  
Minister of National Defence  
Room 209-S  
House of Commons  
Ottawa, Ontario  
K1A 0A6

*Peter H.*

*Act & thank. I called Jim  
on the telephone this AM and informed  
him that while the decision was NOT  
being reconsidered, the Notice would  
not be filed immediately. He responded  
positively.*

*E  
15 May 86*

Dear Erik:

Re: Proposed Changes to Patents Act as it Relates to Drugs

Because of the heavy agenda and the mood of caucus, I did not intervene this morning. However, my views were articulated by Chris Speyer.

Apart from the merits of the Government's policy, I think the timing is absolute madness. Nothing is to be gained from making the announcement before the end of the session, on the contrary, the House, following two weeks of the Stevens affair, will be in an uproar.

We will be giving the Opposition an issue that will have the support of the Provincial Governments and the public in general. The fallout will be much more severe than what we experienced following the first Wilson Budget and its proposal to de-index old age pensions.

Because of the deep division in caucus and the political fallout in the House and across the country, I would strongly urge the Government to postpone the announcement until the last day of the session in June. As you yourself said when referring to another issue, perception is reality regardless of the facts. On this issue we will be perceived as inflicting higher drug prices on the Canadian people, especially the elderly.

Yours sincerely,

  
James A. McGrath, P.C., M.P.  
St. John's East

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President of the Queen's Privy Council  
for Canada  
and  
Government House Leader  
The Honourable Ray Hnatyshyn, P.C., Q.C., M.P.



Président du Conseil privé de la Reine  
pour le Canada  
et  
Leader du gouvernement à la Chambre  
L'honorable Ray Hnatyshyn, P.C., Q.C., M.P.

cc hyre

SECRET

MEMORANDUM

ACTION
P.H.
CC EN
CC

DATE: May 13, 1986  
TO: Honourable Erik Nielsen, P.C., M.P.,  
Acting Prime Minister  
FROM: Honourable Ray Hnatyshyn, P.C., M.P.,  
RE: Act to Amend the Patent Act (Pharmaceuticals)

Further to discussions of the Patent Act at Cabinet today, I received a phone call from Saskatchewan's Deputy Premier, Eric Berntson, who is very concerned with the tabling of these amendments.

During Health Estimates which lasted three weeks, it was disclosed that amendments to the Federal Patent Act would cost the Province of Saskatchewan an additional 12 to 15 million dollars for purchase of multi-national company drugs vs generic drugs. The line of attack by the opposition was: the Feds sticking it to Saskatchewan once again.

Mr. Berntson said this is an issue they would rather not contend with going into an election. He was wondering if we could put the amendments on the back burner for the time being?

As it stands, these amendments will go on notice Wednesday night, to be introduced Friday.

*[Handwritten signature]*

s.19(1)

✓ University of Alberta  
Edmonton

Faculty of Pharmacy and Pharmaceutical Sciences

Dean

ODPM - CVPM

Canada T6G 2N8

3118 Dentistry/Pharmacy Centre Telephone (403) 432-3362

REFERRED TO J. M.  
TRANSFERRÉ À

23 MAY 1986 08 19

FILE NO.  
DOSSIER NO. 4140-2 (P)CHARGED TO  
CHARGE À

May 15, 1986

Mr. E. Nielsen  
Deputy Prime Minister  
209S Centre Block  
House of Commons  
Parliament Buildings  
OTTAWA, ON  
K1A 0A6

Dear Mr. Nielsen:

In response to your letter of 7 May 1986, I note that you point out that your riding is in Yukon and not in Alberta. My purpose in writing to you is that students from your riding are considered to be residents of Alberta for admission to the University of Alberta. I assumed that you represented the Yukon students attending this University.

While I appreciate your forwarding a copy of my letter to the Hon. M. Cote, I had written to you to make you aware of the stake we have in this matter and to solicit your support. I hope that we can count on you to consider our views in the forthcoming debate.

Sincerely,

Dean

JAB:kdc

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CDMA — ACFPP

ODPM:CVPM

REFERRED TO  
TRANSMIS A D.M.

23 MAY 1986 08 21

The Canadian Drug Manufacturers Association  
L'Association Canadienne des Fabricants de Produits Pharmaceutiques

DOSSIER NO. 4140-2 (P)

CHARGED TO

60 ST. CLAIR AVENUE EAST, SUITE 306, TORONTO M4T 1N5 / TELEPHONE (416) 960-3319

May 14, 1986

The Honorable Erik Nielsen, P.C., M.P.  
Deputy Prime Minister and Minister of  
National Defense  
House of Commons  
Ottawa, Ontario  
K1A 0E6

Dear Mr. Nielsen:

RE: PROPOSED CHANGES TO PATENT ACT

In establishing public policy, one of the most challenging tasks for legislators in a free society is to strike a balance between the interests of private individuals, corporations and the public interest. This balance must both respect individual rights and not unduly compromise the public interest.

One area where this is especially delicate is that of intellectual property, where it is recognized that it is important to encourage and reward research, invention, and innovation in the private sector. In cases of essential commodities, it is also important not to place the public in an entirely vulnerable situation at the unmoderated discretion of private interests.

Perhaps the best illustration of this dilemma is in the field of health care -- a field which Canadians (unlike Americans) have decided, as a matter of public policy, should be accessible without encumbrance to those in need of care.

...2

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CDMA  ACFPP

-2-

The challenge to the public policy makers is to find a way to respect the proprietary interest in the "intellectual property" under patent legislation, and to respect the public interest through minimizing impediments to access to essential products.

Acknowledgment of intellectual property rights need not always take the form of granting a monopoly in the marketplace. This is especially important in areas of essential services such as health care. Another way of recognizing contributions through research, invention, or innovation, and acknowledgment of property rights, is through payment of royalties at appropriate levels to the innovator.

Under current Canadian patent law, the generic drug manufacturer is required to pay a 4 percent royalty to the patent holder during the full life of the patent.

Where the product is a non-essential luxury item, a monopoly under the Patent Act may be appropriate. If the price is too high, people will not buy, or will turn to a cheaper alternative product. Thus, the decisions of the consumers still have an impact on establishing prices. However, when the product is essential to health, or even life sustenance (such as pharmaceutical products), the consumer may not have a choice. If they require medication for a heart condition or diabetes, they cannot as readily say no to the price as if they were shopping for a food processor. Thus, the consumer is captive, and there are none of the usual market forces to moderate price.

Therefore, in Canada, where health care is treated so differently from the U.S.A. (where the largest single cause of personal bankruptcy is medical bills), we have to consider the public interest and ensure there are some competitive forces in the marketplace.

The way to do this is to respect the intellectual property through paying royalties to the innovator, to help cover the cost of research and to reward innovation, and also to continue to protect the public interest through compulsory licensing early enough in the process to moderate prices through competition.

...3

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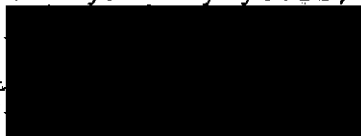
-3-

There has also been a concern expressed about the impact of compulsory licensing on research and development in Canada. The Canadian Drug Manufacturers Association has consistently argued that the way to encourage substantive research and development in Canada is to extend protection to those new chemical entities and biotechnological discoveries where the research, development, and manufacturing occur in Canada. It is unlikely that substantive research in Canada will result from extending a monopoly to products from around the world. What will undoubtedly result from such a monopoly is substantially higher prices.

The public's need for affordable drugs is recognized in virtually every jurisdiction. In the United States, where patent protection is paramount, drug prices are the highest in the world. The compulsory licensing system in Canada recognizes intellectual property through the payment of royalties, while at the same time, producing affordable drugs and fostering the development of a Canadian-owned pharmaceutical industry.

If you have any questions concerning this or any other aspect of the pharmaceutical industry, please do not hesitate to contact me.

Very truly yours,



Chairman  
Canadian Drug Manufacturers Association

LC/kg



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# This is a good time to drop patent drug bill

OTTAWA — Prime Minister Mulroney has assured the Commons that the U.S. trade talks are being launched without pre-conditions. Good.

External Affairs Minister Joe Clark has told a pre-taped interview for CTV's Question Period that there's no connection between planned changes in legislation covering patent drugs and the trade negotiations. Fine.

Then let's not pass any such bill.



Christopher Young

Legislation to amend the Patent Act — contrary to the interests of Canadians who need medical drugs, of the taxpayers, and of those who contribute to drug insurance plans — has been forecast "this week" or "next week" for some time but has not yet materialized.

There have been second thoughts on tactics, if not on policy. After the close call in the Senate finance committee, this would be a good time for the government to drop the policy.

If it won't rebuff the drug companies, it will have to fight its own consumers with arguments that will encourage U.S. trade negotiators to believe that Canada will accept almost anything if the U.S. wants it badly enough.

Organizations representing consumers, retired people, victims of cancer and others relying on generic drugs are preparing for the fray, and they can expect strong support from provincial governments that pay most of the cost of drugs dispensed in hospitals.

The stakes are more than \$200 million a year, as detailed in last year's report to the government by Professor Harry Eastman.

While the Canadian Tories have lined up with the hugely profitable multinational drug companies, the British Tories have taken the opposite stand for reasons of government economy. Effective this month, Mar-

garet Thatcher's government has reduced the legal limit for return on capital in the drug industry from 21 per cent to 17.9 — hardly a tight margin — in the face of a strenuous campaign by the companies.

In Canada their campaign has reached a pitch that should anger any self-respecting political

leader by its arrogant and bullying tactics.

One drug company president has demanded either a retraction or a resignation from Donald W. Insley, president of the Canadian Cancer Society, for opposing the amendment of the Canadian Patent Act.

With dubious grammar and



Margaret Thatcher



Brian Mulroney

worse manners, W. M. Robson, president and vice-president of Smith Kline & French Canada Ltd., fumed:

"How you can support the generics, who are stealing our resources, amazes me. You must have no idea of how research is done in the pharmaceutical industry. The generics do no research. They simply divert profits meant for research into their pockets. The cure for cancer will not come from them! It is hard to believe someone in your position is so uninformed.

"I believe a retraction of your statement or your resignation is called for."

In reply last week, Insley stuck to his guns:

"The quality of life of those living with cancer would not be enhanced if drug prices were increased unnecessarily. Four successive public inquiries in this country have made it abundantly clear that consumers would be badly abused if the government failed to remove barriers to a competitive market.

"The Canadian Cancer Society commends your firm's cancer research efforts. We agree that

true innovation ought to obtain a reasonable return on investment. The latest inquiry into the pharmaceutical industry (Eastman Commission) pointed out that the rate of return to drug companies in Canada is eminently fair — higher than in most other well-developed countries and exceeding that of all manufacturing industries."

Robson's charge of stealing was echoed by one of the senators who opposed Canada's request for trade negotiations. Like Mulroney, who called the generic companies "scavengers," the senator was repeating words that some drug company lobbyist had put into his head.

The charge is false. There is no theft when royalties are paid at a level to produce profits above the national average in other comparable businesses and above the levels these multinationals earn in most other countries.

What these companies are demanding is an unlimited right to prey on the sick, the elderly and the Canadian taxpayers.

*The Calgary Herald*  
*Saturday April 26/86*

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A2 THE GLOBE AND MAIL, MONDAY, APRIL 14, 1986

Second Class Mail Registration 8379

## PM faces tough job selling public on higher drug prices

OTTAWA

Within the next few days the Government will announce changes to the Patent Act that will substantially gut a competitive drug-manufacturing policy which has been operating successfully since 1969, and which has been cited favorably in the U.S. Congress, Britain and Western Europe as an effective mechanism for keeping drug prices down.

Even Prime Minister Brian Mulroney admits the changes will, in a time of extreme cost pressures and fiscal restraint, raise drug prices for individuals, provincial governments, hospitals and other institutions. The research of a royal commission set up two years ago to study the problem indicates those prices could rise by as much as 100 per cent.

The question is, why?

The simplest answer is that the Canadian Government is going to increase the patent protection for brand-name drugs (which means enhancing the drug companies' ability to raise prices) because the Pharmaceutical Manufacturers Association of Canada has asked it to — and as it asked the previous government from the time the existing policy of permitting

competition from generic drugs was instituted 17 years ago.

Moreover, since most members of the drug manufacturers' association are subsidiaries of multinational corporations based in the United States, the Canadian Government is also responding to intense pressure from the U.S. Government, which displays no subtlety whatsoever when it goes to bat for the commercial interests of its corporations.

One can only conclude that there must have been tremendous forces at play to persuade Ottawa to adopt a policy that carries such a high political price tag, for both the public and the provincial governments, which will pay some of the increased costs.

There is no limit to the resources, determination and political clout the drug makers have been able to use on the law makers when they see profits at stake. Some evidence of their effectiveness slipped out in an answer the Prime Minister gave to questions on Friday. He referred to Canada acting as a "scavenger" in the area of intellectual property, and to "the total absence" of research, development and investment in this area.

This is almost a direct echo of the recent



HUGH WINSOR

comments from chief U.S. trade negotiator Clayton Yeutter on the one hand, and the arguments and promises of jobs, increased research and capital spending being made by the pharmaceutical manufacturers on the other.

Once again, the Prime Minister has been victim of his penchant for superlatives about the "total absence," etc. Under the Liberals, at least \$57-million a year was spent on research by the same companies that now are apparently promising to do more, and that figure was five times greater than the level of research spending in the year before 1969, when the competition from generic drug manufacturers was allowed.

Mr. Mulroney and his Government are going to have a particularly difficult time

selling the new policy, since most of the arguments for it have already been studied and dismissed by the inquiry into the pharmaceutical industry led by Dr. Harry Eastman and released last year.

One might have thought his conclusions were music to a Conservative Government's ears. He concluded the generic drug firms "have introduced an element of vigorous competition in the market of pharmaceutical products in Canada. They have concentrated on selling to hospitals and pharmacies and have used price competition as their strategy."

He found the prices of generic substitutes were approximately half those for the same drugs by the patent-holding firms, and even though the generics had captured only about 20 per cent of the market, they had saved Canadians at least \$211-million in 1983.

Citing the aggregated data for the pharmaceutical industry, Dr. Eastman concluded there have been no adverse effects from the introduction of compulsory licensing, and that drug profits have been more stable than for most industries in Canada during the same period. Over-all investment, employment, sales, research and profits have all increased more in the drug

business than in manufacturing as a whole.

Despite this, the drug companies obviously want more. Clearly their generic competitors also have a lot at stake and are also lobbying hard to tell their side of the story. In the process they have enlisted William Haddad, chairman of the Generic Pharmaceutical Association of the United States, an organization that was partly responsible for persuading Congress to pass a law in 1984 to reduce U.S. drug companies' patent protection, rather than increase it.

The current Canadian situation has nothing to do with politics, he says. "It's bucking the multinational trend. The multinationals have lost a sizeable part of the U.S. market to generic competition, they can't raise prices in Europe, they can't raise prices in the United Kingdom, they can't raise prices in Australia. . . . The only place they can raise prices to get back the profits they lost is in Canada. You are the ripe target . . . the answer to their bottom-line prayers. You are paying the price of our victory."

In other words, we all will be paying part of the price of the Mulroney Government's attempts to play nice guy in Washington. *Hugh Winsor is The Globe and Mail's National Political Editor.*

CDMA



ACFPP

Do you  
really want  
to pay more  
for  
prescription drugs?

Canadian Drug Manufacturers Association  
60 St. Clair Avenue East, Suite 304,  
Toronto, Ontario M4T 1N5

The Rt. Hon. Brian Mulroney  
Prime Minister  
House of Commons  
Ottawa  
Ontario  
K1A 0A6

0

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CDMA



ACFPP

s.19(1)

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May 7, 1986

Dr. [REDACTED]  
Dean,  
Faculty of Pharmacy and  
Pharmaceutical Sciences,  
University of Alberta,  
3118 Dentistry, Pharmacy Centre,  
Edmonton, Alberta.  
T6G 2N8

Dear Dr. [REDACTED]

Thank you for your March 19, 1986 letter in which you brought to my attention your support for proposed changes to the Patent Act.

While I am the Member of Parliament for Yukon, and not for an Alberta riding, I do appreciate the importance of this policy area to many Canadian companies as well as our universities. I am taking the liberty of forwarding a copy of your letter to the Honourable Michel Côté, Minister of Consumer and Corporate Affairs, for his information. Thank you.

Sincerely,

Original Signed by  
Original signed by

Erik Nielsen

EN/n-1

c.c.: The Honourable Michel Côté

Office of  
the Minister of Consumer  
and Corporate AffairsCabinet du  
ministre de la Consommation  
et des Corporations

4140-2

May 6, 1986

SECRET

EN  
You might wish  
to speak w/Côté  
at caucus today.

Memorandum to: Mr. Peter Harder  
c.c. Mr. Ian Anderson

mt  
may 7.

From: Julien Béliveau *JB*

This note will serve to clarify the timing we propose for the tabling of the pharmaceutical policy.

From a strict communication standpoint, all specialists recommend to us an announcement at the beginning of a week as opposed to one at the end of a week. We concur and therefore, propose to announce on a Monday or Tuesday.

In view of the fact that we are not ready to present the policy to National Caucus tomorrow, since some major aspects of the policy such as transfer payments to the provinces must still be considered and agreed upon, we are considering going to National Caucus only the following week, i.e. on May 14th, for a tabling in the House on Tuesday, May 20th. Mr. Côté will also be doing a final round of consultations with the Provinces on Thursday, May 7th and Monday, May 12.

Our Minister indicated in Cabinet this morning that should the Government wish to table during this coming week as opposed to the following, the earliest he would be ready to do so would be on Friday, May 16th for all reasons cited above.

Our preference nevertheless, is for a tabling on Tuesday, May 20th.

05-063

HILL/COLLING

REFERRED TO

TRANSMIS A EN

-6 MAY 1986 08 49

SECRET

To: PCO Reception

CC B. Peter H. viaBB CR

From: PMO, Tokyo

ACTION
<u>PA</u>
CC
CC

Please deliver these  
Memo to Hon-Erik  
Nilsen, Paul Tiller  
and Jan Anderson as  
early as possible  
Tuesday morning.

ODPM - CVPM

REFERRED TO  
TRANSMIS A P.H.

-6 MAY 1986 09 08

FILE NO. 4640-2CHARGED TO  
CHARGE A



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ACTION PLAN ON PHARMACEUTICALS

Responsibility

- |                 |  |
|-----------------|--|
| PMO/McMillan    | 1. PM's agreement on Action Plan                                     |
| J. Clark        | 2. Notice to Americans: G. Schultz                                   |
| McMillan        | 3. Notification to Erik Nielsen, to raise at<br>P & P                |
| PMO             | 4. Notice to M. Côté, R. Hnatyshyn for House<br>Strategy             |
| Fox/Anderson    | 5. Update Côté Communications Plan - House,<br>Press, Caucus         |
| FPRO            | 6. Notice to Provincial Governments                                  |
| Tellier         | 7. Update - Notice to Simon Reisman                                  |
| Burney/McMillan | 8. Draft speaking notes for PM re: timing,<br>substance, trade issue |
| Côté/Fox        | 9. Cabinet Speaking Tour Plan  |
| Harris/Norquay  | 10. Caucus monitoring, Feedback on May 12                            |
| Fox/Lortie      | 11. Monitor Press reaction for PM in<br>China/Korea                  |

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Mr. Nielsen asked for this to be fax'd to Tokyo with the request that he be informed by 0830 EDST tomorrow if tabling essential on Wednesday or Thursday, May 14/15

AB

SECRET

May 6, 1986

*Monique Taché*  
*Table week*  
*Mon/Tues.*

*Wed, May 14. m*

*~~May 14. m~~*

*Thurs May 20<sup>th</sup>*

MEMORANDUM FOR THE DEPUTY PRIME MINISTER

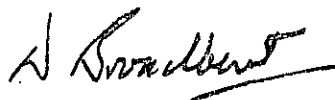
Pharmaceuticals

The following is our reading of the sense of this morning's discussion. It is reported in telegraphic style in case you wished to draw on it for a message to Tokyo.

