

Prescription piracy: a bitter pill

By CHARLOTTE CAVE
Research oriented pharmaceutical companies can brush generic firms off their coat tails with the federal government's proposed Bill C-22 — a plan to end prescription piracy.

And for Stouffville's McNeil Pharmaceutical, traditional copycat medicines have been a bitter pill for research and development firms to swallow.

Bill C-22 is significant for two reasons. First, it will influence the future of Canadian medical research. Second, it will affect McNeil Pharmaceutical — and that means tax dollars, jobs and community contributions.

The legislation proposes

that pharmaceutical companies like McNeil be allowed a ten-year period of exclusivity to recoup the heavy costs of their research and development in bringing new medicines to the market.

Since 1969, generic firms have been allowed to copy the inventions of these research-oriented companies and market the copies by paying a nominal four per cent royalty to the originator.

This has made it increasingly difficult for innovative firms to viably develop new products.

As President of McNeil, Les Gagnon explains how it takes a drug company about ten years and \$100 million to bring a new product to market. At

best, it's a risky business.

It was only a few years ago McNeil launched what it thought would be a major product only to withdraw it within its first few years of market life because of potential side effects.

"We had done extensive research and marketing on it," comments Mr. Gagnon. "We thought we had a top-notch product but, because we didn't want to take any chances with the public's health, we took it off the market."

"It had a profound effect on everyone associated with our company and it was a tough loss to digest financially. These are the types of risks we take in our business."

"The current law allows compulsory licensing and virtually ignores this tremendous investment in developing new medicines; we as an industry make, by not providing us with any intellectual property protection," he added. "Any copycat can legally come along and duplicate our formula and start selling a similar product."

"Of course, their prices can be lower because they don't have the ten years or \$100 million to recoup. You surely can't survive long in any business if you can't even cover costs."

"Canada is the only country in the Western world that does not give protection to pharmaceutical discoveries and our industry in this country is the only one to go unprotected. Internationally, Canada has the reputation of looking the other way in allowing this type of piracy to go on."

"With a history of many major contributions to Canadian healthcare, the innovative manufacturers can't understand why they have been singled out as the only industry to face such unfair patent laws," argues Mr. Gagnon.

"We're not asking to put the generic companies out of business. All we're asking for is the same intellectual property protection granted any other industry in Canada and the same protection granted the pharmaceutical industry in the rest of the Western world. We want what every other originator of an invention has in

this country, and that is, a head start in the market to recover our investment.

Stouffville Dr. Don Petrie is sympathetic to McNeil's plight.

"We seem to have taken for granted things like the polio vaccine, penicillin, rabies vaccines and many other fine discoveries. We've come a long way in medical research



McNeil's Les Gagnon

but there's so much more to do — in cancer and heart disease and AIDS research for example. We need the research and development that the innovative firms have brought to this country."

Doug Widdifield, a local pharmacist, sees the issue as plain and simple.

"If we want the research to develop new medications and solutions to our current medical problems in Canada, we must be prepared to give these drug manufacturers the room and protection they need to carry on their innovative work. There has to be patent protection, otherwise there will be no new medicines."

Markham pharmacist Bill Crothers also feels the innovative companies should have a few years of patent protection to ensure the survival of research in Canada.

And to allow for unforeseen delays in bringing the product to market, he suggests this protection be from date of market entry and not from discovery as it is now.

Until recently, it was taking

generic companies seven to nine years to enter the market. Lately, it's been closer to four and since the threat of a change in the law, there are companies asking to produce drugs that have not yet passed government approval.

"By paying the minimal four per cent royalty, the generics have been allowed to walk away with the lion's share without doing anything but copying," Mr. Gagnon points out. "Novopharm, one generic manufacturer, has more prescriptions filled with their product than any other company in Canada and is the 15th largest pharmaceutical company with sales in excess of \$40 million."

"Another generic company, Apotex, has worldwide sales of over \$100 million. Two-thirds of the Canadian multinationals do not have sales this high."

"The generic threat is no longer small business. It's large enough to erode any incentive to carry on pharmaceutical research and development in Canada."

Recent government studies estimate the introduction of new pills and vaccines in just six therapeutic categories has saved Canadians about \$750 million annually in shorter hospital stays, reduced surgery, faster recoveries and quicker returns to work.

"If Canadians want and expect business and science to continue this fine work to find medicines for diseases like



Bill Crothers

cancer, spinal cord damage, arthritis, multiple sclerosis and muscular dystrophy, and we know they do, then they must allow us the protection and returns to do so," states Mr. Gagnon. "The innovative companies have done a lot but there is so much more to be done."

"The proposed amendments to extend the patent protection to ten years in this context is hardly going to be a high price to pay. The consumer will be protected by a government prices review board that will ensure prices do not accelerate faster than the rate of inflation."

"And should the legislation be approved, we as an industry are committed to doubling our investment and research as a percentage of our sales over the next ten years. This will create many new opportunities for jobs for Canadians."

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AREA 'B' Newmarket 895-5155, 773-1219
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1. Parents/Guardians must be public school supporters.
2. To be eligible for admission in September 1987, children must have been born on or before December 31, 1982. Verification of birthdate and record of immunization on the standard OMA Record Forms (available in your Doctor's office) are required. Application forms for birth certifications are available in the schools.
3. If a school receives more registrations than it can accommodate, all registrations received before April 1 will be treated equally as far as date of registration is concerned. Registrations received on or after April 1 will be sequenced and the date of registrations will be the criteria used to determine which pupils may be required to attend another school unless there are sufficient volunteers to do so.

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