



NEWS RELEASE

Canada's inadequate patent protections for pharmaceuticals hampering innovation and economic growth

January 24, 2017
For immediate release

VANCOUVER—Strengthening protections of intellectual property rights for pharmaceutical drugs would encourage innovation of new medicines, create high-skilled jobs and grow the economy, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Canada is a laggard when it comes to protecting pharmaceutical patents, which puts a chill on innovation and creates uncertainty as to whether the risky and costly investments to develop new medicines will be recovered,” said Kristina Lybecker, Fraser Institute senior fellow, associate professor of economics at Colorado College and author of *Intellectual Property Rights Protection and the Biopharmaceutical Industry: How Canada Measures Up*.

The study finds Canada's once-bustling biopharmaceutical sector, which contributes more than \$3 billion to the Canadian economy annually, has seen total research and development (R&D) investments fall below \$1 billion since 2011.

In fact, from 2001 to 2015, pharmaceutical R&D spending declined by 20 per cent.

And while patent applications have been increasing around the world, they actually declined in Canada by 8.6 per cent between 2006 and 2012. Canada is also in the bottom five among G20 countries for biopharmaceutical patents filed by its own citizens.

So why is this happening?

Because Canada's intellectual property rights protections fall short in several areas.

Crucially, Canadian law does not provide a patent restoration term to innovators to compensate for patent life lost due to regulatory requirements and administrative delay.

Both the U.S. and European Union provide a patent restoration term of up to five years beyond a patent's 20 year life.

Likewise, the data generated through clinical trials for new medicines—which can consume up to 60 per cent of the cost to develop a drug—is only protected for a maximum of 8.5 years in Canada before competitors can access the data to manufacture generic copycat versions.

In the U.S., data protection is granted for a maximum of 12 years and 11 years in the E.U.

Consequently, the U.S. Chamber of Commerce in 2014 ranked Canada 15th out of 38 countries on the Intellectual Property Index, alongside countries such as Malaysia (17), Mexico (18), Russia (20) and China (21).

“Canada's intellectual property rights regime should be strengthened to not only spur innovation, but bolster the economy as well,” Lybecker said.

“At the very least, given Canada's international trade agreements, biopharmaceutical patent laws should match protections afforded in the U.S. and the E.U., two jurisdictions that benefit economically from the high-tech medical sector in ways Canada does not.”

MEDIA CONTACTS:

Dr. Kristina Lybecker, Senior Fellow
Fraser Institute

For interviews with Dr. Lybecker, please contact:

Bryn Weese, Media Relations Specialist, Fraser Institute
(604) 688-0221 ext. 589

bryn.weese@fraserinstitute.org

[Follow the Fraser Institute on Twitter](#) | [Like us on Facebook](#)

The Fraser Institute is an independent Canadian public policy research and educational organization with offices in Vancouver, Calgary, Toronto, and Montreal and ties to a global network of think-tanks in 87 countries. Its mission is to improve the quality of life for Canadians, their families and future generations by studying, measuring and broadly communicating the effects of government policies, entrepreneurship and choice on their well-being. To protect the Institute's independence, it does not accept grants from governments or contracts for research. Visit www.fraserinstitute.org