1. TIMING OF TABLING. TABLING WEDS/THURS NEXT WEEK SEEN TO POSE PROBLEM. NOTICE WOULD BE REQUIRED MON/TUES. GIVEN VITAL NATURE OF HANDLING ISSUE DECISIVELY AND WITH CABINET UNANIMITY IN CAUCUS (AND SPECIAL CAUCUS MEETING SENDING OUT UNDESIRABLE MESSAGE) WOULD NEED TO BRIEF CAUCUS TOMORROW, WEDNESDAY. THIS WOULD BE A RUSH FOR COTÉ WHO WOULD LIKE MORE TIME FOR SOME PRE-CONSULTATIONS AND TO HAVE COMMUNICATIONS PLAN REFINED AND LOOKED AT AGAIN BY BEATTY COMMITTEE.
2. IF FEASIBLE, WOULD BE BETTER TO TABLE ON FRIDAY MAY 16. THIS WOULD ALLOW CAUCUS TO BE BRIEFED WEDNESDAY BEFORE GIVING NOTICE AND GIVE OPPORTUNITY TO VET COMMUNICATIONS ARRANGEMENTS WHICH, THEMSELVES, WERE SUBJECT OF LONG DISCUSSION TO-DAY.
3. COMMUNICATIONS. CLEAR CONSENSUS THAT IF DECISION IS TO PROCEED WITH BILL, THEN GOVT SHOULD COME OUT IN INITIAL ANNOUNCEMENT WITH FULL STATEMENT OF BENEFITS AND MEASURES TO ALLEVIATE PROBLEMS, NOT/NOT ADOPT POSITION FROM WHICH WE MIGHT BE FORCED TO BACK DOWN. JUDGMENT OF MEETING WAS THAT STATEMENT SHOULD INCLUDE UNDERTAKING, PHRASED IN NON-QUANTIFIED LANGUAGE, TO ENSURE SENIOR CITIZENS AND THOSE ON WELFARE WOULD NOT BE FINANCIALLY PENALIZED. ADDITIONALLY, AN IMPORTANT BUT SECONDARY CONCERN WAS TO INDICATE THAT GOVT WOULD BE WILLING TO WORK OUT WITH PROVINCES

COMPENSATORY ARRANGEMENTS BEARING IN MIND IMPACT DIFFERS VASTLY BY PROVINCE AND NET IMPACT (BENEFITS OF INVESTMENT LESS INCREASED HEALTH COSTS) WOULD BE POINT AT ISSUE. NO HARD FIGURES AVAILABLE ON PROBABLE COST TO FISC. SUCH STATEMENTS CLEARLY COULD ONLY BE MADE WITH CONCURRENCE OF MINISTER OF FINANCE. BUT IMPORTANT TO RECOGNIZE THAT THESE POINTS EMPHASIZED MOST BY THOSE WHO WERE MOST UNEASY ABOUT POLITICAL AFTERMATH OF DECISION AND NEED TO AVOID REPETITION OF FALLOUT FROM OAS DE-INDEXING.

4. OVERALL, GIVEN DIMENSION OF THIS STEP, IMPORTANCE OF MANAGING CAUCUS CONCERNS AND THOSE THAT WILL ARISE ACROSS NATION, AND DESIRABILITY OF WILSON AND CLARK BEING IN OTTAWA BEFORE DIE IS CAST, CASE JUDGED STRONG FOR TABLING ON FRIDAY MAY 16, WITH STATEMENT GIVING DEFINITIVE GOVT POSITION THAT WILL NOT WAVER.



D. Broadbent

Ottawa Distribution

Mr. Tellier/Post  
Mr. Hartt  
Mr. Anderson  
Mr. Harder ✓  
Mr. Shortliffe  
Mr. Clark  
Mr. Swain

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May 2, 1986

Mr. [REDACTED]  
President,  
Pharmaceutical Manufacturers  
Association of Canada,  
500 - 1111 Prince of Wales Drive,  
Ottawa, Ontario.  
K2C 3T2

Dear Mr. [REDACTED]

Thank you for your March 20, 1986 letter and  
attachments outlining the Pharmaceutical Manufacturers  
Association of Canada's position with regard to changes in  
the Patent Act.

I appreciate your taking the trouble to keep me  
informed.

Sincerely,

Original Signed by  
Original signé par

Erik Nielsen

EN/n-1

s.19(1)

April 30, 1986

Mr. [REDACTED]  
Chairperson,  
Canadian Health Coalition,  
2841 Riverside Drive,  
Ottawa, Ontario.  
K1V 8X7

Dear Mr. [REDACTED]

On behalf of the Honourable Erik Nielsen, I  
would like to acknowledge receipt of your  
April 10, 1986 letter and enclosures.

Please be assured that your correspondence  
has been brought to Mr. Nielsen's attention.

Sincerely,

Original Signed by  
Original signé par

Norah Mulvihill  
Correspondence Assistant

NM/ld

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s:19(1)

April 23, 1986

Dr. [REDACTED]  
The Hospital for Sick Children,  
555 University Avenue,  
Toronto, Ontario.  
M5G 1X8

Dear Dr. [REDACTED]

On behalf of the Honourable Erik Nielsen, I would like to acknowledge receipt of a copy of your letter of March 13, 1986 addressed to the Editor of the Toronto Star.

Please be assured that your correspondence has been brought to Mr. Nielsen's attention.

Sincerely,

Original Signed by  
Original signé par

Norah Mulvihill  
Correspondence Assistant

NM/ld

s.19(1)

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April 23, 1986

Mr. [REDACTED]  
[REDACTED] Street,  
[REDACTED]

Dear Mr. [REDACTED]

On behalf of the Honourable Erik Nielsen, I would like to acknowledge receipt of your recent letter.

Please be assured that your correspondence has been brought to Mr. Nielsen's attention.

Sincerely,

Original Signed by  
Original signé par

Norah Mulvihill  
Correspondence Assistant

NM/ld



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Referred to  
Transmis a

APR 17 1986

File No.  
Dossier No

Charged to / Charge a

Talking about generic  
drugs not made in U.S. am  
showing and sending you a  
sample, which is only a large  
number of generic drugs made  
there.

Anybody who says generic drugs  
aren't made in U.S. has holes  
in their heads.

This box, lid enclosed cost  
me \$1.49 for 48 stomach tablets.  
Here even now they want \$5.00  
for the same type.

Eric, don't let anyone be  
foolish as to believe they  
make generic drugs in

PERRY DRUG  
STORES - DETROIT

H. Spackman



For Relief of  
Symptoms of

Gas Dist

48 CHEWABLE TABLETS

330-1501  
006 K-13-5  
00084

GAS  
80

K-1 1.49

000030

ODPM - CVPM

REFERRED TO  
TRANSMIS A

N.M.

18 APR 1986 15 22

FILE NO.  
DOSSIER NO.

4140-2

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CHARGE A

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CDMA



ACFPP

The Canadian Drug Manufacturers Association

L'Association Canadienne des Fabricants de Produits Pharmaceutiques 4140-2(12)

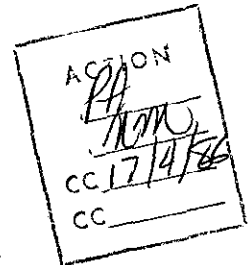
60 ST. CLAIR AVENUE EAST, SUITE 306, TORONTO M4T 1N5 / TELEPHONE (416) 960-3349

Summary of Major Issues Relating to Generic Drugs  
and Changes in the Patent Act

The changes being proposed by the Government will bring to Canada a system of patent protection that is roughly equivalent to that which currently exists in the United States. In the United States, drugs receive seventeen years protection from the date of first patent. On the surface, this appears to be significantly longer than the ten years offered by the Canadian Government, but the ten year period of exclusivity in Canada would start with the issuance of the Notice of Compliance by the Health Protection Branch that allows the new product on the Canadian market. On average, it takes between five to seven years of development from the time of first patent to complete all of the necessary clinical tests prior to a drug receiving approval from the Health Protection Branch. The lengthy period of patent protection in the United States has been the major contributing factor to Americans facing the highest drug prices in the world.

The attached chart (Appendix A) is excerpted from the submission of the Canadian Drug Manufacturers Association to the Eastman Commission. The figures have been updated to reflect current prices, and they show that on the basket of essential drugs, the price differential between Canadian generic prices and U.S. brand prices stretches from a low of 138 per cent to a high of nearly 15,000 per cent.

The suggestion that prices in Canada will be controlled by a Price Review Committee provides little protection because Canadian experience has shown consistently that the introduction of the generic product has caused the brand to cut prices in order to compete. The proposed



## CDMA ACFPP

new legislation will not control the entry price of drugs, and will deny for ten years the generic competition that causes prices to decline in a competitive marketplace. Our concern is that American-style protection will inevitably lead to American-style prices.

In return for the commitment of increased periods of exclusivity, the Pharmaceutical Manufacturers

Association of Canada has promised to create 3,000 new jobs over the next 5 years.

The Eastman Report determined that at a minimum, compulsory licensing had saved Canadians \$211 million in 1983. This figure did not take into consideration the competitive impact the existence of generic products had on brand product pricing. Given the growth of the generic industry and the growth of the pharmaceutical industry generally, and our aging population, and the continued escalation of prescription drug prices far above the rate of inflation, we believe a more accurate figure for savings from compulsory licensing for 1986 is \$500 million. If we take this \$500 million figure, which remains in the hand of consumers, we can calculate the impact on job creation that this consumer spending has had. Using Statistics Canada's Interprovincial Model, we asked Currie, Coopers, and Lybrand to estimate the number of jobs created directly, and indirectly through the ripple effect, by the consumer spending in each province. The results are shown in the following table:

<u>Province</u>	<u>Direct Job Creation</u>	<u>Ripple Effect</u>
Newfoundland	175	50
Prince Edward Island	33	14
Nova Scotia	268	142
New Brunswick	206	118
Quebec	2,320	1,310
Ontario	3,149	1,941
Manitoba	339	301
Saskatchewan	225	133
Alberta	623	450
British Columbia	953	332
<b>TOTAL</b>	<b>8,291</b>	<b>4,791</b>

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In addition to job creation, PMAC has promised that they will spend approximately \$650 million in research and development in Canada over the next five years. This represents little more than normal growth in research and development, as can be seen from the following chart:

PROJECTED RESEARCH DEVELOPMENT EXPENDITURES  
1986 - 1990

	1986	1987	1988	1989	1990
Projected Sales (billion) at manu- facturers level	2.24	2.51	2.81	3.15	3.52
R & D @ 4.5% (million) (normal performance)	101	112	127	142	158

Total R&D expected under present  
conditions = 641 million

Assumptions: Industry Sales approximately \$2.0 billion 1985  
R&D (Eastman) 4.5% of sales

Assuming a conservative 12% annual rate of  
growth in sales

The research and development promise represents, therefore, no significant increase over what might be anticipated as a result of normal growth to satisfy local market requirements.

The PMAC has also promised to provide \$350 million in capital expenditure over the next five year period. The historical data provided by the PMAC to the Eastman Commission for annual capital expenditure (which includes expenditures on construction, machinery, and equipment, excluding maintenance) can be extrapolated to obtain figures for 1986 to 1990 that might be expected from normal growth (see chart - Appendix B). The total for the five year period, just assuming normal growth

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from 1986 to 1990, would be \$446 million, which exceeds the PMAC promise of \$350 million.

The final point that must be considered is that, in the regulation and control of pharmaceutical prices, it is the United States, and not Canada, that is the exception. Every jurisdiction in the world, with the exception of the United States, uses some mechanism to control pharmaceutical prices. The Canadian mechanism of compulsory licensing has not only been effective in giving Canadian consumers among the lowest priced pharmaceutical products in the western world, but it has also created a vibrant and growing Canadian-owned generic drug industry. The proposed legislative changes currently being contemplated by the Government, place both the future growth of this Canadian-owned industry and affordable drugs for Canadians at considerable risk.

For further information, please contact:

[REDACTED]  
Canadian Drug Manufacturers Association  
[REDACTED]

APPENDIX ABasket of Essential Drugs

	Generic Canadian Price	Brand U.S. Price	Difference By By Dollars Percentage	
<u>DIABETICS</u>				
CHLORPROPAMIDE 250 mg TABLET	19.03	431.58	412.55	2,167.89
HEART PATIENTS				
CHLORTHALIDONE 100 mg TABLET	37.29	613.01	575.72	1,543.89
PROPRANOLOL 40 mg TABLET	37.57	273.00	235.43	626.64
TRIAMTERENE/ HYDROCHLOROTHIAZIDE	43.73	255.12	211.39	483.39
METHYLDOPA 250 mg TABLET	54.95	265.25	210.30	382.71
FUROSEMIDE 40 mg TABLET	7.65	146.05	138.40	1,809.15
<u>ANXIETY PATIENTS</u>				
DIAZEPAM 5 mg TABLET	2.31	345.93	343.62	14,875.32
CHLORDIAZEPOXIDE 10 mg CAPSULE	11.66	279.63	267.97	2,298.19
OXAZEPAM 30 mg TABLET	11.00	644.38	633.38	5,758.00
AMITRIPTYLINE 25 mg TABLET	6.00	248.31	242.31	4,038.50
HALOPERIDOL 0.5 mg TABLET		206.16		
1 mg TABLET	----			
5 mg TABLET	157.58	293.74		

Due to the unavailability of prices for products which are not manufactured in 1000 quantities, it was necessary to calculate some products from smaller lot prices, i.e. 250 X 4 = 1000, 500 X 2 = 1000. Prices were computed using the 1986 Annual Pharmacists Reference "Red Book" with the listed "Average Wholesale Price" minus 10% with a 71 cent Canadian dollar.



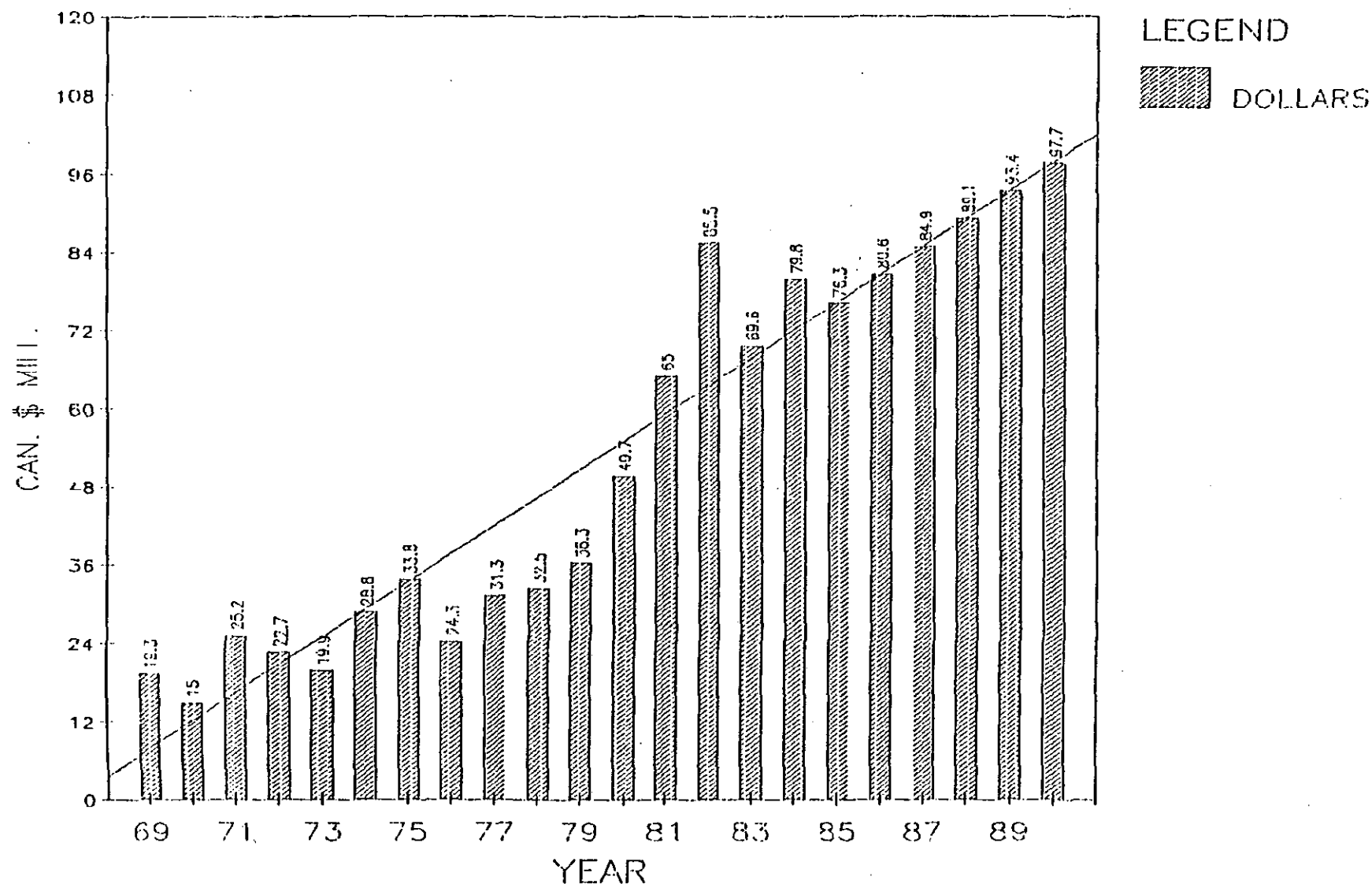
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	Generic Canadian Price	Brand U.S. Price	Difference By By Dollars Percentage	
<u>PATIENTS NEEDING SLEEPING AIDS</u>				
FLURAZEPAM 30 mg CAPSULES	34.49	333.71	299.22	867.56
ULCER PATIENTS				
CIMETIDINE 300 mg TABLET	84.15	496.60	412.45	490.13
<u>PATIENTS WITH INFECTION</u>				
METRONIDAZOLE 250 mg TABLETS	24.42	870.84	846.42	3,466.09
AMOXICILLIN 250 mg CAPSULE	78.54	260.93	182.39	232.22
AMPICILLIN 250 mg CAPSULE	60.88	163.04	102.16	167.80
<u>PATIENTS WITH ARTHRITIS</u>				
NAPROXEN 250 mg TABLET	145.95	595.58	449.63	308.07
IBUPROFEN 400 mg TABLET	53.30	186.68	133.38	250.24
<u>PATIENTS NEEDING DIURETICS</u>				
SPIRONOLACTONE 25 mg TABLET	89.21	261.01	171.80	192.57
SPIRONOLACTONE & HYDROCHLOROTHIAZIDE 25/25 mg TABLET	118.91	284.02	165.11	138.85

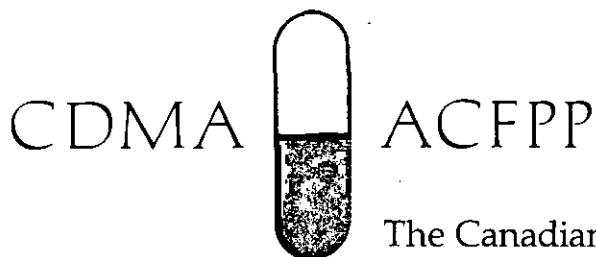
Due to the unavailability of prices for products which are not manufactured in 1000 quantities, it was necessary to calculate some products from smaller lot prices, i.e. 250 X 4 = 1000, 500 X 2 = 1000. Prices were computed using the 1986 Annual Pharmacists Reference "Red Book" with the listed "Average Wholesale Price" minus 10% with a 71 cent Canadian dollar.

## APPENDIX B

CANADIAN INDUSTRY STATISTICS  
ANNUAL CAPITAL EXPENDITURE

STATS. FROM PIAC SUBMISSION TO EASTMAN COMMISSION...1985-1990 ARE PROJECTED

CDMA  
ACFPP



The Canadian Drug Manufacturers Association  
L'Association Canadienne des Fabricants de Produits Pharmaceutiques

60 ST. CLAIR AVENUE EAST, SUITE 306, TORONTO M4T 1N5 / TELEPHONE (416) 960-3349

**RÉSUMÉ DES PROBLÈMES PRINCIPAUX CONCERNANT LES MÉDICAMENTS  
GÉNÉRIQUES ET LES MODIFICATIONS À L'ACTE DE DÉPÔT DE BREVET**

Les modifications proposées par le gouvernement introduiront au Canada un système de brevet qui est dans ses grandes lignes équivalent à celui qui est en vigueur à l'heure actuelle aux États-Unis. Aux États-Unis, les médicaments reçoivent une protection de dix-sept ans à compter de la date d'obtention du premier brevet. De prime abord, cela semble nettement plus long que les dix années offertes par le Gouvernement Canadien, mais une période d'exclusivité de dix ans au Canada commencerait à courir à compter de l'émission de la Signification de Conformité par le Département de la Protection de la Santé autorisant à lancer le nouveau produit sur le marché canadien. Il faut compter en moyenne de cinq à sept ans entre le moment de délivrance du premier brevet pour procéder à tous les tests cliniques nécessaires avant qu'un médicament ne reçoive l'agrément du Département de Protection de la Santé. La durée prolongée de la protection des brevets aux États-Unis est l'un des facteurs majeurs contribuant au fait que les Américains ont des prix de médicaments se trouvant dans les plus élevés du monde.

Le tableau ci-joint (Annexe A) est extrait de la contribution de l'Association Canadienne des Fabricants de Produits Pharmaceutiques à la Commission Eastman. Les chiffres ont été mis à jour pour prendre en compte les prix actuels; ils montrent que sur la corbeille des médicaments essentiels, le différentiel de prix entre les prix génériques canadiens et les prix des marques américaines passe d'une différence basse de 1.38 pour cent pour atteindre quasiment 15 000 pour cent.

La suggestion qui a été faite, à savoir qu'un Comité de Révision des Prix contrôle les prix au Canada offre une faible protection étant donné que l'expérience canadienne a montré de façon persistante que l'introduction d'un produit générique conduit les marques à casser les prix afin d'être compétitives. La nouvelle législation qui est proposée ne contrôlera pas le prix d'introduction sur le marché des médicaments et supprimera pour un période de dix ans la concurrence générique qui permet de faire baisser les prix dans un marché concurrentiel. Nous sommes préoccupés par le fait qu'une protection de type américain entraînerait inévitablement des prix de type américain.



The Canadian Drug Manufacturers Association

L'Association Canadienne des Fabricants de Produits Pharmaceutiques

60 ST. CLAIR AVENUE EAST, SUITE 306, TORONTO M4T 1N5 / TELEPHONE (416) 960-3349

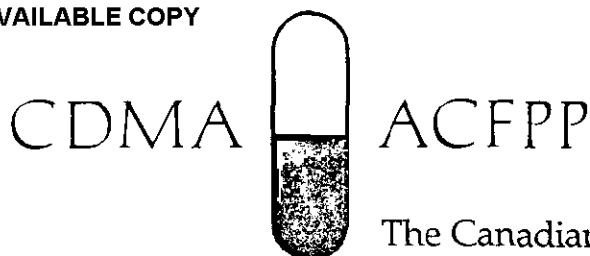
L'Association des Fabricants de Produits Pharmaceutiques du Canada a promis, en contrepartie des périodes accrues d'exclusivité, de créer 3 000 nouveaux emplois sur les 6 années à venir.

Le Rapport Eastman a déterminé que le brevet obligatoire a permis d'économiser, au minimum, 211 millions de dollars canadiens en 1983. Ce chiffre ne tenait pas compte de l'impact concurrentiel des produits génériques sur les produits de marque. Étant donné la croissance de l'industrie générique et la croissance de l'industrie pharmaceutique en général, devant le fait que notre population vieillit, que les prix des médicaments prescrits augmentent à un rythme nettement supérieur à celui de l'inflation; il nous semble qu'il serait plus exact d'évaluer les économies dûes au brevet obligatoire en 1986 à 500 millions de dollars. Si nous prenons ce chiffre de 500 millions de dollars, qui reste donc dans les poches des consommateurs, nous pouvons calculer l'impact de ces dépenses des consommateurs sur la création d'emploi. Nous avons utilisé le Modèle Interprovince des Statistiques Canadiennes et avons demandé à Currie, Coopers et Librand d'estimer la quantité d'emplois créés, directement ou non, par effet rebond grâce aux dépenses des consommateurs, et ce dans chaque province. On donne les résultats dans le tableau dessous:

<u>Province</u>	<u>Création directe d'emploi</u>	<u>Effet rebond</u>
Terre Neuve	176	50
Île Prince Edouard	33	14
Nouvelle Ecosse	268	142
Nouveau Brunswick	206	118
Québec	2 320	1 310
Ontario	3 149	1 941
Manitoba	339	301
Saskatchewan	225	133
Alberta	623	450
Colombie Britannique	953	332
Total	8 291	4 791

En dehors de la création d'emploi, l'Association des Fabricants de Produits Pharmaceutiques du Canada s'est

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The Canadian Drug Manufacturers Association  
L'Association Canadienne des Fabricants de Produits Pharmaceutiques

60 ST. CLAIR AVENUE EAST, SUITE 306, TORONTO M4T 1N5 / TELEPHONE (416) 960-3349

engagée à dépenser environ 650 millions de dollars dans la recherche et le développement au Canada sur les cinq années à venir. Ceci ne représente guère plus que la croissance normale en recherche et développement comme on peut le voir à partir du tableau suivant:

PRÉVISION DES DÉPENSES EN DÉVELOPPEMENT ET RECHERCHE  
1986 - 1990

Ventes prévues (milliards) au niveau fabricants	1986	1987	1988	1989	1990
	2,24	2,51	2,81	3,15	3,52

Recherche et développement à 4 à 5% (millions) (résultats normaux)	1986	1987	1988	1989	1990
	101	112	127	142	168

Total pour la recherche et le développement prévisible aux conditions actuelles: 641 millions

Hypothèses:

Ventes des Industries à environ 2 milliards de dollars en 1985.  
Recherche et Développement (Eastman) 4 à 5% des ventes.

En supposant un taux modeste de croissance des ventes de 12% par an.

La promesse en matière de recherche et développement ne représente donc pas une progression importante par rapport à ce que l'on peut escompter du résultat d'une croissance normale pour satisfaire aux besoins du marché local.

L'Association des Fabricants de Produits Pharmaceutiques du Canada s'est également engagée à fournir 360 millions de dollars en dépenses en capital sur les cinq années à venir. Les données historiques fournies par l'Association des Fabricants de Produits Pharmaceutiques du Canada à la Commission Eastman pour les dépenses en capital (qui comprennent les dépenses en construction, machines et équipement, à l'exclusion de l'entretien) peuvent être extrapolées pour obtenir les chiffres pour 1986 à 1990 que

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l'on pourrait attendre d'une croissance normale (voir tableau - Annexe B). Le total, pour cette période de cinq ans, en supposant une croissance normale de 1986 à 1990 s'élèverait à 446 millions de dollars, ce qui dépasse les 350 millions promis par l'Association des Fabricants de Produits Pharmaceutiques du Canada...

On doit, pour finir envisager le point suivant: en matière de réglementation et de contrôle des prix pharmaceutiques, ce sont les Etats-Unis et non le Canada qui font exception. Toute juridiction dans le monde, à l'exception des Etats-Unis, utilise un certain mécanisme de contrôle des prix pharmaceutiques. Le dispositif canadien de brevet obligatoire s'est avéré non seulement efficace en donnant aux consommateurs des produits pharmaceutiques se rangeant dans les prix les plus bas dans le monde occidental, mais il a également permis de créer une industrie des médicaments génériques dynamique et en progression, détenue par le Canada. Les propositions de modifications législatives qui sont envisagées à l'heure actuelle par le Gouvernement mettent en grand danger tant la future croissance de cette industrie détenue par le Canada que celle des médicaments accessibles par les Canadiens.

Pour plus ample information, contacter

Debra Ecklove  
L'Association Canadienne des Fabricants de Produits  
Pharmaceutiques  
(416) 960-3349

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ANNEXE A  
CORBEILLE DES MEDICAMENTS ESSENTIELS

	Prix Générique <u>Canadien</u>	Prix de marque <u>américain</u>	Différence <u>En \$</u> <u>En %</u>	
<u>DIABETIQUES</u>				
CHLOROPROPAMIDE ACHETS 250mg	19.03	431.58	412.55	2,167.89
<u>MALADES DU COEUR</u>				
CHLORTHALIDONE Cachets de 100mg	37.29	613.01	575.72	1,543.89
PROPRANOLOL Cachets de 40mg	37.57	273.00	235.43	626.64
TRIAMTERENE/ HYDROCHLOROTHIAZIDE	43.73	255.12	211.39	483.39
METHYLDOPA Cachets de 250mg	54.95	265.25	210.30	382.71
FUROSEMIDE Cachets de 40mg	7.65	146.05	138.40	1,809.15
<u>ANXIEUX</u>				
DIAZEPAM Cachets de 5mg	2.31	345.93	343.62	14,875.32
CHLORDIAZEPOXIDE Capsules de 10mg	11.66	279.63	267.97	2,298.19
OXAZEPAM Cachets de 30mg	11.00	644.38	633.38	5,758.00
AMITRIPTYLINE Cachets de 25mg	6.00	248.31	242.31	4,038.50
HALOPERIDOL Cachets de 0,5mg		206.16		
Cachets de 1mg				
Cachets de 5mg	157.58	293.74		

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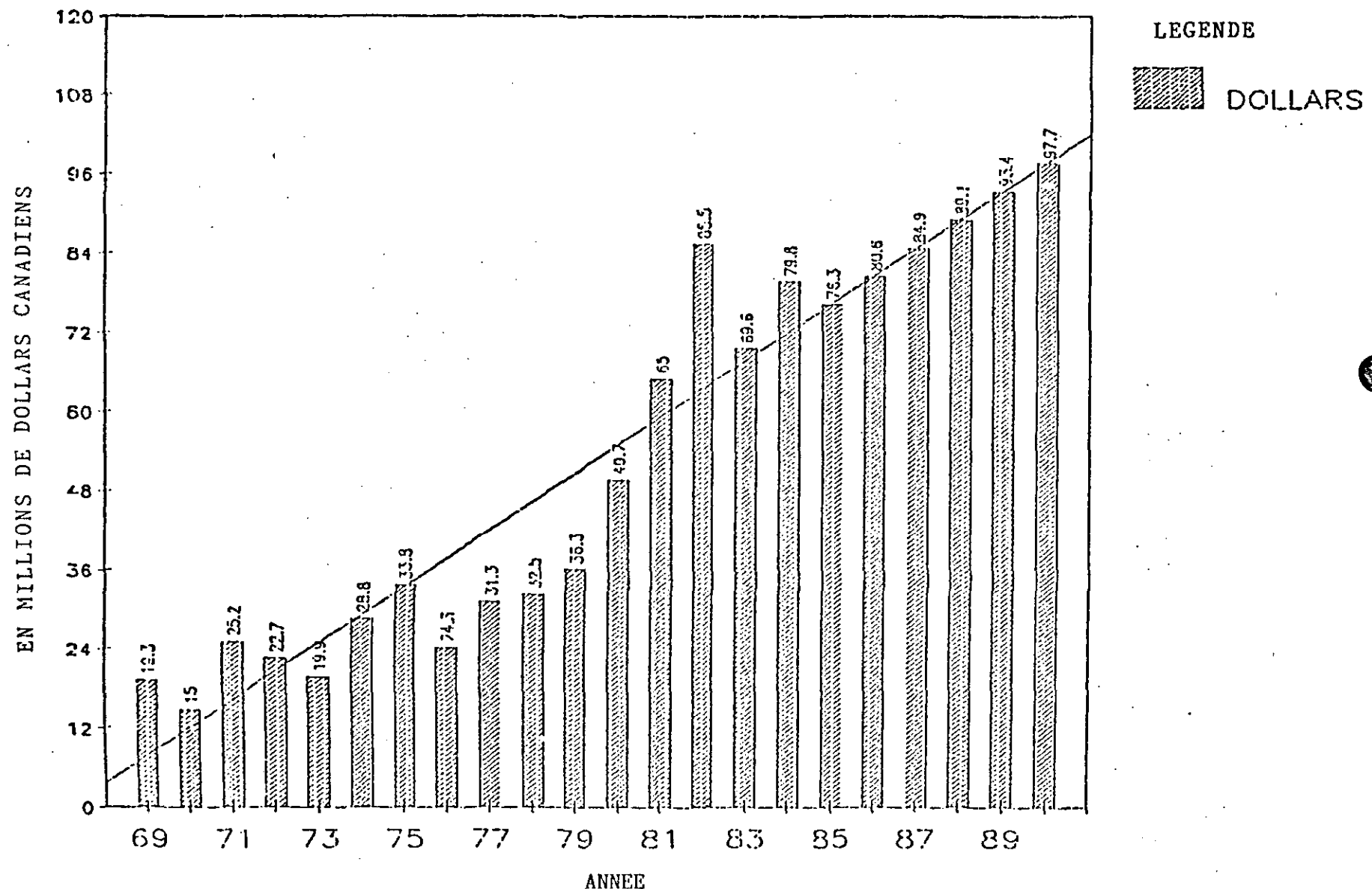


	Prix Générique <u>Canadien</u>	Prix de marque <u>américain</u>	Différence <u>En \$</u> <u>En %</u>	
<u>INSOMNIES</u>				
FLURAZEPAM Capsules de 30mg	34.49	333.71	299.22	867.56
<u>ULCERES</u>				
CIMITIDINE Cachets de 300mg	84.15	496.60	412.45	490.13
<u>INFECTIONS</u>				
METRONIDAZOLE Cachets de 250mg	24.42	870.84	846.42	3466.09
AMOXICILLIN Capsules de 250mg	78.54	260.93	182.39	232.22
AMPICILLIN Capsules de 250mg	60.88	163.04	102.16	167.80
<u>ARTHRITES</u>				
NAPROXEN Cachets de 250mg	145.95	595.58	449.63	308.07
IBUPROFEN Cachets de 400mg	53.30	186.68	133.38	250.24
<u>DIURETIQUES</u>				
SPIRONOLACTONE Cachets de 25mg	89.21	261.01	171.80	192.57
SPIRONOLACTONE & HYDROCHLOROTHIAZIDE Cachets de 25/25mg	118.91	284.02	165.11	138.85



## STATISTIQUES DE L'INDUSTRIE CANADIENNE

## DEPENSES ANNUELLES EN CAPITALAUX



STATISTIQUES EXTRAITES DE LA CONTRIBUTION DE L'ASSOCIATION DES FABRICANTS DE PRODUITS  
PHARMACEUTIQUES DU CANADA

A LA COMMISSION EASTMAN - PROJECTIONS POUR LES ANNEES 1985 - 1990

CDMA  
ACFPP

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Etant donné que l'on ne disposait pas des prix pour des produits qui ne sont pas fabriqués par quantités de 1000, il a été nécessaire de calculer le prix de certains produits à partir de lots plus petits, à savoir  $250 \times 4 = 1000$ ,  $500 \times 2 = 1000$ . Les prix ont été calculés en utilisant la Référence Annuelle des Pharmaciens, le "Livre Rouge" avec le prix donné sous la rubrique "Prix de Gros Moyen", diminuée de 10% le dollar Canadien étant à 71 cents.

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April 10, 1986

Mr. Pierre Fortin,  
Director of Government Liaison,  
Pharmaceutical Manufacturers  
Association of Canada,  
500 - 1111 Prince of Wales Drive,  
Ottawa, Ontario.  
K2C 3T2

Dear Mr. Fortin,

On behalf of the Honourable Erik Nielsen, I  
would like to acknowledge receipt of a copy of your  
April 8, 1986 memorandum and enclosures addressed to  
the Progressive Conservative Caucus.

Please be assured that your correspondence  
has been brought to Mr. Nielsen's attention.

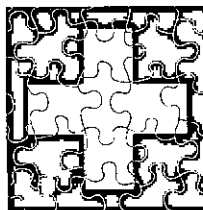
Sincerely,

Original Signed by  
Original signé par

Norah Mulvihill  
Correspondence Assistant

NM/ld

Canadian Health Coalition



2841 Riverside Dr.  
Ottawa, Ont. K1V 8X7  
Tel. (613) 521-3400

GDPM - CVP  
REFERRED TO *Norah*  
Coalition canadienne de la santé

17 APR 1986 09 48

FILE NO.  
COSSIER NO. *4140-2(p)*  
CHARGED TO  
CHARGE A \_\_\_\_\_

April 10, 1986

ACTION

CC

CC

The Hon. Erik Nielsen, M.P.  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Dear Mr. Nielsen:

This letter is to strongly object to possible changes in Canada's Drug Patent Act. The CHC has recently joined a coalition of national organizations opposed to amendments of this legislation. We have attached a copy of a letter sent to the Prime Minister outlining the position of this Coalition.

Federal initiatives to amend the Drug Patent Act have been prompted by pressure tactics by the U.S. government and American multinational drug companies. In an April 7th Globe and Mail article a U.S. trade representative was quoted as rebuking Canada for failing to make long-promised changes to our drug patent law. It is not acceptable for Canada to establish legislation similar to American patent protection. The United States has the highest pharmaceutical prices, least effective and almost most expensive health care system of any developed country. If we bow to U.S. pressure and amend our Drug Patent Act, this will put the Canadian Health care system one step closer to the costly and inequitable American system.

Ensuring the availability of low-cost generic drugs is a very important factor in keeping down the costs related to our universal Medicare system as well as provincial drug subsidy plans. It has been estimated that changes to Canada's Drug Patent Act will increase the cost of pharmaceuticals in Canada by over \$400 million a year.

The federal government shares in funding many aspects of our health care system. We ask that it also share the responsibility of keeping costs down by not making changes to Canada's Drug Patent Act.

Sincerely,

Chairperson.

encl.: copy of letter to the P. M.  
copy of our newsletter

GA:mtg

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Le 13 mars 1986

Le Très Honorable Brian Mulroney  
Premier ministre du Canada  
Edifice Langevin  
Ottawa (Ontario)  
K1A 0A2

Monsieur le Premier ministre:

Au cours des années 60, les prix des produits pharmaceutiques vendus sur ordonnance au Canada étaient parmi les plus élevés au monde. Depuis 1969, nous profitons d'un système qui permet aux consommateurs d'épargner chaque année des centaines de millions de dollars, aux programmes de santé provinciaux et aux contribuables. Mais nous nous inquiétons, aujourd'hui, après cinq ans de pressions intenses de la part des compagnies multinationales pharmaceutiques, des bruits qui courent selon lesquels votre gouvernement entend présenter des mesures législatives qui détruiraient ce système. Nous vous demandons, au nom du Canadien moyen qui devra supporter le fardeau d'une hausse des prix, de résister aux pressions des compagnies pharmaceutiques et du gouvernement des Etats-Unis.

L'article 41(4) de la Loi sur les brevets, adopté en 1969, permet aux compagnies fabricant des produits génériques, pour la plupart des compagnies canadiennes, d'importer et de vendre des produits pharmaceutiques sûrs et de qualité, à des prix considérablement inférieurs aux produits de marque déposée vendus par les multinationales. Les prix des produits génériques sont en moyenne de 50 pour cent inférieurs à ceux des produits de marque déposée et ces derniers coûteraient encore plus cher sans la concurrence des produits génériques. C'est grâce à cette concurrence que les prix des produits pharmaceutiques au Canada se comparent maintenant plus avantageusement à ceux qu'on retrouve ailleurs dans le monde. Les programmes provinciaux et privés d'achat de produits pharmaceutiques aident aussi à contrôler les coûts pour le contribuable en encourageant ou en obligeant les pharmaciens à fournir les produits génériques, à moins d'avis contraire du médecin.

Nombre d'études objectives sur l'industrie pharmaceutique au Canada ont démontré plus d'une fois que ces économies ont été réalisées sans effet négatif sur la situation globale de l'emploi ou les profits de l'industrie pharmaceutique.

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En vertu du système de "licences obligatoires" instauré par l'adoption de l'article 41(4) les compagnies se sont trouvées, contre leur gré, en situation de concurrence. Elles ont régulièrement eu recours aux tribunaux ainsi qu'à d'autres moyens pour tenter de limiter la concurrence des produits génériques.

Elles ont en même temps mis sur pied des groupes de pression pour faire changer la loi et garantir aux compagnies détentrices de brevet une période de monopole sur les prix d'une durée de 8 à 10 ans. En avril 1983, le critique à la Consommation de votre parti, M. Geoff Scott, déclarait à la Chambre des Communes que "les multinationales sont en train d'organiser des pressions incroyablement intenses pour se débarrasser de l'article 41 de la Loi sur les brevets".

Pendant ce temps, aux Etats-Unis, les multinationales ont convaincu le président Reagan d'inclure l'article 41(4) à la liste des différends entre le Canada et les Etats-Unis.

Il n'y a aucune raison de croire que les intérêts des Canadiens seront mieux servis par l'octroi de monopoles des prix à long terme aux compagnies pharmaceutiques. Les arguments invoqués par les compagnies ne résistent pas à l'examen et il n'y a pas plus de raison de croire que la recherche et le développement effectués au Canada augmenteraient si ces compagnies obtenaient gain de cause.

Toutefois, il est certain que le prix des produits pharmaceutiques et les coûts des services de santé provinciaux augmenteraient. La Commission d'enquête sur l'industrie pharmaceutique évalue à 211 millions de dollars les économies réalisées par les consommateurs et les contribuables en 1983 grâce aux produits génériques. Le système canadien des soins de santé ne peut se permettre de renoncer à ces économies.

L'offre des fabricants de "surveiller" eux-mêmes les hausses de prix ne peut être perçue comme une alternative valable au système des licences obligatoires. Le public canadien serait certainement surpris de voir le gouvernement conservateur remplacer un système qui maintient le prix des produits pharmaceutiques à un niveau raisonnable par le biais de la concurrence et des lois du marché par un système basé sur la surveillance des prix et la réglementation autonome.

On a déjà demandé aux Canadiens moyens de se serrer la ceinture et d'accepter des hausses d'impôts lors des deux derniers budgets fédéraux, et ils n'ont pas les ressources de l'industrie pharmaceutique lorsqu'ils veulent faire connaître leur point de vue. Mais ce seront eux qui paieront plus cher si votre gouvernement accorde à l'industrie pharmaceutique les concessions qu'elle demande.

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Nous vous demandons avec insistance de régler cette question. Ne changez rien à l'article 41(4) de la Loi sur les brevets.

Nous vous prions d'agréer, Monsieur le Premier ministre, l'assurance de notre haute considération.

Original signé par

Le Conseil canadien  
de développement social

Original signé par

Association des consommateurs  
du Canada

Original signé par

Fédération canadienne des  
femmes diplômées d'universités

Original signé par

Comité national d'action  
sur le statut des femmes

Original signé par

Coalition canadienne  
de la santé

Original signé par

Organisation nationale  
contre la pauvreté

Original signé par

Congrès du travail du Canada

Original signé par

La Fédération nationale  
des retraités et citoyens agés

BEST AVAILABLE COPY

March 13, 1986

The Right Honourable Brian Mulroney  
Prime Minister of Canada  
Langevin Block  
OTTAWA, Ontario  
K1A 0A2

Dear Mr. Prime Minister:

In the 1960's, Canadians paid among the highest prescription drug prices in the industrialized world. Since 1969, we have enjoyed a system which saves consumers, provincial health care systems and taxpayers hundreds of millions of dollars every year. Now, after five years of intense pressure from multinational drug companies, we are concerned by reports that your government is on the verge of introducing legislation which will destroy that system. On behalf of the ordinary Canadians who will bear the burden of higher drug prices and health care costs, we call on you to resist the pressure from the drug companies and the American government.

Section 41(4) of the Patent Act, passed in 1969, allows so-called "generic drug companies", most of which are Canadian-owned, to import and sell safe, high quality and much lower-priced alternatives to the brand-name equivalents sold by the multinational companies. On average, generic drug prices are one-half the price of their brand-name equivalents, and the latter would be higher still without the generic competition. Because of this competition, Canadian drug prices are no longer among the highest in the world. Provincial and private drug plans hold down costs for their taxpayers and members by encouraging or requiring pharmacists to dispense generic drugs unless physicians specify otherwise.

Objective studies of the pharmaceutical industry in Canada have consistently proved that these savings have been accomplished without any negative impact on overall profitability or employment in the industry.

The "compulsory licensing" provision of Section 41(4) has exposed multinational drug companies to price competition in Canada and they do not like it. They have routinely resorted to lawsuits and other means in attempts to limit generic competition.

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- 2 -

At the same time, they have carried on a massive lobbying campaign aimed at bringing about legislative changes to guarantee patent-holding companies at least 8 to 10 years of monopoly pricing. In April 1983, your party's own consumer affairs critic, Mr. Geoff Scott, told the House of Commons that "(t)he multinationals are mounting an incredibly heavy lobby to get rid of Section 41 of the Patent Act".

In the United States, the multinational companies have convinced the Reagan Administration to include Section 41(4) as one of the "irritants" between Canada and the United States.

There is absolutely no evidence to suggest that the best interests of Canadians will be served by granting extended price monopolies to drug companies. The arguments employed by the companies do not stand up to objective scrutiny; and there is no reason to believe that there will be a significant increase in research and development if they get what they want.

What is certain is that drug prices and provincial health care costs will rise. The Commission of Inquiry on the Pharmaceutical Industry estimated that in 1983, generic drugs saved Canadian consumers and taxpayers some \$211 million. Canada's health care system cannot afford to lose these savings.

The industry's offer to "monitor" price increases is not a serious alternative to the current system. The Canadian public will be surprised indeed if a Progressive Conservative government replaces a system which holds down drug prices through competition and market forces, with a system of price monitoring and "self-regulation".

Ordinary Canadians, who are already being asked to tighten their belts and accept higher taxes and reduced services as the result of the last two federal budgets, do not have the resources of the drug industry to make their concerns known. Yet it is ordinary Canadians who will pay higher drug prices if your government grants the concessions demanded by the drug industry.

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- 3 -

We urge you in the strongest possible terms to put this matter to rest once and for all. Do not alter Section 41(4) of the Patent Act.

Yours truly,

[REDACTED]  
Ralph Garber  
Canadian Council on Social  
Development

[REDACTED]  
Sally Hall  
Consumers' Association of  
Canada

[REDACTED]  
Linda Souter  
Canadian Federation of University  
Women

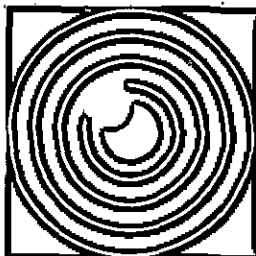
[REDACTED]  
Chaviva Hosek  
National Action Committee  
on the Status of Women

[REDACTED]  
Guy Adam  
Canadian Health Coalition

[REDACTED]  
Lyse Thibault  
National Anti-Poverty  
Organization

[REDACTED]  
Richard Mercier  
Canadian Labour Congress

[REDACTED]  
Bert Hammer  
National Pensioners and  
Senior Citizens Federation



# MEDICARE MONITOR

Vol. 1 No. 2

Winter, 1985

## Wasting our tax dollars on expensive drugs

by Guy Adam,  
Chairperson, Canadian Health Coalition

Recently, there has been a lot of publicity about the cost of drugs. In Ontario the provincial government is trying to plug a loophole in its subsidized drug benefit plan. This loophole is allowing drug manufacturers and pharmacists to reap millions of dollars in excess profits from over-priced drugs at a cost to taxpayers of \$19 million annually.

The loophole in the Ontario drug plan is a very tiny problem compared to the amount of our tax dollars which will be wasted if Michel Côté, the federal minister of consumer and corporate affairs, is successful in amending Canada's drug patent Act.

Last spring, CHC representatives informed Mr. Côté that we oppose government initiatives which will end up costing Canadians more money.

We also told him that more drugs are not the answer to good health.

Increases in overall life expectancy are primarily dependent on improved living and nutritional standards, not drugs. The World Health Organization has stated that only 230 drugs are indispensable for health care. Canada has over 50 times that number.

Canada needs policies which will curtail and limit the irrational, uneconomic and hazardous prescribing of drugs.

What we do not need is a successful lobby by big business to change federal legislation. If this big business initiative is successful, Mr. Côté himself has stated, it will cost us an extra \$75 million tax dollars a year.

Our tax dollars should not be used to supplement the already high profits of the pharmaceutical multinationals which

control over 90.7% of the Canadian market and spend in excess of \$2 million a year on advertising.

*They are making huge profits while creating more drugs, not better drugs.*

The current Canadian drug legislation has enabled us to save many millions of tax dollars. We think these savings have helped various provinces to offer drug subsidy plans as well as making more dollars available for Medicare in general.

We fear if the legislation is changed it will mean there will be cut-backs or total elimination of drug subsidy plans in some provinces.

Increased costs in pharmaceuticals may also mean cut-backs in existing health services.

The CHC is opposed to amending Canada's drug patent legislation.

If you agree with us — please help by writing or phoning the Minister of Health, the Minister of Consumer and Corporate Affairs and the Prime Minister's offices.

**The Right Honourable Brian Mulroney, P.C., M.P.**

Prime Minister  
Room 309 S.  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Office phone: (613) 992-4211  
Constituency: (418) 296-4111

**The Honourable Michel Côté, P.C., M.P.**  
Minister of Consumer and Corporate Affairs

Room 309 CONF.  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Office phone: (613) 997-3530  
Constituency: (418) 694-9412

**The Honourable Jake Epp, P.C., M.P.**  
Minister of National Health and Welfare

Room 258 CB  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Office phone: (613) 990-5461  
Constituency: (204) 326-3920

The Canadian Health Coalition is a multi-tiered coalition representing over 2.5 million Canadians from a broad range of national member organizations and provincial health coalitions. We estimate that in order to be successful in our "Medicare Monitor" campaign we must receive \$65,000 a year in financial and in-kind donations. If you would like to help us with our campaign please fill in the required information and send this form with your cheque to our CHC office at: 2841 Riverside Dr., Ottawa, Ontario K1V 8X7

Name \_\_\_\_\_

Name of organization  
(if applicable) \_\_\_\_\_

Address \_\_\_\_\_

City & province \_\_\_\_\_

Postal code \_\_\_\_\_

Please check appropriate category

- |  |                    |
|--|--------------------|
| 1. Friend of the Coalition individual or non-national organization interested in consumer health-care issues | Suggested Donation |
| <input type="checkbox"/> a) low-income, unemployed and senior citizens                                       | \$5                |
| <input type="checkbox"/> b) other  | \$15+              |
| 2. National organization membership  |                    |
| <input type="checkbox"/> a) national organizations with budgets under \$100,000                              | \$25               |
| <input type="checkbox"/> b) national organizations with budgets over \$100,000                               | \$250+             |

All financial contributors will receive CHC quarterly newsletter.

# Drug prices — we can still fight to keep them under control

by Dr. Joel Lexchin  
Medical Reform Group

Until 1969, Canadian drug prices were among the highest in the world; now ours are below those in many other Western countries. The credit for this dramatic change goes to the 1969 changes in the Patent Act which opened up the field for low cost generics and the various provincial drug plans which encourage the use of these generics.

Studies have estimated that the use of generics saves Canadians upwards of \$200 million annually. Now these savings are being threatened and we are in danger of going back to the pre-1969 situation.

The multinational drug companies have been consistently lobbying to reverse the changes in the Patent Act. They very nearly succeeded with the previous Liberal government until Consumer and Corporate Affairs Minister Judy Erola decided the issue was too much of a political hot potato and created the Eastman Commission to examine the problem.

In his report of May, 1985 Eastman basically supported the present system because it does what it was intended to i.e. saves consumers money on their drug bills.

Unfortunately, the new federal government does not feel bound by the progressive recommendations of the Eastman Commission.

Sometime in the near future Consumer and Corporate Affairs Minister Michel Côté will be introducing new legislation on the drug question. It is widely believed that he will allow the multinationals a six year monopoly period for their new products i.e. there will be no generic competitors to help drive the price down for at least 6 years.

That means a bigger drug bill for all of us.

If we pay cash for our drugs then the money will come directly from our pockets; if we get our prescriptions through a provincial drug plan then we'll be paying more in tax dollars to support the plan. (It's estimated that without generics the cost of Ontario's plan would go up \$40 million annually.)

It's still not too late to do something about the situation.

Since the provincial governments control the drug plans they are sensitive to any cost increases, so make sure that your provincial representatives know how you feel. The role back on the deindexation of old age pensions shows that the federal government can be successfully pressured.

(The Medical Reform Group has been a part of the Canadian Health Coalition since 1979.)

Dr. Lexchin is the author of "The Real Pushers," a book on the pharmaceutical industry published by New Star Books.

HERMAN



8-13

This should keep you going  
while I'm on vacation.

HERMAN



8-25

I'm not sure what these are, but take  
them for a couple of weeks and let  
me know how you feel.

## A Provincial Roundup

# The National Scene

The following are short summaries of various government drug reimbursement programs. These programs are funded through our tax dollars.

### Alberta

Alberta has a drug reimbursement plan for social assistance recipients, senior citizens and those willing to pay a premium. This plan is administered by Blue Cross. Other Alberta residents may participate in this program and may qualify for premium assistance depending on their income level. All prescriptions and some over the counter drugs are covered under the program.

Social assistance recipients do not pay anything for their prescriptions while senior citizens must pay the first 20%. This drug program costs over \$72 million for a twelve month period.

For further information on this program contact: Alberta Health Care Insurance, 2nd Floor, 407-8th Ave. S.W., Calgary, Alberta T2P 1E5, (403) 297-6411.

For help on this or other health care related issues contact CHC member: Alberta Friends of Medicare, #26 Sundance Co-Op, 87th Street & 10th Avenue, Edmonton, Alberta T5H 4B4, (403) 429-1270.

### British Columbia

All residents of B.C. qualify for the B.C. drug reimbursement program. All prescriptions, some chronic care supplies as well as a few over the counter drugs are available through this program.

There is no fee for people over 65, social assistance recipients or people in nursing homes. Other residents must pay a 20% deductible fee.

For further information on this program contact: Pharmacare, c/o Ministry of Health, British Columbia.

For help on this or other health care related issues contact CHC member: The British Columbia Health Coalition, 22 East 8th Avenue, Vancouver, B.C. V5T 1R4, (604) 897-5711 Ext. 257.

### Manitoba

All residents of Manitoba qualify for this province's drug reimbursement program. All prescriptions, some over the counter drugs and diabetic supplies are available through this program. Annual deductible of \$100 plus 20% co-payment for people under 65. For citizens over 65 an annual deductible of \$50 plus a 20% co-payment. For social assistance recipients and home-care there are no participation fees. cost of this program over a 12 month period is in excess of \$24 million.

For further information on this contract: Manitoba Health Services Commission Pharmacare Program, Box 9000, 599 Empress St., Winnipeg, Manitoba R3C 3C2, (204) 786-7101.

For help on this or other health care related issues contact CHC member: The Manitoba Council of Health Unions, 8-1313 Border Street, Winnipeg, Manitoba R3H 0X4, (204) 632-6605.

### New Brunswick

New Brunswick has a drug subsidy program for people over 65, social assistance recipients, people with cystic fibrosis, and residents receiving home care. All prescriptions plus some other types of drugs are covered under the program. People over 65 must pay \$3.00 for every prescription, and social assistance recipients pay \$2.00.

For further information on this contact: Medicare, N.B. Dept. of Health, Drug Reimbursement Program, P.O. Box 5100, Fredericton, N.B., (506) 453-8266.

For help on this or other health care related issues contact CHC member: The New Brunswick Health Coalition, 18 Garfield Street, Moncton, N.B. E1C 3Y5, (506) 3482-0991.

### Newfoundland

This province has a drug reimbursement plan for social assistance recipients and people over 65 receiving a guaranteed income supplement.

All prescriptions and some over the counter supplies such as vitamins and syringes are available through the program. There is a participation fee for people over 65 receiving a guaranteed income supplement but none for people on social assistance.

For further information on this contact: Newfoundland Government Dept. of Health Policy — Drug Reimbursement Plan. For help on this or other health care related issues contact CHC member: David Curtis, Newfoundland Association of Public Employees, P.O. Box 1085, St. John's, Nfld. A1C 5M5.

### Nova Scotia

This province has a drug reimbursement program for people over 65, social assistance recipients, the disabled, diabetics, and people suffering from cancer and cystic fibrosis.

There is no participation fee for prescriptions under this program for people over 65 and social assistance recipients. For people over 65 all prescriptions are covered under the plan plus some other types of drugs.

For further information on this contact: N.S. Health Services Insurance Commission, c/o MSI Pharmacare, P.O. Box 500, Halifax, N.S., (902) 429-9700.

For help on this or other health care related issues contact CHC member: Nova Scotia Health Coalition, P.O. Box 1213N, Halifax, Nova Scotia B3K 5H4.

### Ontario

This province has a drug reimbursement plan for people over 65, social assistance recipients and some special groups. There is no participation fee for this program. The cost of this program over a 12 month period is over \$350 million.

**Provincial Roundup Cont'd****The National Scene**

For further information on this contact: Drug Programs and Policy Branch, Ministry of Health, Queen's Park.

For help on this or other health care related issues contact CHC member: The Ontario Health Coalition, 1091 Yonge Street, 9th Floor, Toronto, Ontario M4S 2Z5, (416) 966-3424.

**Prince Edward Island**

This province has a drug reimbursement plan for social assistance recipients and special groups. There is no participation fee. For further information on this contact: Prince Edward Island Dept. of Health.

For help on this or other health care related issues contact CHC member: The Prince Edward Island Health Coalition, Box 1689, Charlottetown, P.E.I. C1A 7N4, (902) 892-1251.

**Quebec**

This province has a drug reimbursement plan for people over 65 and social assistance recipients. Drugs available under this plan are listed on a formulary and some over the counter drugs are covered with permission. There is no participation fee. For information contact Régie de l'assurance-maladie du Québec.

For help on this or other health care related issues contact: Federation of Nurses Quebec, 1425 Dorchester Blvd. W., 5th Floor, Montreal, Quebec H3G 1T7, (514) 861-8329.

**Saskatchewan**

The drug reimbursement plan in this province covers all residents with some exceptions.

All prescriptions plus some over the counter drugs are covered. there is a participation fee of \$3.95 per prescription. Some social assistance recipients and special groups do not have to pay a participation fee. The cost of this program over a 12 month period exceeds \$47 million.

For more information on this contact: Saskatchewan Prescription Drug Plan, 3475 Albert St., Regina, Saskatchewan S4S 0A6, (306) 787-2345.

For help on this or other health care related issues contact CHC member: The Saskatchewan Health Coalition, 2329 Clarence Ave., Saskatoon, Saskatchewan S7J 1L8, (306) 343-9833.

**CHC Publictions**

- ☐ 5 year Report — a 77 page brief outlining the history of the Canadian Health Coalition and why it is necessary for all Canadians to be involved in planning and directing Canada's health care system. Available for a \$5 donation.
- ☐ 1984 conference report — Improving health care in Canada long and short term goals. Available for a \$2 donation.
- ☐ Medicare in danger — information pamphlet on the Canada Health Coalition. Free.
- ☐ Brief to the MacDonald Royal Commission explores the subject of quality accessible health care as a right in conjunction with employment, housing, etc. Available for a \$5 donation.
- ☐ Educational kit on pharmaceuticals includes CHC brief to the Eastman pharmaceutical inquiry.
- ☐ Education kit on the erosion of the "public administration" Medicare principle.

Please check appropriate Box

Name \_\_\_\_\_

Address \_\_\_\_\_

Organization \_\_\_\_\_  
(if applicable)

City \_\_\_\_\_

Postal Code \_\_\_\_\_

Province \_\_\_\_\_

**Canadian Health Coalition  
Annual General Meeting  
November 24, 1985  
Skyline Hotel  
Ottawa, Ontario**

The Medicare Monitor is published by the Canadian Health Coalition, 2841 Riverside Dr., Ottawa, Ontario K1V 8X7. Material from this paper may be reproduced with appropriate recognition of the source. For Additional Information contact:  
Guy Adam, Chairperson CHC  
or  
Carol Richardson, Executive Co-ordinator CHC  
(613) 521-3400

# Perspective nationale

aucun frais de participation à ce régime, dont le coût dépasse 350\$ millions par an.

Pour de plus amples renseignements à ce sujet, veuillez communiquer avec: Drug Programs and Policy Branch, Ministry of Health, Queen's Park.

Pour obtenir un appui ou de l'aide au sujet d'autres questions reliées à la santé, veuillez communiquer avec le membre suivant de la CCS: The Ontario Health Coalition, 1091 Yonge Street, 9th Floor, Toronto, Ontario M4S 2Z5, (416) 966-3424.

## Île-du-Prince-Édouard

Cette province offre un régime de remboursement des médicaments aux assistés sociaux et à des groupes spéciaux. Il n'y a aucun frais de participation.

Pour de plus amples renseignements à ce sujet, veuillez communiquer avec: Prince Edward Island Department of Health.

Pour obtenir un appui ou de l'aide au sujet d'autres questions reliées à la santé, veuillez communiquer avec le membre suivant de la CCS: The Prince Edward Island Health Coalition, Box 1689, Charlottetown, P.E.I. C1A 7N4, (902) 892-1251.

## Québec

Cette province possède un régime de remboursement des médicaments pour les personnes âgées de plus de 65 ans et pour les assistés sociaux. Les médicaments disponibles en vertu de ce régime figurent sur une liste et certains médicaments en vente libre sont défrayés avec une autorisation. Il n'y a aucun frais de participation.

Pour de plus amples renseignements à ce sujet, veuillez communiquer avec la Régie de l'assurance-maladie du Québec.

Pour obtenir un appui ou de l'aide au sujet d'autres questions reliées à la santé, veuillez communiquer avec le membre suivant de la CCS: Fédération des infirmières du Québec, 1425 ouest, boulevard Dorchester, 5e étage, Montréal (Québec) H3G 1T7, (514) 861-8329.

## Saskatchewan

Le régime de remboursement des médicaments de cette province s'applique à tous les résidents avec certaines exceptions. Toutes les ordonnances en plus de certains médicaments en vente libre sont défrayés. Il y a un frais de participation de 3,95\$ par ordonnance. Certains assistés sociaux et certains groupes spéciaux n'ont pas à payer ces frais de participation. Le coût de ce programme dépasse 47\$ millions par an.

Pour de plus amples renseignements à ce sujet, veuillez communiquer avec: Saskatchewan Prescription Drug Plan, 3475 Albert Street, Regina, Saskatchewan S4S 6X6, (306) 787-2345.

Pour obtenir un appui ou de l'aide au sujet d'autres questions reliées à la santé, veuillez communiquer avec le membre suivant de la CCS: The Saskatchewan Health Coalition, 2329 Clarence Avenue, Saskatoon, Saskatchewan S7J 1L8, (306) 343-9833.

## Publications de la CCS

- ☐ **Rapport quinquennal de la CCS:** il s'agit d'un mémoire de 77 pages décrivant l'histoire de la Coalition canadienne de la santé et les raisons pour lesquelles il est nécessaire que tous les Canadiens participent à la planification et à l'orientation du régime de soins de santé au Canada. Disponible moyennant un don de 5\$.
- ☐ **Rapport de la conférence 1984** (en anglais seulement): l'amélioration des soins de santé au Canada et les objectifs à court et à long terme. Disponible moyennant un don de 2\$.
- ☐ **L'assurance-santé en danger:** un dépliant gratuit sur la Coalition canadienne de la santé.
- ☐ **Mémoire à la Commission royale MacDonald** sur l'économie qui examine le sujet des soins de santé accessibles et de haute qualité comme étant un droit au même titre que l'emploi, le logement, etc. Disponible moyennant un don de 5\$.
- ☐ **Documentation instructive** au sujet des produits pharmaceutiques comprenant le mémoire de la CCS préparé lors de l'enquête Eastman à ce sujet.
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**2841, promenade Riverside  
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**Pour de plus amples renseignements, veuillez contacter:**

**Guy Adam, président de la CCS**

**ou**

**Carol Richardson, coordonnatrice exécutive, CCS  
(613) 521-3400**

# Perspective nationale

**Voici en résumé quels sont les divers régimes gouvernementaux pour le remboursement du prix des médicaments, programmes financés à même les fonds publics.**

## Alberta

L'Alberta a un régime de remboursement du prix des médicaments pour les bénéficiaires de l'aide sociale, les citoyens âgés et ceux qui versent une prime. Ce régime est administré par la Croix Bleue. D'autres résidents de l'Alberta peuvent participer à ce régime et recevoir une aide pour payer leurs primes en fonction du niveau de leur revenu. Ce régime s'applique à tous les médicaments sur ordonnance et à certains médicaments en vente libre. Les assistés sociaux reçoivent leurs médicaments gratuitement, tandis que les citoyens âgés doivent verser le premier 20%. Le coût de ce régime s'élève à plus de 72\$ millions par an.

Pour de plus amples renseignements au sujet de ce régime, veuillez communiquer avec: Alberta Health Care Insurance, 2nd floor, 407 8th Avenue S.W., Calgary, Alberta T2P 1E5, (403) 297-6411.

Pour obtenir un appui ou de l'aide au sujet d'autres questions liées à la santé, veuillez communiquer avec le membre suivant de la CCS: Alberta Friends of Medicare, 26 Sundance Co-op, 87th Street & 100th Avenue, Edmonton, Alberta T5H 4B4, (403) 429-1270.

## Colombie-Britannique

Tous les résidents de la Colombie-Britannique sont couverts par le régime de remboursement des médicaments de la Colombie-Britannique. Ce régime défraie le coût des toutes les ordonnances, de certains médicaments en vente libre et d'autres objets nécessaires aux soins chroniques. Aucun frais ne s'applique aux citoyens âgés de plus de 65 ans, aux assistés sociaux ou aux résidents de foyers. Les autres résidents doivent payer des frais de 20%.

Pour obtenir un appui ou de l'aide au sujet d'autres questions liées à la santé, veuillez communiquer avec le membre suivant de la CCS: The British Columbia Health Coalition, 22 East 8th Avenue, Vancouver, B.C. V5T 1R4, (604) 897-5711 Ext. 257.

## Manitoba

Tous les résidents du Manitoba sont protégés par le régime de remboursement des médicaments de cette province. Ce régime défraie le coût de toutes les ordonnances, des médicaments en vente libre et des médicaments dont ont besoin les diabétiques. Les personnes âgées de moins de 65 ans doivent défrayer 20% des coûts; le montant annuel déductible est de 100\$. Les personnes ayant plus de 65 ans doivent également payer 20% des coûts et leur déductible est 50\$ par an. Les assistés sociaux et ceux qui reçoivent une aide au foyer n'ont aucun frais à payer. Le coût de ce programme s'élève à plus de 24\$ millions par an.

Pour de plus amples renseignements à ce sujet, veuillez communiquer avec: Manitoba Health Services Commission, Pharmacare Program, Box 9000, 599 Empress Street, Winnipeg, Manitoba R3C 3C2, (204) 786-7101.

Pour obtenir un appui ou de l'aide au sujet d'autres questions liées à la santé, veuillez communiquer avec le membre suivant de la CCS: The Manitoba Council of Health Unions, 8-1313 Border Street, Winnipeg, Manitoba R3H 0X4, (204) 632-6605.

## Nouveau-Brunswick

Le Nouveau-Brunswick a un régime de subvention des médicaments pour les personnes âgées de plus de 65 ans, pour les assistés sociaux, pour ceux qui ont la fibrose kystique, ainsi que pour les personnes recevant des soins au foyer. Ce régime défraie le coût de toutes les ordonnances, ainsi que celui d'autres drogues. Les personnes ayant plus de 65 ans doivent payer 3\$ pour chaque ordonnance, tandis que les assistés sociaux ne paient que 2\$.

Pour de plus amples renseignements à ce sujet, veuillez communiquer avec: Medicare, N.B. Department of Health Drug Reimbursement Program, P.O. Box 5100, Fredericton, N.B., (506) 453-8266.

Pour obtenir un appui ou de l'aide au sujet d'autres questions liées à la santé, veuillez communiquer avec le membre suivant de la CCS: The New Brunswick Health Coalition, 18 Garfield Street, Moncton, N.B. E1C 3Y5, (506) 382-0991.

## Terre-Neuve

Cette province offre un régime de remboursement des médicaments pour les assistés sociaux et pour les personnes âgées de plus de 65 ans qui reçoivent un supplément de revenu garanti. Ce programme défraie le coût de toutes les ordonnances et de certains médicaments en vente libre tels que les vitamines et les seringues. Les personnes âgées de plus de 65 ans recevant le supplément de revenu garanti doivent verser un frais de participation, mais cela ne s'applique pas aux assistés sociaux.

Pour obtenir un appui ou de l'aide au sujet d'autres questions liées à la santé, veuillez communiquer avec le membre suivant de la CCS: David Curtis, Newfoundland Association of Public Employees, P.O. Box 1085, St. John's, Newfoundland A1C 5M5.

## Nouvelle-Écosse

Cette province a un programme de remboursement des médicaments pour les personnes âgées de plus de 65 ans, pour les assistés sociaux, les handicapés, les diabétiques, ainsi que les patients souffrant du cancer et de la fibrose kystique. Les personnes âgées de plus de 65 ans ainsi que les assistés sociaux ne doivent verser aucun frais de participation pour leurs ordonnances. De plus, ceux qui ont plus de 65 ans reçoivent toutes leurs ordonnances gratuitement en vertu de ce régime, ainsi que certains autres médicaments.

Pour de plus amples renseignements à ce sujet, veuillez communiquer avec: N.S. Health Services Insurance Commission, c/o MSI Pharmacare, P.O. Box 500, Halifax, N.S., (902) 429-9700.

Pour obtenir un appui ou de l'aide au sujet d'autres questions liées à la santé, veuillez communiquer avec le membre suivant de la CCS: Nova Scotia Health Coalition, P.O. Box 1213N, Halifax, Nova Scotia B3K 5H4.

## Ontario

Cette province possède un régime de remboursement des drogues pour les personnes âgées de plus de 65 ans, pour les assistés sociaux et pour certains groupes spéciaux. Il n'y a



# Les prix des médicaments — La lutte n'est pas encore finie

par Dr. Joel Lexchin  
Le Groupe de réforme médicale

Jusqu'en 1969, les prix des médicaments canadiens étaient parmi les plus élevés du monde; ils sont maintenant inférieurs à ceux de plusieurs autres pays de l'Ouest.

Ce changement drastique est dû aux modifications apportées en 1969 à la loi sur les brevets qui permit la production de médicaments sans marque de commerce et à bas prix, et la création de divers régimes provinciaux pour les médicaments qui encouragent l'appui de tels médicaments moins dispendieux.

Des études ont démontré que l'utilisation de tels médicaments constitue pour les Canadiens une économie de plus de 200\$ millions par année. Cette épargne est menacée et il y a un danger que la situation antérieure à 1969 se répète.

Les sociétés pharmaceutiques multinationales ont fait des démarches pressantes pour contrer les modifications apportées à la Loi sur les brevets. Ces sociétés ont failli réussir auprès du dernier gouvernement libéral, jusqu'à ce que la ministre de la Consommation et des Corporations Judy Erola décide que toutes ces questions étaient politiquement trop délicates et crée la commission Eastman pour étudier ce problème.

Dans son rapport publié en mai 1985, Monsieur Eastman appuie fondamentalement le système actuel parce qu'il atteint bien son objectif de faire réaliser aux contribuables des économies à l'achat de médicaments.

Malheureusement, le nouveau gouvernement fédéral ne se sent pas lié par les recommandations progressifs de la commission Eastman. Le nouveau ministre de la Consommation et des Corporations Michel Côté se propose de déposer un projet de loi incessamment sur la question des médicaments. On croit savoir qu'il donnera aux multinationales un monopole de six ans sur leurs nouveaux produits, c'est-à-dire qu'un médicament devra avoir sa marque de commerce et être offert à plein prix pendant une période d'au moins six ans.

Cela signifie que le public devra déboursier davantage pour les médicaments. Si nous payons comptant pour nos médicaments, cet argent proviendra alors directement de nos goussets; si nos ordonnances proviennent d'un régime provincial, nous devrons alors verser beaucoup plus d'impôts pour appuyer ce régime. (On estime que le régime de l'Ontario coûterait environ 40\$ millions de plus annuellement s'il n'utilisait pas les drogues sans marque de commerce.)

Il est encore temps de réagir. Puisque les gouvernements provinciaux contrôlent leurs régimes de médicaments, ils sont sensibles à toute augmentation des coûts; communiquez votre position à vos représentants provinciaux. La décision prise par le gouvernement fédéral d'annuler la désindexation proposée des pensions de vieillesse montre qu'on peut réussir à infléchir les gouvernements.

(Le Groupe de réforme médicale fait partie de la Coalition canadienne de la santé depuis 1979. Le Dr Lexchin est l'auteur d'une livre sur l'industrie pharmaceutique intitulée "The Real Pushers," publiée par New Star Books.)

HERMAN



8-13

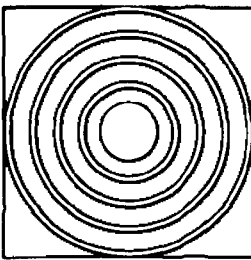
Cela devrait suffire  
jusqu'à mon retour de vacances!

HERMAN



8-25

J'oublie ce que c'est, mais prenez-en  
pendant quelques semaines, et  
laissez-moi savoir comment ça file.



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# L'ASSURANCE-SANTÉ À L'OEIL

Vol. 1 No. 2

L'Hiver, 1985

## Les médicaments dispendieux constituent un gaspillage de fonds publics

par Guy Adam,  
président de la Coalition canadienne  
de la santé

Beaucoup de publicité a été accordée récemment au coût des médicaments. Le gouvernement ontarien essaie à présent de colmater une brèche dans son régime de médicaments subventionnés. Cette situation permet à présent aux fabricants de drogues et aux pharmaciens de recevoir plusieurs millions de dollars en profits excessifs provenant de médicaments par trop dispendieux qui imposent annuellement une surcharge de 19\$ millions aux contribuables.

Cette situation ne représente qu'un problème minime si l'on songe aux impôts qui seront gaspillés si le ministre fédéral de la Consommation et des Corporations Michel Côté réussit à amender la Loi sur les brevets. Au printemps dernier, les représentants de la CCS informaient le ministre que cette coalition s'oppose aux initiatives gouvernementales susceptibles d'imposer des coûts supplémentaires aux Canadiens.

L'augmentation de l'attente de vie normale repose surtout sur l'amélioration des normes alimentaires et des conditions de vie, et non pas sur les drogues. L'Organisation mondiale de la santé déclare que 230 drogues sont indispensables aux soins de santé: le Canada en possède cinquante fois plus.

Le Canada a besoin de politiques susceptibles de limiter les ordonnances de drogues dangereuses, irrationnelles et dispendieuses. Nous n'avons sûrement pas besoin de groupes de démarchage puissants représentant la grosse entreprise et capables de faire modifier la législation fédérale. Si cette initiative monde des affaires aboutit, elle nous coûtera 75\$ millions de plus en impôt chaque année, selon les déclarations mêmes du ministre.

Les fonds publics ne devraient pas être utilisés pour accroître les profits déjà

élevés des multinationales pharmaceutique, lesquelles contrôlent plus de 90,7% du marché canadien et dépensent plus de 2\$ millions par année pour leur publicité.

Ces sociétés réalisent d'énormes profits en fabriquant un nombre plus élevé de drogues, et non pas de meilleurs médicaments. Les lois canadiennes actuelles en matière de médicaments nous ont permis d'épargner plusieurs millions de dollars en impôts. Nous croyons que ces économies ont permis à diverses provinces de mettre sur pied des régimes pour subventionner les médicaments, tout en libérant d'autres fonds pour l'assurance-santé en général.

Nous croyons que tout changement à la loi signifierait des réductions éventuelles ou une élimination totale de tels régimes dans certaines provinces.

L'augmentation des coûts des produits pharmaceutiques pourrait également signifier une réduction des services de santé actuels.

La CCS s'oppose à toute modification de la Loi sur les brevets. Si vous êtes d'accord, veuillez nous appuyer en écrivant ou en téléphonant au ministre de la Santé, à celui de la Consommation et des Corporations, ainsi qu'au bureau de Premier ministre.

**Brian Mulroney,**  
Premier Ministre,  
Ch. 309 S.  
Chambre des Communes  
Ottawa, Ontario  
K1A 0A6

Téléphone: (613) 992-4211  
ou  
(418) 296-4111

**Michel Côté,**  
Ministre de la Consommation et des  
Corporations  
Ch. 309 Conf.  
Chambre des Communes  
Ottawa, Ontario  
K1A 0A6

Téléphone: (613) 997-3530  
ou  
(418) 694-9412

**Jake Epp,**  
Ministre de la Santé  
Ch. 258 CB  
Chambre des Communes  
Ottawa, Ontario  
K1A 0A6

Téléphone: (613) 990-5461  
ou  
(204) 326-3920

## Appuyez notre campagne

La Coalition canadienne de la santé est une coalition à niveaux multiples représentant plus de 2,5 millions de Canadiens membres d'un vaste éventail d'organismes nationaux affiliés et de coalitions provinciales de la santé. Nous croyons que notre campagne visant à tenir l'assurance-santé à l'oeil devra pour réussir recevoir des dons en nature et en espèces valant 65 000\$ par an. Si vous désirez appuyer notre campagne, veuillez donner les renseignements nécessaires et faire parvenir ce formulaire et votre chèque au bureau de la CCS: 2841 promenade Riverside, Ottawa (Ontario) K1V 8X7.

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April 9, 1986

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11/4/86

Memorandum to Members of the Progressive Conservative Caucus

Re: Pharmaceutical Patents

Further to my note of yesterday, you may wish to complete your file with the attached editorial published this morning in the Montreal Gazette.

Yours sincerely,

Pierre Fortin  
Director of Government Liaison

\*\*\*\*\*

Le 9 avril 1986

A tous les députés du Caucus Conservateur

Objet: Brevets pharmaceutiques

Suite à la note que je vous faisais parvenir hier et afin de compléter votre dossier, je joins à la présente copie d'un éditorial paru ce matin dans le journal The Gazette de Montréal.

Je vous prie de bien vouloir accepter mes sentiments respectueux.

Pierre Fortin  
Directeur des relations gouvernementales

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B-2

The Gazette, Montreal, Wednesday, April 9, 1986

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## EDITORIALS

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# Legalized robbery

In what amounts to a system of legalized theft, Canadian law now obliges companies that develop new drugs to let other companies copy their new products. That is clearly wrong.

But the law should be changed according to Canadian needs and principles, not in response to pressure from the United States. U.S. Trade Representative Clayton Yeutter, who this week rebuked Canada for not acting more quickly, should keep quiet. The case for change is not improved by heavy-handed American "help."

Canada established what is known as compulsory licensing of drug patents in 1969. It did so because Canadians were paying the highest drug prices in the world. To bring prices down, Ottawa obliged firms that held patents on new drugs to grant licences to other firms that wished to make those drugs, for a royalty of four per cent of sales.

Since then, 339 licences have been granted and Canadian drug prices have indeed fallen; a report last year estimated the saving to consumers is \$211 million a year. But drug companies, which spend many millions of dollars to develop each new drug, have cut back their research and development here drastically, particu-

larly in Montreal. An industry in which Canada once had a respectable record and promising future became much weaker.

One of the problems with the present approach is that it attacks only one source of high drug prices. It does nothing, for example, to lower pharmacists' prices. Pharmacists in most provinces are not allowed to advertise prices — which removes almost all incentive for them to attract customers by cutting their prices.

The federal law is a cumbersome and distasteful way to keep prices down. It obliges the legitimate owners of the patents to turn over a chunk of sales of profitable drugs to copy-cats, before the developers even earn enough to pay for the research. The copiers are naturally interested only in high-volume, high-profit drugs; they are content to let the research firms continue developing other life-saving but less profitable drugs.

The patent-holding firms want patent protection for 10 or 12 years. In return, they say they will increase R&D spending here by \$1 billion over five years and hold price increases to the rate of increase of the consumer price index.

That is a crucial commitment. They should be given the opportunity to prove they can keep their word.



GDPM - CVPM

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-9 APR 1986 10 47

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Pharmaceutical Manufacturers

Association of Canada

Association Canadienne  
de l'Industrie du Médicament500-1111 Prince of Wales Drive  
Ottawa Ontario K2C 3T2

Tel. (613) 727-1380

Telex 053-3122

Telecopier 613-727-1407

April 8, 1986

ACTION
<i>AM</i>
CC 11/4/86
CC

Memorandum to the Progressive Conservative Caucus

Re: Pharmaceutical Patents

The federal government will soon announce a new policy on the pharmaceutical industry.

I therefore thought that you may be interested in reading the attached editorials which have appeared on this issue in the last couple of months.

Yours sincerely,

Pierre Fortin  
Director of Government Liaison

PF/lbc  
attachs.

EDITORIALSON PATENT ACT ISSUE

February and March 1986

1. Le Soleil (Québec), March 25, 1986 Favourable  
"Revenir à l'ère des brevets" by Raymond Giroux  
(Translation provided)
2. Le Devoir (Montréal), March 25, 1986 Favourable  
"Une largesse aberrante", by Albert Juneau  
(Translation provided)
3. The Province (Vancouver), March 23, 1986 Favourable  
"The hidden costs of generic drugs"
4. Le Journal de Montréal and Favourable  
Le Journal de Québec, March 20, 1986  
"Ne pas substituer" by Jean Pelletier  
(Translation provided)
5. La Presse (Montréal), March 13, 1986 Favourable  
"Les entreprises qui inventent des médicaments  
seront mieux protégées"  
(Translation provided)
6. La Presse (Montréal), March 11, 1986 Favourable  
"Une loi qui brime la recherche"  
(Translation provided)
7. The Globe and Mail (Toronto), March 10, 1986 Favourable  
"Patently unfair"
8. Le Droit (Ottawa), February 26, 1986 Favourable  
"Nos chercheurs crient à l'aide" by Alain Dexter  
(Translation provided)
9. The Toronto Star (Toronto), March 27, 1986 Unfavourable  
"Keep generic drugs"
10. The Vancouver Sun, March 17, 1986 Unfavourable  
"The drug lobby and its threats"

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# Revenir à l'ère des brevets

Les compagnies pharmaceutiques réclament un retour à la reconnaissance des fruits de leur recherche, un régime aboli en 1969 au nom de la protection des consommateurs à la suite de ce qui apparaissait une série d'abus de leur part. Leur campagne actuelle s'inscrit dans une longue lutte où le gouvernement fédéral les appuie officiellement, mais sans jamais prendre la décision finale.



Aujourd'hui, c'est au tour du ministre Michel Côté, après bien d'autres, de tenter de redonner certains droits aux entreprises qui effectuent de la recherche contre celles qui se contentent de les pirater légalement.

Les Associations de protection du consommateur, en opposition, demandent le maintien du régime actuel, avançant que les hausses de prix inévitables retomberont sur les épaules des malades. Entre les deux, le cœur du ministre balance car il doit veiller à la fois, d'après la structure gouvernementale, à la défense des corporations et des consommateurs: un équilibre difficile à atteindre.

Il faut comprendre le débat sous plusieurs optiques différentes. D'abord, les compagnies ne sont pas des enfants d'école. Souvent multinationales, elles consacrent beaucoup plus d'argent à la promotion et à la publicité qu'à la recherche proprement dite, et ce dans une proportion de quatre contre un, au Canada.

Un bon point pour leurs réclamations, toutefois: aux Etats-Unis, la part des ventes consacrées à la recherche dépasse de moitié la situation canadienne, selon le rapport Eastman qui faisait le point — et en même temps retardait opportunément toute décision — en février 1985.

Les consommateurs craignent une hausse des prix. Les compagnies, pour contrer cette hantise, s'offrent d'elles-mêmes à voir les prix des médicaments réglementés. Ainsi, les produits existants ne pourraient augmenter plus que la hausse du coût de la vie, et reconnaissent les acquis des médicaments dits génériques, c'est-à-dire fabriqués par des sociétés "d'assemblage" qui ne consacrent aucune ressource à la recherche et ne subventionnent aucun chercheur universitaire.

LE SOLEIL, Quebec City

Le 25 mars 1986

Finalement, les grandes compagnies pharmaceutiques, qui désertent le Canada, et encore plus le Québec depuis une quinzaine d'années, prétendent que la loi fédérale interdit tout investissement de leur part. Là, il faudrait plus que des assurances verbales dans le style "amendez la loi et vous verrez, nous avons des projets dans nos cartons".

Le public, et le gouvernement, attend avec impatience des annonces concrètes. Il n'est quand même pas du rôle d'Ottawa de donner aux Hoffman-Laroche, Ciba-Geigy et autres des occasions de s'enrichir sans rien obtenir en retour pour l'économie canadienne.

Les provinces autres que l'Ontario et le Québec s'insurgent contre toute modification. Il est vrai que plus de 90 pour 100 de l'industrie pharmaceutique loge au centre du pays. Mais des enquêtes ont déjà prouvé que les intermédiaires ont plus profité du bas prix des "génériques" que les consommateurs.

Le Québec a déjà demandé à trois reprises, à l'unanimité des députés de l'Assemblée nationale, un amendement à la loi fédérale sur les brevets pour protéger la recherche pharmaceutique. L'ensemble des intervenants du milieu: chercheurs, pharmaciens et gens d'affaires, considèrent que les retombées positives justifieront pleinement un tel geste.

Evidemment, les fabricants de produits génériques, ces produits sans nom des pharmacies, crient à l'injustice, ils invoquent à leur défense que même le gouvernement les a aidés à s'installer par ses programmes de subventions multiples. Mais ils ont déjà acheté suffisamment de droits pour se maintenir en vie, et confortablement, pendant encore longtemps.

Si Ottawa demande des engagements précis aux compagnies pharmaceutiques, si ces projets se réalisent autant au Québec qu'en Ontario, si certaines de ces entreprises donnent des mandats mondiaux à leur filiale locale, question de favoriser encore plus la recherche, il faut approuver le retour à la reconnaissance de ce type de propriété intellectuelle.

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March 25, 1986

BACK TO THE ERA  
OF PATENTS

by Raymond GIROUX

Pharmaceutical companies are demanding a return to the recognition of the fruits of their research, a system that was abolished in 1969 in the name of consumer protection, following what appeared to be a series of abuses on their part. Their present campaign is part of a long struggle in which the federal government officially supports them, but without ever coming to a final decision.

Today it is the turn of Minister Michel Côté, after many others, to try and give back certain rights to companies doing research, as opposed to those who are content with legal piracy.

Consumer protection groups oppose the move, asking for the maintenance of the present system, on the grounds that the inevitable price increases will be borne by patients. Between the two sides, the Minister's heart is torn, as according to the structure of the government he is supposed to see to the defence of corporations and of consumers at the same time: a difficult balancing act.

One must look at the debate from several points of view. In the first place, the companies are no choirboys. Often multinationals, they devote far more money to promotion and advertising than they do to research as such -- in Canada the proportion is four to one.

But there is a good point in favour of their claims: in the United States the percentage of sales devoted to research is half as much again as in Canada, according to the Eastman Report which made this point -- and then opportunely held up any decision -- in February 1985.



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Consumers are afraid of a price increase. The companies, to combat this fear, say they are willing to see the prices of medication regulated. Thus the price of existing products could not rise beyond the increase in the cost of living. They also recognize the acquired position of so-called generic medication, i.e. manufactured by "assembly plants" that devote none of their resources to research and give no support to university researchers.

Finally, the large pharmaceutical companies, which have been deserting Canada and, to an even larger extent, Québec for the last fifteen years or so, maintain that federal law makes any investment by them impractical. In this connection, we would need something more than their verbal reassurances such as "change the law and you'll see: we have projects galore in our filing cabinets."

\* \* \*

The public and the government are waiting impatiently for concrete announcements. After all, it is not Ottawa's role to give people like Hoffman-Laroche, Ciba-Geigy and others a chance to get rich without obtaining something in return for the Canadian economy.

The provinces, other than Ontario and Québec, rise up against any change. It is true that more than 90% of the pharmaceutical industry is located in the central part of the country. But studies have already proven that the middlemen have profited more from the low prices of the "generic" drugs than the consumer.

On three occasions already Québec has requested, by unanimous vote in the National Assembly, an amendment to the federal patent law in order to protect pharmaceutical research. Everyone concerned -- researchers, pharmacists and businessmen -- believes that the favourable repercussions will fully justify such a step.

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Obviously, the makers of generic products, those no-brand drugs in our pharmacies, cry "Unfair!", invoking in their own defence the fact that even the government helped them to get established by its program of multiple subsidies. But they have already bought up enough rights to keep them comfortably alive for a long time yet.

If Ottawa demands strict commitments from the pharmaceutical companies, if these projects are carried out in Québec as well as Ontario, and if some of these companies give world-wide mandates to their local subsidiaries in order to further stimulate research, one must approve the return to recognizing this kind of intellectual property.

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9 ■ Le Devoir, mardi 25 mars 1986

## FAIS CE QUE DOIS

Fondé par Henri Bourassa  
le 10 janvier 1910Rédacteur en chef:  
Paul-André Comeau

## UNE LARGESSE ABERRANTE

**L**E TEMPS serait-il enfin venu de mettre fin à une des largesses les plus coûteuses et les plus aberrantes que le Canada se soit permis au cours des dernières décennies ? Depuis 1969, il n'y a plus au pays de droits de propriété intellectuelle sur les produits pharmaceutiques. En vertu d'un amendement à la Loi C-102 sur les brevets, le ministère de la Consommation et des Corporations peut concéder une licence automatique aux entreprises de produits pharmaceutiques dites « génériques ». Celles-ci ont toute liberté par la suite pour copier et commercialiser des médicaments. Le Canada est le seul pays de l'OCDE à ne pas garantir un tel droit de propriété intellectuelle. Partout ailleurs, les découvertes de produits pharmaceutiques sont protégées durant une période d'au moins 17 ans.

En fait, il y a deux acteurs majeurs dans ce secteur d'activité : d'une part les 64 entreprises de l'industrie du médicament qui effectuent la recherche de base et le développement de nouveaux produits et, d'autre part, les firmes génériques centrées surtout sur la commercialisation. Les premières investissent des sommes énormes dans la R & D — \$85 millions en 1984 — qu'elles ne recouvrent que trop partiellement parce qu'une large part de la mise en marché leur échappe. Les secondes, dont les dépenses et les risques sont moins élevés, peuvent en vertu de la loi, copier la formule de l'inventeur et commercialiser une imitation de son produit, moyennant une redevance de 4 % sur leur chiffre d'affaires.

Après plusieurs années de tergiversation, le gouvernement fédéral est maintenant prêt à intervenir pour corriger cette aberration. Mais jusqu'où ? La question reste posée. Le ministre responsable, M. Michel Côté, s'est montré ouvert mais sans toutefois prendre clairement position. Son bureau faisait savoir hier qu'un projet de loi serait déposé à la Chambre des communes après les vacances de Pâques. La nouvelle politique sera vitale pour le Canada et le Québec.

Le secteur pharmaceutique emploie environ 16,000 personnes, la plupart hautement qualifiées, dont 7,000 au Québec. C'est une des rares industries où le Québec occupe une place dominante. La région de Montréal, où l'industrie du médicament est largement concentrée, a été directement touchée par la loi de 1969. Celle-ci a contribué au déplacement de certaines activités et au ralentissement de la croissance générale du secteur.

Mais les effets de la loi des brevets se font surtout sentir dans les centres de recherches. Les grandes entreprises n'ont pas intérêt à investir dans la recherche et à maintenir des équipes de

chercheurs sachant qu'elles n'ont aucune garantie d'amortir leurs coûts. Dans ce contexte, quel avenir un diplômé de l'Université de Montréal peut-il entrevoir au Canada si les possibilités de recherche sont singulièrement réduites par une législation et une concurrence franchement inéquitable ?

Certains groupes redoutent qu'une loi plus restrictive limite la concurrence et favorise une croissance trop rapide des prix des médicaments. Ces craintes paraissent largement excessives. L'industrie accepterait par exemple que la loi spécifie clairement que la hausse maximale autorisée des prix des médicaments ne dépasse pas celle des prix à la consommation. En outre, il faut se rappeler que les provinces et les institutions publiques de santé contrôlent entre 30 % et 40 % du marché canadien et disposent en conséquence d'une force de marchandage importante.

Il est possible que, sur une longue période, les prix des médicaments augmentent un peu plus rapidement que par le passé, bien que le garde-fou proposé par l'industrie offre des garanties suffisantes. Mais l'intérêt des consommateurs rejoindra finalement celui des producteurs et de toute l'économie, dans la mesure où le Canada pourra développer sans entraves des entreprises compétitives, dans un contexte comparable à celui qui prévaut dans les autres pays occidentaux. C'est pour cette raison que la proposition de l'industrie d'accorder un droit de propriété de dix ans sur les découvertes de nouveaux médicaments apparaît comme un minimum que le gouvernement fédéral ne peut refuser.

Ottawa est soucieux par ailleurs de ne pas trop affecter les entreprises génériques, dont la plupart sont situées en Ontario, et qui ont fleuri à l'ombre de l'amendement de 1969. Peut-être faudrait-il, après une certaine période d'adaptation, réévaluer la situation et examiner la possibilité d'établir un droit de propriété dont la durée serait de 17 ans comme partout ailleurs en Occident.

Les largesses aberrantes de la loi actuelle ont suscité une des rares résolutions unanimes adoptées par l'Assemblée nationale du Québec. À deux reprises, en juin 1984 et à l'été 1985, les deux partis ont demandé une modification à la législation fédérale afin d'offrir une meilleure protection à l'industrie du médicament. Le Canada, tout comme le Québec, ne peut se payer le luxe de faire des faveurs aux pays concurrents. Le gouvernement fédéral doit rétablir une situation qui a été totalement faussée par une intervention inopportune.

— ALBERT JUNEAU

March 25, 1986

TOO MUCH GENEROSITY

Can it be that the time has come to abolish one of the most costly and nonsensical give-aways that Canada has indulged in over recent decades? Since 1969, this country has provided no rights of intellectual property over pharmaceutical products. Under an amendment to Bill C-102, the Patent Act, the Department of Consumer and Corporate Affairs can grant an automatic licence to so-called "generic" drug manufacturers, who are then free to copy and market these medications. Canada is the only OECD member not to guarantee such a right to intellectual property. In all other countries pharmaceutical products are protected for at least 17 years.

In fact, there are two major players in this industry: on the one hand, the 64 pharmaceutical firms that carry out basic research and develop new products; and, on the other, the generic companies concentrating mainly on marketing. The former invest enormous sums in R & D -- \$85 million in 1984 -- of which they recover too small a share, because a large part of the market escapes them. The latter, whose outlay and risks are not as high, can, under the law, copy the inventor's formula and sell an imitation of his product, for a royalty payment of 4% of sales.

\* \* \*

After several years of beating around the bush, the federal government is now prepared to intervene to correct this anomaly. But how far is it willing to go? The question has yet to be answered. The Minister responsible, Mr. Michel Côté, has kept an open mind, but without taking a clear-cut position. His office let it be known yesterday that he would be tabling a bill in the House after the Easter recess. The new policy will be vital for Canada and Québec.

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The pharmaceutical industry employs some 16,000 people, most of them highly qualified, 7,000 of them in Québec. This is one of the rare industries in which Québec plays a leading role. The Montréal area, where the industry is largely concentrated, was directly affected by the 1969 law, which contributed to the transfer of some activities and to a general slowdown of growth in this sector.

But the impact of the Patent Act has been especially strong in the research centres. It was not to the advantage of the big companies to invest in research and maintain teams of experts, knowing that they had no guarantee of amortizing their costs. In such a context, what kind of future could a graduate of the Université de Montréal visualize if research possibilities were notably reduced by patently inequitable legislation and competition?

Some groups fear that a more restrictive law might limit competition and encourage an immoderate increase in the price of drugs. These fears seem largely exaggerated. The industry, for example, would accept that the law specify clearly that the maximum authorized price increase for drugs should not exceed the rise in the consumer price index. Moreover, we must remember that the provinces and public health institutions control between 30% and 40% of the Canadian market, and thus have a strong bargaining position.

\* \* \*

It is possible that over a long period the price of drugs would rise a little faster than in the past, though the ceiling proposed by the industry provides sufficient guarantees. But the consumer's interests will in the final analysis become identical with those of the producers and that of the whole economy, to the extent that Canada might be able to achieve untrammelled development of competitive companies, in a context such as prevails in the other Western countries. This is why the industry's proposal for granting property

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rights for ten years on newly discovered medications seems to be a minimum that the federal government can not refuse.

Ottawa, moreover, is anxious not to affect the generic companies unduly: most of them are in Ontario, and flourished in the shade of the 1969 amendment. Perhaps it would be necessary, after a certain period of adaptation, to review the situation and examine the possibility of establishing a property right for 17 years, as <sup>is</sup> ~~is~~ the case elsewhere in the Western world.

The senseless bounty of the present law has given rise to one of the rare resolutions to have been unanimously adopted by the National Assembly in Québec. On two occasions, in June 1984 and in the summer of 1985, both parties asked for an amendment to the federal act so as to give better protection to the pharmaceutical industry. Canada, like Québec, can not afford to grant favours to competing countries. The federal government must straighten out a situation that was completely distorted by its own inopportune interference.

--ALBERT JUNEAU

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**Editorial Pages**  
Sunday, March 23, 1986

# The hidden costs of generic drugs

One prescription that Prime Minister Brian Mulroney and President Ronald Reagan could not agree on at their Washington summit was what to do about generic drugs in Canada.

The Reagan administration has been pressuring Canada to boost levels of royalties paid to pharmaceutical companies that patent new drugs and to allow exclusive selling rights on them.

In Canada, copycat drug makers get an almost free ride on the research work of others. They copy patented drugs, produce generic versions and undercut the inventors' prices.

Canadian governments, consumers and taxpayers say: Why not? We're all for lower medical costs.

But let's face it. The generic drug makers are parasites in the world of ideas, legal but still plagiarists of the intellectual property of others. For the cost of a four-per-cent roy-

alty, a generic company here copies and sells a drug that may have cost another company millions to develop.

Overall, generic drugs cost half as much as the brand names they copy and in 1983 saved hospitals and pharmacies \$211 million, according to the federal Eastman Commission.

The commission suggested, sensibly, that higher royalties would encourage more research in Canada. But it doesn't want the generics abolished.

The generics' presence forces the research-based companies to develop genuinely new drugs, the commission said, rather than near-copies of their competitors' successful drugs which they pass off as "new."

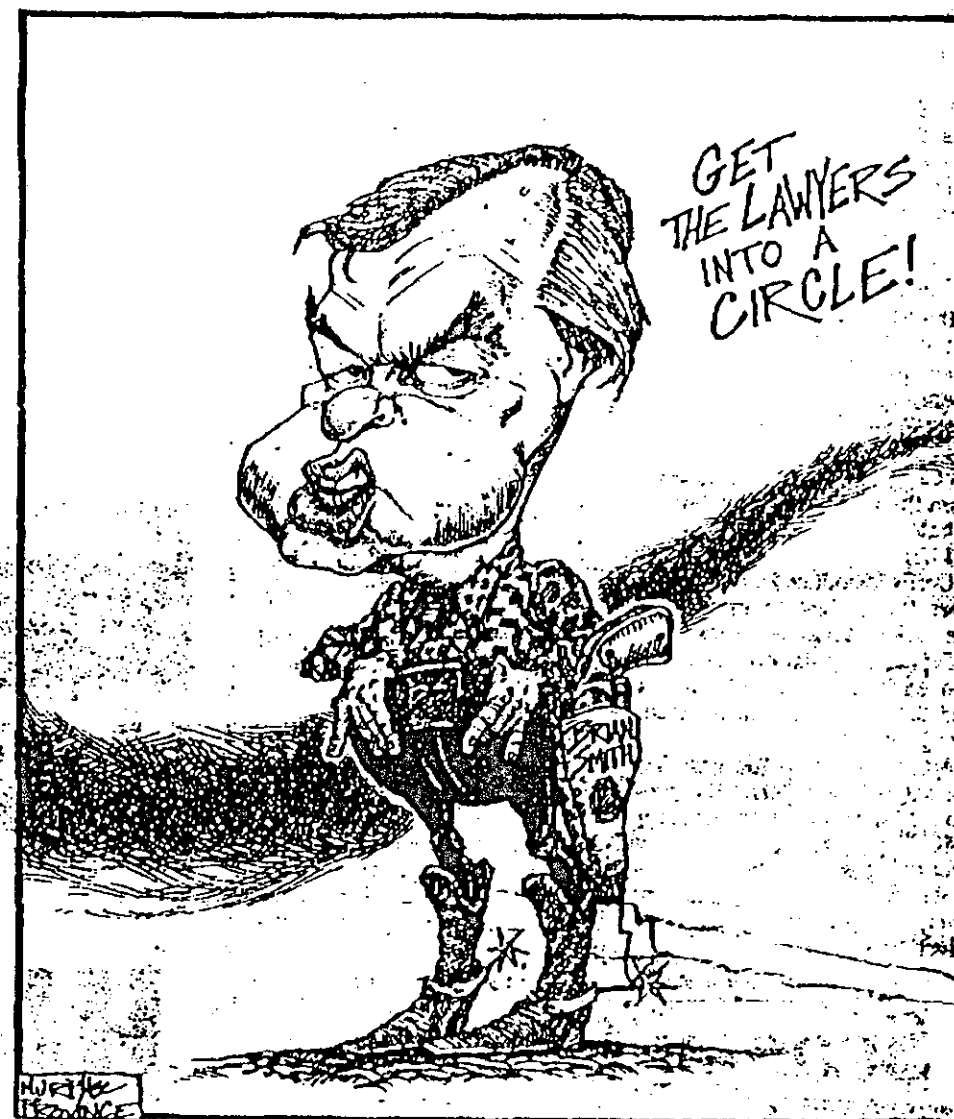
But the generic drug firms' free ride here practically cripples chances of Canadian research-based companies getting a decent start — when their product can be ripped off the minute it hits the market.

Ottawa must establish a fair exclusive rights period for new drugs and a royalty schedule that does not inflate prices too much yet still encourages the development of an innovative Canadian pharmaceuticals industry.

We have the brains, the trained people, the associated knowledge bases in university and medical research communities. It is short-sighted to waste an opportunity to become world leaders in a humane as well as profitable industry.

## Expectations

You know the natural laws of the universe must be changing when the fact that Finance Minister Hugh Curtis did not announce any personal tax increases in his budget last week is somehow accounted a gain for the taxpayers. Is it now more natural to expect tax increases?







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PMAC TRANSLATION

Le Journal de Montréal

Thursday, March 20, 1986

Jean Pelletier

"DO NOT SUBSTITUTE"

When a doctor prescribes medicine for a patient, he often adds the following words at the bottom of his prescription: "Do not substitute".

With these three words, the physician is telling the pharmacist not to replace the prescribed drug with a generic medicine, which is nothing but an almost perfect copy of a known brand.

The reason for this frequent warning is that generic brands, while marginally less costly than the original name brands and just as advantageous for the pharmacist and his customer, do not necessarily share all of the characteristics and advantages of the original name brand.

Canada, where the copy is king

Canada is the only country in the world where a company can coolly copy a drug, market it and pay only a measly 4 per cent in royalties to the pharmaceutical firm which developed it at a cost of millions, sometimes over decades.

In the United States and in Europe, pharmaceutical companies enjoy an exclusive 17-year patent prohibiting all copies.

~~What has this situation wrought? Several major pharmaceutical firms have simply packed up and left. Can anyone forget Ayerst's departure from Vaudreuil a few years ago? Three hundred highly specialized employees lost their jobs.~~

The brain drain

Today, bio-technology is at the leading edge of industrial developments, and no advanced society can hope to survive without it. The problem is that Canada is way behind in terms of research and that researchers who graduate from Canadian universities must leave the country to effectively use their talent.

The federal government must therefore amend the act it passed in 1969 without, however, penalizing the ordinary citizen.

.../

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### How?

The Pharmaceutical Manufacturers Association of Canada (PMAC) offers the following solution: the Federal government should protect patents against generic copies for a period of 12 years. In return, the industry agrees not to increase its prices, except for the effects of inflation.

According to Dr. Bergeron, of the Faculty of Medicine at the Université de Montréal, this amendment would give new life to scientific research in pharmacology and would also attract foreign investment to Canada.

Indeed, it is estimated that such an amendment would generate, just in Québec, capital investment of some 450 million dollars in 4 years and the creation of 850 jobs.

Would this be harmful to the consumer? Dr. Bergeron thinks not, since generic products cover only 10% of all medicines prescribed; in fact, the producers of generic drugs copy only those products which are profitable, and not necessarily those which are essential to our health.

Both the federal and Québec governments are in favour of amending Bill C-102, but they are slow to take action. What worries them is the reaction of consumer organizations, which do not realize that it is more costly to fall behind scientifically than to save a few pennies on generic medicines.

While the quality of a drug is not necessarily determined by its brand name, its discovery is. Canada needs a bio-technological sector on the leading edge to ensure the health of its population. Otherwise, we will all lose out.

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LA PRESSE, MONTRÉAL, JEUDI 13 MARS 1986

# Les entreprises qui inventent des médicaments seront mieux protégées

■ QUÉBEC (PC) — Le ministre de Consommation et Corporations Canada Michel Côté proposera sous peu des changements à la Loi sur les brevets ainsi qu'à la Loi sur le droit d'auteur, a-t-il annoncé hier.

Conférencier invité de l'Association des comptables agréés du Québec, dont il est membre, M. Côté a profité de l'occasion pour avertir que les changements apportés à la Loi sur les brevets étendront la protection des entreprises qui inventent et commercialisent de nouveaux médicaments.

Au cours du dîner, le ministre a serré la main de chacun des quelques 400 convives présents.

La Loi sur les brevets doit faciliter le transfert de la technologie et améliorer la position des entreprises canadiennes dans le

commerce international. Il est urgent de modifier les dispositions de cette loi en ce qui a trait à l'industrie pharmaceutique canadienne, a déclaré M. Côté.

Le ministre a souligné que toute extension de la période de protection accordée aux inventions dans le domaine des produits pharmaceutiques doit s'accompagner de deux corollaires.

Comme les mesures réduisant la période d'exclusivité de mise en marché prises en 1969 visaient à réduire le niveau de prix des médicaments pour le public canadien, tout changement à la période même d'exclusivité comportera de toute nécessité un volet assurant la protection du consommateur à l'égard d'augmentations de prix indues.

« Il n'est pas question que ce changement se fasse sur le dos

des consommateurs. »

« En deuxième lieu, tout changement à cette période d'exclusivité devra s'accompagner d'engagements précis de la part des sociétés innovatrices quant à la recherche fondamentale qu'elles entendent effectuer au Canada en retour d'une protection adéquate. »

## Propriété Intellectuelle

La Loi sur les brevets ainsi que la Loi sur le droit d'auteur assurent la protection de la propriété intellectuelle en reconnaissant à une personne le droit d'exploitation exclusif, pour un temps donné, de l'oeuvre qu'elle a conçue.

Dans le domaine du droit d'auteur, le gouvernement fédé-

ral a déjà annoncé qu'il considère comme prioritaires certaines modifications législatives.

« Les aménagements que je prévois favoriseront sûrement des investissements dans ces secteurs technologiques de pointe, » a souligné M. Côté.

« Par exemple, il faudra que cessent les pratiques injustes par lesquelles certaines personnes reproduisent et offrent en vente des copies de films, des copies de bandes magnétoscopiques et des copies de logiciels dont elles n'ont aucunement le titre de propriété.

« Cette forme de piraterie cause chaque année au Canada des pertes financières évaluées à plusieurs centaines de millions de dollars. »

PMAC Translation

[page 1 of 2]

Translated from La Presse, Montreal, Thurs. March 13, 1986

## INNOVATIVE PHARMACEUTICAL COMPANIES WILL BE BETTER PROTECTED

QUEBEC CITY (CP) -- Minister for Consumers and Corporate Affairs Michel Côté is about to propose amendments to the Patent Act and the Copyright Act.

Mr. Côté made the announcement yesterday at a dinner given by the Quebec Association of Chartered Accountants where the Minister was the guest speaker. Mr. Côté, who is a member of the Association, took the opportunity to announce that changes will be made to the Patent Act in order to expand the protection afforded to firms engaged in the discovery and marketing of new drugs.

The Minister shook hands with each one of the 400 guests who attended the dinner.

The Patent Act should be designed to facilitate technology transfers and improve the competitiveness of Canadian businesses on world markets. The Act's provisions as they apply to the pharmaceutical industry are in need of urgent improvement, Mr. Côté said.

The Minister stressed that any extension of the period of exclusive patent rights for manufacturers should be made contingent on two commitments.

First, since the 1969 amendments which limit the period of exclusive marketing rights were intended to bring about lower drug prices for Canadian consumers, any change to that period should contain safeguards against undue price increases.

"This change will not be made at the expense of consumers. That is out of the question" [the Minister said].

"Second, any change in the duration of exclusive patent rights must be accompanied by specific commitments from innovative companies concerning the amount of basic research which they intend to carry out in Canada in exchange for an adequate degree of protection" [he added].

(more)

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[page 2 of 2]

BETTER PROTECTED, cont'd - La Presse, Montreal, March 13, 1986

Intellectual Property Rights

The Patent Act and the Copyright Act are designed to insure the protection of intellectual property by granting individuals the exclusive right to work their innovations over a limited period of time.

In the copyright field, the federal government has announced that some amendments are to be given a high priority.

"The changes that I am considering will certainly promote investment in high technology sectors", the Minister stressed.

"For instance, we must to put an end to the inequitable practices of some people who duplicate and sell copies of films, videotapes and computer software to which they hold absolutely no title.

"It has been estimated that because of this type of counterfeiting, the Canadian economy is losing several hundred thousands dollars annually" [the Minister said].

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# Une loi qui brime la recherche

La Presse,

11 mars 1986

Un boxeur n'accepterait pas de livrer un combat avec un poing lié derrière le dos. Ce sont pourtant les conditions que le Canada impose à son industrie pharmaceutique depuis 1969.

Tous les autres pays accordent un brevet d'environ dix-sept ans à tout nouveau produit pharmaceutique pour permettre à l'inventeur de rentrer dans ses frais de recherche. Le Canada, en revanche, oblige l'inventeur à accorder une licence obligatoire à n'importe quel autre fabricant contre une redevance arbitraire de 4 pour cent du prix de vente. La recherche pharmaceutique a donc fui le Canada et, plus particulièrement, Montréal.

Il faut que le gouvernement fédéral abroge cette loi sur les licences obligatoires et donne aux chercheurs en pharmacologie la même protection qu'ont leurs confrères à l'étranger et la même protection qu'ont les autres chercheurs au Canada. Car il suffit de faire le parallèle: on trouverait aberrant que les entreprises aéronautiques canadiennes doivent céder tous les plans de leurs inventions — de l'avion-citerne, au bras spatial et aux simulateurs de vol — au premier venu, contre une redevance symbolique.

La loi de 1969 a été votée dans l'intention louable d'abaisser les prix des médicaments en obligeant les compagnies pharmaceutiques à diminuer leurs prix, parfois abusifs. Cette loi est elle-même abusive et elle a entraîné des conséquences démesurées: deux laboratoires de renommée mondiale, Ayerst et Hoffman-La Roche, ont quitté Montréal et des centaines d'emplois ont disparu. La recherche pharmacologique dans les universités et dans les hôpitaux a subi les contrecoups de ces départs.

L'industrie pharmaceutique innovatrice s'est depuis longtemps assagi quant aux prix de ses produits et elle est prête à accepter un certain contrôle. Un système de contrôle serait tout aussi efficace sans pour autant freiner la recherche que font les compagnies pharmaceutiques; aucun autre pays n'a suivi la voie tracée par le Canada et même des pays dont la médecine est fortement étatisée, comme la Suède et la Norvège, n'ont pas vu l'utilité de limiter l'exclusivité que donne un brevet.

Il reste encore de grands progrès à faire pour réduire les coûts des soins médicaux, mais la diminution des prix des médicaments n'en est qu'une petite partie et le moyen d'y parvenir n'est pas d'étouffer la recherche. On peut même supposer que les coûts des soins baisseront plus rapidement si la recherche pharmaceutique est encouragée.

L'Association canadienne de l'industrie du médicament estime à \$600 millions le manque à gagner de ses membres depuis l'introduction des licences obligatoires; la perte pour l'économie canadienne est vraisemblablement plus élevée. Cette considération est importante à une époque où les gouvernements cherchent à stimuler l'économie et surtout la haute technologie.

Parmi les domaines scientifiques qui sont sur le point de créer une toute nouvelle industrie, il y a la biotechnologie. Les restrictions actuelles sur la propriété intellectuelle pourraient étouffer dans l'oeuf cette nouvelle industrie au Canada. Si les chercheurs dans les universités, les hôpitaux et les entreprises ne trouvent pas les conditions légales qui leur conviennent, ils trouveront vite d'autres pays pour les accueillir.

Le gouvernement doit sans tarder tourner la page et revenir à un système qui a fait ses preuves et qui continue à le faire dans tous les autres pays.

Frédéric WAGNIÈRE

PMAC TRANSLATION

Translated from La Presse, Montreal, Tuesday, March 11, 1986

SCIENTIFIC RESEARCH VICTIMIZED BY LAW

by Frédéric Wagnière

No boxer would agree to fight with one hand tied behind his back. Yet, this is the type of handicap Canada has been imposing on its drug industry since 1969.

In all other countries, drug discoveries are protected by a patent which is valid for approximately 17 years so as to allow innovators to recoup the cost of their research. In Canada, by contrast, the government compels discoverers to grant a licence to any manufacturer in exchange for a 4 percent royalty on sales. As a result, pharmaceutical research has fled Canada in general and Montreal in particular.

The government must abolish its compulsory licensing system in order to give Canadian pharmaceutical scientists the same degree of protection they enjoy abroad and that all other scientists enjoy in Canada. As an illustration, one may wonder how would the Canadian aerospace industry like it if it had to give away the blueprints for all its innovations - from firefighting planes to the space arm and flight simulators - to all comers in exchange for token royalty payments?

The 1969 legislation was inspired by a commendable concern: to bring about a lowering in drug prices which were sometimes excessive. But the law is itself excessive and its impact has been entirely out of proportion: Two world-class manufacturers - Ayerst and Hoffmann La Roche - have left Montreal. Hundreds of jobs were lost in the process and pharmacology research in universities and hospitals has been seriously affected by these departures.

The innovative pharmaceutical industry has long taken a more reasonable line on pricing and it is willing to accept a degree of control. A system of controls would be just as efficient and would not discourage research in the industry; no other country has followed in Canada's footsteps; even countries such as Sweden and Norway where health care is largely state-directed have not deemed it useful to restrict exclusive patent rights.

Much remains to be done to reduce health care costs, to which drug prices contribute only a small fraction, but stifling scientific research is not the way. One would even suspect that encouraging pharmaceutical research will accelerate the decline in health care costs.

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The Pharmaceutical Manufacturers Association of Canada estimates that its members have lost \$600 million in sales since the introduction of compulsory licences; the loss to the Canadian economy is likely to have been even higher. This consideration should weigh heavily at a time when governments are trying to stimulate the economy especially in the high-tech sectors.

Biotechnology is one of the new industries about to be spawned by scientific research. Present restrictions on intellectual property rights could well nip this new Canadian industry in the bud. If the scientists working in our universities, our hospitals and our industries do not find here the legal protection they need, they will find other countries ready to welcome them.

The government must wipe the state clean as soon as possible and come back to a system which has proved and keeps proving its worth in the rest of the world.

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Globe & Mail March 10, 1986

## Patently unfair

Behind the existence of patent and copyright laws lies a principle that is appealing in its fairness and commonsense: that an individual or corporation which has put effort, ingenuity and money into the development of an original idea — a song, a book, a better mousetrap — has a natural entitlement to the benefits of the invention. It should not be automatically available to anyone able to come up with the materials to make a reasonably good copy.

Yet, lurking within Canada's Patent Act, we find Section 41 (4), which punches a hole in the principle. It is aimed specifically at those parts of the pharmaceutical industry most concerned with the research, development and marketing of new drugs, and it denies them the full protection given to most patent holders.

Inserted in the act as a government response to public concern about the rising costs of prescription drugs in the sixties, the section deprives the patent holders (mostly multinational pharmaceutical companies) of an exclusive hold on the proceeds of their products by passing a substantial piece of the action to firms (mostly Canadian) duplicating the drugs under "compulsory licence." In return, the generic firms hand over a royalty of 4 per cent on sales.

Results: an undoubted check on prices at the druggist's check-out desk, many happy Canadian consumers, a spurt in the growth of the domestic drug industry and, in some quarters, the feeling that a noble blow has been struck on behalf of the sick and the elderly.

The results are calculated in somewhat less satisfied terms by the Pharmaceutical Manufacturers Association of Canada, which sees little to admire in a system allowing easy access to the work of an innovative company that may have invested about 10 years and some \$100-million to invent and develop a new pharmaceutical treatment.

The association says that, on average, an inventing company has studied about 10,000 substances in the course of bringing one effective product to market. By contrast, the generic companies take no risk and create nothing new, content to wait for the inventing company to educate health care professionals on new products — then skim off the most popular for duplication.

The association's argument should carry weight with federal Consumer and Corporate Affairs Minister Michel Côté, reported to be poised to announce changes to Section 41 (4). He will be aware that Canada is the only country currently using this method to hold down prescription drug prices. (Others that tried it have since abandoned it.)

In shaping a better system, Mr. Côté has had the benefit of suggestions made in a report presented in 1985 by economist Harry Eastman, who recognized some of the unfairness in the deal. He recommended total patent protection for four years after the introduction of a new drug to the market, and an increase in the royalty to 14 per cent.

Within the 17 years of a patent's term, the PMAC would like 10 years of full protection from the time a new drug is introduced. It has offered a plan to monitor drug prices to ensure that they rise no faster than the rate of inflation if Section 41 (4) is repealed, and is ready to offer the inducement of heavier investment in Canadian research and development. (It anticipates that the removal of the offending section would, in itself, reverse the Canadian trend toward less research and development and fewer high technology jobs.) The PMAC says the generic segment of the industry would continue to grow.

The Eastman report nudges Mr. Côté in the direction he must take, but the case presented by the PMAC is strong enough to suggest he go a good deal further to bring fairness to the system.

Le Droit, Ottawa - Le 26 février 1986

## Nos chercheurs crient à l'aide

Selon toute vraisemblance le gouvernement Mulroney serait sur le point d'intervenir par voie législative dans le but de relancer notre industrie du médicament en favorisant les investissements dans le secteur de la pharmacologie. Il y a quelques jours, des représentants de compagnies pharmaceutiques et certains de nos plus brillants chercheurs tentaient de sensibiliser l'opinion publique aux conséquences extrêmement troublantes d'une politique qui a permis le développement au Canada d'une industrie parallèle du médicament générique.

Il faut se rappeler que l'ex-gouvernement Trudeau avait fait adopter en 1969 une série d'amendements à la Loi sur les brevets, la Loi sur les marques de commerce et la Loi sur les aliments et drogues afin de donner naissance à des entreprises spécialisées dans la "copie" de médicaments inventés par les grands de l'industrie pharmaceutique.

Par le biais de la Loi C-102, le gouvernement se trouve à déposséder l'industrie pharmaceutique traditionnelle du fruit de ses recherches. La loi ordonne aux compagnies détentrices de brevets de dévoiler tous leurs secrets afin que les médicaments provenant de leurs laboratoires puissent être littéralement "copiés" par des entreprises spécialisées dans la production de médicaments génériques.

Moyennant des redevances qui ne tiennent nullement compte des investissements souvent astronomiques qu'un grand du secteur de la pharmacologie doit consacrer au développement de nouveaux produits, un laboratoire n'employant souvent qu'un nombre réduit de scientifiques peut commercialiser ainsi certains médicaments susceptibles d'être très en demande. Tout le génie de ce genre d'entrepreneur ne consiste donc alors qu'à copier un médicament breveté de façon à pouvoir mettre sur le marché un produit ayant les mêmes propriétés.

Pour les actionnaires d'un laboratoire spécialisé dans la production de médicaments génériques, le rapport coûts/bénéfices est évidemment très avantageux étant donné qu'ils se trouvent à éviter les étapes les plus dispendieuses de la création scientifique.

Contrairement aux entreprises pharmaceutiques traditionnelles qui doivent investir des millions de dollars et consacrer souvent de sept à dix ans (et même plus) pour créer et tester un nouveau produit, les laboratoires qui se contentent de passer à la "Zerox" les inventions des autres n'ont souvent besoin que d'une année à dix-huit mois pour mettre au point un médicament semblable à celui que la Loi C-102 leur a permis de copier. Le Canada est le seul pays du Monde libre à avoir légalisé ce genre de pratique qui n'est rien d'autre qu'une forme de piraterie.

Chez-nous une industrie pharmaceutique voit son droit de propriété sur un médicament lui échapper aussitôt qu'elle en obtient la paternité juridique. Aux Etats-Unis et en Europe, une entreprise détient un droit de commercialisation exclusif sur un produit de sa création qui peut s'étendre sur une période allant de 17 à 20 ans. Ce délais est jugé nécessaire pour permettre une récupération des montants substantiels qu'il lui a fallu investir dans la recherche.

Des chercheurs de l'Ontario et du Québec, dont le célèbre endocrinologue Michel Chrétien de l'Institut de recherches cliniques de Montréal, dénoncent aujourd'hui la Loi C-102 qui a donné naissance à l'industrie du médicament générique. Selon le Dr Chrétien, l'expérience démontre que l'initiative législative prise en 1969 dans le but de susciter la concurrence dans l'industrie du médicament a surtout eu pour effet de décourager la recherche, provoquant ainsi l'exode aux Etats-Unis de certains de nos plus brillants spécialistes de la pharmacologie.

Une enquête menée pour le compte de l'Institut canadien de politique économique a permis de constater que la Loi C-102 a eu un effet limité sur les prix, étant donné qu'il n'y a que les dix-huit ou vingt médicaments les plus fréquemment prescrits dont le prix a fléchi. Par contre, le Canada a perdu près 2,800 emplois hautement spécialisés. Face au secteur de la recherche pharmaceutique nous avons maintenant le statut d'une république de bananes de pays de l'Est. Nos chercheurs ont tout à fait raison de crier à l'aide. C'est dramatique!

Alain DEXTER.

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### PMAC TRANSLATION

Translated from Le Droit, Ottawa, Wednesday, February 26, 1986

### OUR RESEARCHERS CALL FOR HELP

The Mulroney government appears ready to take legislative action in order to revive our drug industry by promoting investments in the pharmaceutical sector. A few days ago, industry representatives and some of the best brains in Canadian pharmaceutical research attempted to sensitize public opinion to the extremely disturbing impact of a policy which has allowed the parallel development of a generic drug industry in Canada.

It will be recalled that in 1969, the Trudeau government had passed a series of amendments to the Patent Act, the Trade Marks Act and Food and Drugs Act in order to allow the development of firms which specialize in "copying" drugs that have been discovered by the pharmaceutical industry major companies.

Through Bill C-102, the government has deprived traditional pharmaceutical manufacturers of the benefits of their research. The law compels patent-holders to disclose all their trade secrets so that their drugs can literally be "copied" by generic drug manufacturers.

In exchange for royalty payments that are completely out of tune with the often astronomical amounts that a major pharmaceutical company must invest in order to develop a new drug, a generic firm which typically employs only a small retinue of scientists can market a potentially successful product. The only ingenuity required for this sort of venture is an ability to copy a patented drug so as to bring to market a product having the same properties.

Obviously, shareholders of generic firms enjoy a typically favorable profit margin since they can dispense with the most expensive stages of scientific innovation.

By contrast with traditional pharmaceutical manufacturers who must invest millions of dollars and seven to ten years (if not longer) to develop and test a new drug, a generic manufacturer who is able merely to "Xerox" someone else's invention needs only twelve to eighteen months to develop a drug similar to the one that Bill C-102 allows him to copy. Canada is the only country in the free world where this practice - which is nothing short of piracy - has been made legal.

Here in Canada, pharmaceutical companies lose all property rights over new drugs as soon as they are granted legal title to their discoveries. In the U.S. and Europe, companies enjoy a 17 to 20 year period of exclusive marketing rights on the drugs they discover. This period is considered necessary in order to recoup the substantial amounts of money that have been invested in research.

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- 2 -

Scientists from Ontario and Quebec, including Dr. Michel Chrétien, a renowned endocrinologist with the Montreal Institute for Clinical Research, are denouncing Bill C-102 which has spawned the generic drug industry. According to Dr. Chrétien, experience has shown that the 1969 legislative action, which was aimed at promoting competition in the pharmaceutical sector, has in fact discouraged research and encouraged our best pharmacologists to seek career opportunities in the United States.

A survey conducted for the Canadian Institute for Economic Policy has shown that Bill C-102 has had but a limited impact on drug prices since only the 18 or 20 most frequently prescribed drugs have actually gone down in price. On the other side of the ledger, Canada has lost 2800 high-technology jobs. In the eyes of the scientific community, Canada's status is now comparable to that of a banana republic or a communist country. Our scientists have reason to call for help. The situation is dramatic.

- 30 -

THE VANCOUVER SUN

Monday, March 17, 1986

The Vancouver Sun

# Editorial page

## The drug lobby and its threats

The big drug companies seem to hold a fascinating attraction for the federal government, but Canadian consumers should be alert that this affair will cost them plenty unless they are vociferous in their protests.

The former Liberal government set up a royal commission in response to the lobby of the multinational drug companies. Its task was to find a way to give them more exclusive control over drugs and limit the licensing of generic substitutes for their brands.

The result wasn't quite what was intended, because Prof. Harry Eastman of Toronto recommended a number of changes in drug marketing that the big companies wouldn't like, such as stating contents and doses on their packages.

But Prof. Eastman did suggest one desired result: that the big companies be given four exclusive years before being required to grant licences for the manufacture of generic forms of their drugs.

But four years is not enough for the drug companies, and Consumer Affairs Minister Michel Cote has said he would like to give them six.

The result would be a hefty increase in drug prices.

The big companies are not exactly poor. They are coming off record years in the United States, where some have head offices. And they do very well in Canada — so well that the federal revenue department has been after them for back taxes. It is alleged that they have been artificially inflating the price they pay for raw supplies to affiliated companies in countries where taxes are lower than in Canada.

According to the Canadian Drug Manufacturers Association, the people who make generic versions of brand name drugs under licence, brand-name Valium costs \$80 a thousand five-milligram units; the generic version, diazepam, costs \$2.60 a thousand. Those are wholesale prices. The retail price is, to put it mildly, somewhat higher.

The big boys play rough. They have been lobbying, some say threatening, doctors to prescribe "no substitutes" — that is, no generic drugs. They threatened the government that they would pull their research operations out of Canada if they didn't get what they wanted. And they have been lobbying for the United States government to put pressure on Canada on their behalf.

As minister of consumer affairs Mr. Cote ought to be protecting consumers, not arranging for them to pay higher prices.

Fortunately provincial governments, which are alarmed about increased medicare costs (hospitals have to buy drugs), have taken the side of the consumers. So should Mr. Cote if he knows what's good for him.

# Keep generic drugs

Federal Consumer Affairs Minister Michel Cote has been under considerable pressure recently from the multinational firms that make brand-name drugs to curb the competition from the generic drug manufacturers. He was expected to introduce a bill that met the multinationals' demands this week. But Parliament rose yesterday for a 10-day Easter recess with no bill in sight.

If the delay means Prime Minister Brian Mulroney's cabinet is divided on the issue, that could be good news for consumers, insurance companies that underwrite drug benefit plans for employee groups, and provincial governments that pay for prescription drugs for hospital patients and the needy. The presence of generic drugs on the market, after all, saves consumers and taxpayers \$200 million a year, according to a recent study by University of Toronto economics professor Harry Eastman.

Generic drugs are the pharmacist's equivalent of the no-name product in the supermarket. They are legal copies of brand-name drugs and are equally effective in treatment. The difference in price, however, is substantial: In one Toronto drug store, 100 tablets of Valium were priced at \$8 while 100 tablets of the generic equivalent, diazepam, cost only 80 cents.

Generics exist because a section of the Patent Act permits their makers, mostly Canadian companies, to copy brand-name drugs and sell them by their generic names upon payment of a royalty to the patent-holder, usually a multinational company. The system, called compulsory licensing, has been in effect since 1969. Before then, Canadian drug prices had been among the highest in the world. Now they are among the lowest.

The multinational drug companies have been promising increased research and development and more jobs in Canada in return for repeal of compulsory licensing or, at the very least, a requirement that 10 to 12 years elapse before generic copies of a patented drug can be made and sold.

The problem, as Star writer Kathryn Warden reports on Page C1 today, is that the multinationals aren't specific about just how much investment in R & D they're prepared to make in Canada and how much employment would be generated. In effect, the Mulroney government is being asked to trade an unknown quantity of employment and research for a known saving in our health-care system.

If Mulroney, Deputy Prime Minister Erik Nielsen and Finance Minister Michael Wilson are really as keen as they say they are to curb public spending, they'll turn down the multinationals' offer and keep generic drugs on the market.

Toronto Star, March 27, 1986

s.19(1)

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March 27, 1986

Mr. [REDACTED]  
President,  
Pharmaceutical Manufacturers  
Association of Canada,  
500 - 1111 Prince of Wales Drive,  
Ottawa, Ontario.  
K2C 3T2

Dear Mr. [REDACTED]

On behalf of the Honourable Erik Nielsen, I  
would like to acknowledge receipt of your  
March 20, 1986 letter and enclosures.

Please be assured that your correspondence  
has been brought to Mr. Nielsen's attention.

Sincerely,

Original Signed by  
Original signé par

Norah Mulvihill  
Correspondence Assistant

NM/ld

s.19(1)

March 27, 1986

Dr. [REDACTED]  
Dean,  
Faculty of Pharmacy and  
Pharmaceutical Sciences,  
University of Alberta,  
3118 Dentistry, Pharmacy Centre,  
Edmonton, Alberta.  
T6G 2N8

Dear Dr. [REDACTED]

On behalf of the Honourable Erik Nielsen, I  
would like to acknowledge receipt of your letter dated  
March 19, 1986.

Please be assured that your correspondence  
has been brought to Mr. Nielsen's attention.

Sincerely,

Original Signed by  
Original signé par

Norah Mulvihill  
Correspondence Assistant

NM/ld



s.19(1)

**PMAC  
ACIM**

CDPM - CVPM

REFERRED TO  
TRANSMIS ANorah

24 MAR 1986

09 45

FILE NO.

DOSSIER NO.

4140-2CHARGED TO  
CHARGE APharmaceutical Manufacturers  
Association of Canada  
Association Canadienne  
de l'Industrie du Médicament  
500-1111 Prince of Wales Drive  
Ottawa Ontario K2C 3T2

Tel. (613) 727-1380

Telex 053-3122

Telecopier 613-727-1407

March 20, 1986

The Honourable Erik Nielsen  
Deputy Prime Minister and Minister of  
National Defence  
Room 209-S, Centre Block  
House of Commons  
Ottawa, Ontario  
K1A 0A6

**ACTION**

CC

CC

Dear Mr. Minister:

You will be aware that your colleague, the Honourable Michel Côté, has indicated his intention to introduce changes to Section 41 of the Patent Act in the near future to restore a more favourable climate for investment and employment in Canada's pharmaceutical industry.

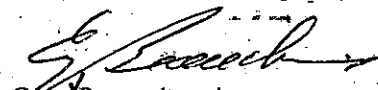
On behalf of the Pharmaceutical Manufacturers Association of Canada, which represents the innovative research-based sector of the pharmaceutical industry, I wish to bring to your attention a press release that I issued on March 14, 1986, to correct some misconceptions created by statements made by the Consumers Association of Canada.

Also attached is copy of a letter from the Quebec Federation of Senior Citizens by which they express their support for a change to the Patent Act.

I hope that we can count on your support for Mr. Côté's plans which, we believe, will benefit all Canadians.

Thanking you for your consideration, I remain,

Sincerely yours,



Guy Beauchemin  
President

GB/lbc



Pharmaceutical Manufacturers  
Association of Canada  
Association Canadienne  
de l'Industrie du Médicament  
500-1111 Prince of Wales Drive  
Ottawa Ontario K2C 3T2  
Tel. (613) 727-1380  
Telex 053-3122  
Telecopier 613-727-1407

PRESS RELEASE

FOR IMMEDIATE RELEASE

Contact: Guy Beauchemin, President

Ottawa, March 14, 1986 - Generic drug products will still be available to Canadian consumers and drug prices will not increase more than the consumer price index if Canada's Compulsory Licensing law is changed, according to the Pharmaceutical Manufacturers Association of Canada.

Responding to statements of the Consumers Association of Canada here today, PMAC President Guy Beauchemin said "Generic products now on the market will remain on the market and over the next five years, as patents expire, three times as many products will be available for generic imitation as have been available over the past five years."

In addition, the industry has guaranteed the federal government that prices on its brand name products will not increase more than the consumer price index and has recommended a price monitoring program.

As it now stands, Canada provides no patent protection for the inventions of pharmaceutical researchers. The innovative pharmaceutical industry, through the PMAC, is seeking changes to the Patent Act to change at least 10 years patent protection on their inventions.

Mr. Beauchemin pointed out that on average, each new pharmaceutical treatment takes 10 years and costs \$100 million to develop. Income earned on the sale of its products pays for on-going research and development to develop new and improved pharmaceutical treatments.

"The generic companies, on the other hand, do no research, take no risks and create nothing new. It is the research of the innovative pharmaceutical industry which guarantees Canadians access to continually new and improved treatments."

According to Mr. Beauchemin, the PMAC is working closely with the Federal and Provincial governments to try to achieve cost containment in the health care system while not lessening access by consumers to pharmaceutical products at reasonable costs.

.../

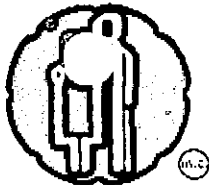
- 2 -

He stated that consumers' best interests are served not only by having access to reasonably priced pharmaceuticals, but also through the development of new therapies for diseases such as cancer, AIDS, arthritis, and Parkinson's disease.

"Innovation is cost containment: new and improved pharmaceutical treatments already have and will continue to save Canadians hundreds of millions of dollars in health care costs by reducing the need for surgery and hospitalization, shortening hospitals stays, and reducing lost work time", he said.

Mr. Beauchemin noted that the PMAC has invited the Consumers Association of Canada to discuss the issue but the invitation has been declined.

- 30 -



FADOQ

**La Fédération de l'Âge d'Or du Québec**  
**Quebec Federation of Senior Citizens**Affiliations: Association Internationale Francophone des Aînés (A.I.F.A.)  
Fédération Internationale des Associations de Personnes Âgées (F.I.A.P.A.)

Montréal, le 18 mars 1986

Association canadienne de  
l'Industrie du médicament  
16701, Route Transcanadienne  
KIRKLAND (Québec)  
H9R 4T8

A l'attention du docteur John Zabriskie

Docteur [REDACTED]

Au nom de la Fédération de l'Age d'Or du Québec,  
j'aimerais réitérer l'appui que nous vous avons offert l'an der-  
nier en faveur d'un changement à la Loi des brevets ainsi que nous  
vous l'avions d'ailleurs exprimé lors de notre congrès annuel.

En effet, la Fédération de l'Age d'Or du Québec  
est favorable à ce qu'une période suffisante d'exclusivité soit ac-  
cordée aux détenteurs de brevets pharmaceutiques.

Nous vous prions de recevoir, Docteur [REDACTED]  
l'expression de nos sentiments les meilleurs.

La présidente,  
[REDACTED]

RAL/rfd Réf.: DG-86-59

s.19(1)

PMAC Translation

Quebec Federation of Senior Citizens  
4545 avenue Pierre de Coubertin  
P.O. Box 1000, Station M  
Montreal, Quebec  
H1V 3R2  
(514) 252-3017

Montreal, March 18, 1986

Pharmaceutical Manufacturers Association of Canada  
16701 Trans-Canada Highway  
Kirkland, Quebec  
H9R 4T8

Attention: Dr. [REDACTED]

Dear Dr. [REDACTED]

On behalf of the Quebec Federation of Senior Citizens, I wish to once again express the support we offered you last year for a change to the Patent Act, as discussed in the course of our annual meeting.

The Quebec Federation of Senior Citizens believes that a sufficient period of exclusivity must be given to the holders of pharmaceutical patents.

Yours sincerely,

[REDACTED]  
President



University of Alberta  
Edmonton

Faculty of Pharmacy and Pharmaceutical Sciences

Office of the Dean

Canada T6G 2N8

REFERRED TO  
TRANSMIS A.

Industry/Pharmacy Centre, Telephone (403) 432-3362

26 MAR 1986 15 19

*original sent to both MND*

*March 19, 1986*

FILE NO.  
DOSSIER NO. 4140-2

CHARGED TO  
CHARGE A

DND-ASSOC / MND

Referred to  
Transmis a. *Linda*

MAR 25 1986

Hon. E. Neilsen  
Deputy P.M.  
Minister for National Defence  
209S Centre Block  
House of Commons  
Parliament Building  
Ottawa, Ontario  
K1A 0A6

ACTION
CC
CC

File No.  
Dossier No. 269-2-B

Charged to / Charge a.

Dear Mr. Neilsen:

From recent newspaper articles and televised programs I note that the Government of Canada is now considering changes to the Patent Act to provide a period of exclusivity for the inventor. I would urge you to support these changes for a period of exclusivity as is the case in other countries. The reasons for supporting these changes are as follow:

1. The purpose of the Patent Act is to encourage research and as such is a major factor in a Science Policy for Canada.
2. Commercial developments in Alberta are dependent on patent protection. Some of these are BIOMIRA (23 employees increasing to 80 in three years) and Chembiomed (approximately 80 employees). The potential for growth and exports are substantial in the biotechnology area and are vital to the diversification of the economy in Alberta. Lack of federal support in the tradition areas makes this need more imperative.
3. The Advisory Committee on Biotechnology has recommended that intellectual property (Patents) be strengthened by removing the provision for compulsory licensing of pharmaceuticals. This would still leave the provision for compulsory licenses for abuse of patents.
4. The Eastman Commission which was to inquire into the pharmaceutical industry prepared a biased and incomplete report. Despite seven submissions by universities and representation by universities at the hearings there is no mention of university research in the Report. Patents are also held by the universities and they are also discriminated against by the current legislation.
5. Attempts to attract Japanese firms to Alberta to do research or establish joint ventures are hampered by the current Patent Act. Not only is there compulsory licensing, there is only weak protection in comparison to U.S. patents.

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6. The general direction taken in the handling of intellectual property under the Copyright Act should be reflected in changes to the Patent Act. Is it more important to encourage rock and roll musicians than medical researchers?
7. Research in the Faculty of Pharmacy needs linkage to industrial firms, in fact we are encouraged to do this by the federal government, yet firms in the pharmaceutical area are increasingly reluctant to enter into agreements with us due to the negative investment climate in Canada. This has a direct negative impact on our research funding and graduate teaching program. As you know there will be no increases in Medical Research Council funding that will be available to us over the next five years.

~~As a Cabinet member from the Alberta area~~ I would ask you to take our views into account in the Cabinet discussion and realize the strong negative impact of the current legislation in this province. Let me assure you that this will not have a significant impact on drug prices. It will ONLY apply to new products after they have been on the market for several years. There is no immediate impact. In the meantime there are substantial immediate benefits.

You should also be aware that most elderly and poor people have coverage to protect them from major expenditures for drugs. There are relatively few people who have difficulty in paying for medication and any difficulties in this respect are better dealt with by helping them rather than the current course of action that has so many perverse effects. You may wish to review with your staff or those in Consumer Affairs the evaluation of the former government's five point program to reduce drug costs - it showed an abysmal ignorance of the structure and function of the industry.

Recently, in meeting with the President of the Consumer Association of Canada it was apparent that their Association was not aware of the research in Canadian firms and the negative impact of compulsory licensing.

Your support on this important matter is requested. Should you require further information I would be pleased to discuss the matter with you.

Sincerely,



Dean  
and Chairman of Patent Committee  
University of Alberta

555 UNIVERSITY AVENUE  
TORONTO, ONTARIO  
CANADA M5G 1X8  
PHONE ) 597-1500

# THE HOSPITAL FOR SICK CHILDREN

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16 APR 1986 08 34

FILE NO. 4140-2 ✓  
DOSSIER NO. 4215-2

CHARGED TO  
CHARGE A

Number 19,  
7030 Copenhagen Road,  
MISSISSAUGA, Ontario,  
L5N 2P3  
March 13, 1986

Editor,  
The Toronto Star,  
One Yonge Street,  
Toronto, Ontario,  
M5E 1E6

Dear sir/madam:

The stance adopted by the Toronto Star on the Editorial page of the February 24th edition regarding suggested changes in the Patent Act regarding generic drugs is a concerned but shallow consideration of the issue. In order to put the matter in perspective, we must consider a few basic premises.

The proposed changes in the Patent Act are not intended to sweep generic drugs off the market; rather, they are planned to provide a period of patent protection for the company that developed the drug before another manufacturer can market a generic product. The present situation, as stated, is that generic manufacturers must pay the original developers of the drug a four per cent royalty. Is this reasonable?

The development of new drugs is a process fraught with risk and considerable expense. Millions of dollars are expended to develop new agents to prevent, treat or control disease, agents that can take years of laboratory research and clinical trials to become marketable. During this process, many drugs are rejected after time and money has been spent in developing them because of unexpected side-effects or inadequate activity. The costs of this research has escalated alarmingly over the past two decades.

What is the research burden on those who bring generic drugs onto the market? At the present time, anyone wishing to market a generic drug is required to submit documentation on the drug's efficacy (these studies are done by the company originally developing the drug) and perform a study demonstrating that the drug that they wish to market has seventy per cent of the activity of the original drug. A study to establish this can be done quickly and, in comparison to the original developmental work, very cheaply. Therefore, all the risks and most of the investment in the development of new drugs is borne by the original developer; it is not unreasonable to expect them to be able to recover their research and development costs.

This then raises a second issue, perhaps of more fundamental importance. First rate medical care is no longer possible without first rate medical research. The funds for this increasingly expensive activity are not in oversupply. The Federal Government, trapped by a large deficit, is unlikely to be able to increase spending on medical research over the six per cent increase outlined in the recent Budget. Although the idea of pharmaceutical companies funding medical research is distasteful to some, it is important to remember that the wide-spread use of insulin, the development of industrial synthesis and thus general availability of antibiotics, and many other remarkable advances in the control of humanity's scourges have come from research funded by drug companies. The Star has noted, quite correctly, that there are inadequate funds for research available in this country. The Honourable Frank Oberle, Canada's Minister of State for Science, has stated that the Federal Government will match dollar-for-dollar contributions from the private sector for medical research up to six per cent of the previous year's budget. One has to



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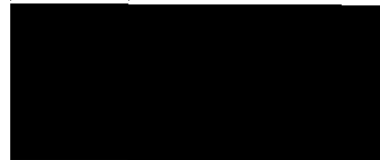
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Under whether this money will be forthcoming if there is no assurance of a reasonable return. Whilst not plaster saints, surely the pharmaceutical manufacturers are not all devils either! Canada has had a proud tradition of medical research; to a great measure, whether we walk into the Twenty-First Century with heads held high or shuffle in as technopeasants depends on decisions made now. The pharmaceutical companies will spend the money; they will do the research. For the good of Canada, and all Canadians, it behooves us to ensure that as much as possible of it is done here.

This brings me to a final point. It is true that prescription drugs are felt to be expensive. However, let us look at both some of the alternatives and some other forms of spending. The annual per capita consumption of alcohol and cigarettes exceeds that of prescription drugs by a considerable margin. The true value of prescription drugs, though, is in the alternatives that they prevent. Effective and safe prescription drugs have allowed therapies that once were disabling or required hospital admission to be done on an out-patient basis. Fewer days are lost from work; fewer expensive hospital beds are occupied, and health and wellbeing is improved. New therapies are being developed to further extend these benefits; it is false economy, "penny-wise and pound-foolish", to save money on drug costs now and forfeit drug development for the future.

I hope that you find these few thoughts illuminating.

Yours truly,

A large black rectangular redaction box covering the signature of the sender.

MJR/csp  
cc: Hon. J. Epp  
Hon. M. Cote