

# Intellectual Property, the TPP, and Global Innovation in the 21<sup>st</sup> Century

**Lee Branstetter**

**Nonresident Senior Fellow**

**Peterson Institute for International Economics**

**Professor of Economics and Public Policy**

**Carnegie Mellon University**

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# Joe Stiglitz and Orrin Hatch hardly ever agree on anything...



Senator Orrin Hatch  
R - Utah



Professor Joseph Stiglitz  
Columbia University

But they are united in their opposition to TPP's treatment of intellectual property rights for new drugs.

# The case for strengthening pharma IP

- **Pharma innovation is critical for human welfare.**
- **The American “pharmaceutical Marshall Plan” is coming to an (inevitable) end.**
- **Trade agreements are a forum in which nations can agree to divide the burden of funding new drug development more equitably.**



The National AIDS Memorial Quilt,  
Washington, DC, 1992

# The sticking point: longer data protection for biologics

- **Biologics are drugs based on biotechnology rather than chemistry.**
- **Industry wanted 12 years of data protection for biologics.**
- **NGOs and patient advocates wanted no more than 5.**
- **The compromise: 8 years of protection.**



# A workable compromise on biologics

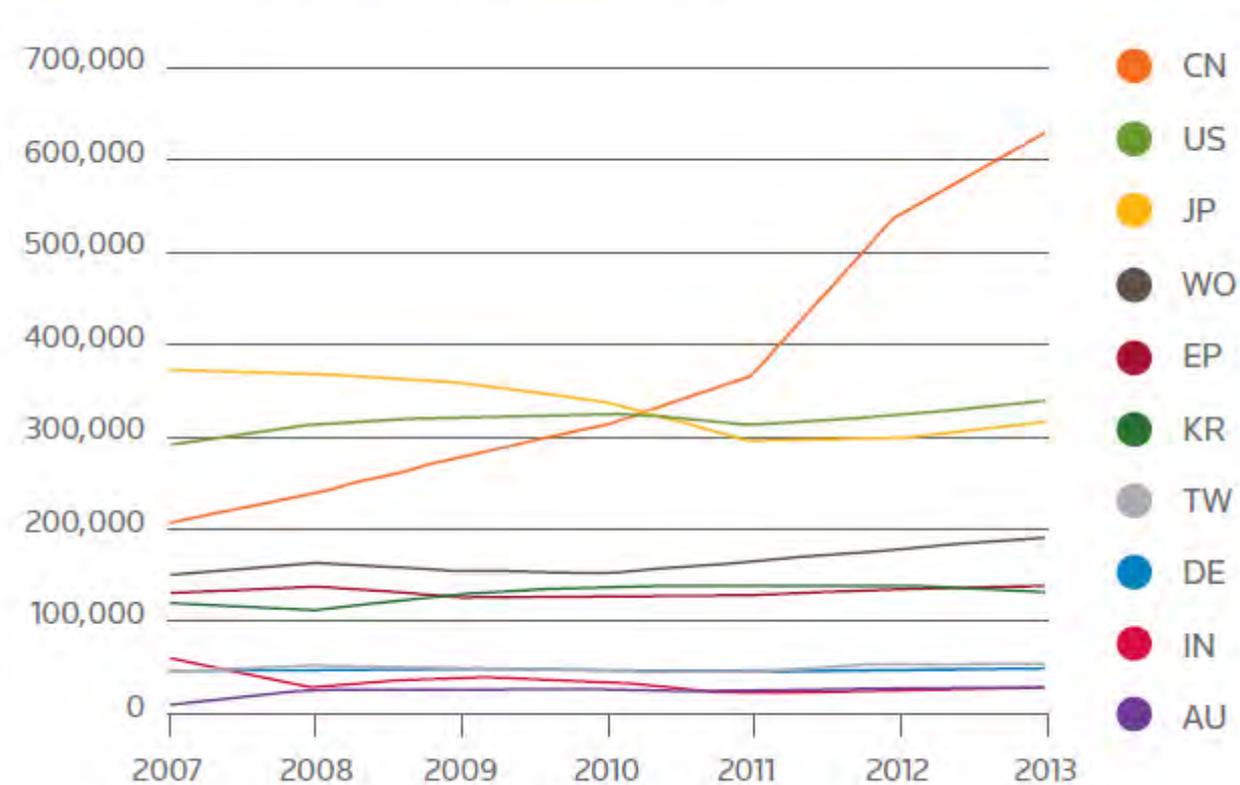
- **Will anything less than 12 years of data protection lead to an innovation apocalypse?**
- **No, because complexity cuts both ways.**
- **Biosimilars are likely to require (small scale) clinical trials.**
- **This means that biosimilar entry will be less frequent, less rapid, and will offer less of a discount than small molecule generic entry.**
- **Will anything more than 5 years of data protection lead to a catastrophic loss of access?**
- **No, because complexity cuts both ways.**
- **Biosimilar entry will be delayed by the need for clinical trials.**

# The TPP will not trade away our health!

- **Most of the controversial provisions were included in earlier TRIPs-Plus FTAs. These have had no statistically significant impact on imported drug prices, longevity, infant mortality, or the ratio of health expenditures to GDP.**
- **Most drugs available for treatment of disease are already generic – and therefore unaffected by TPP.**
- **Member states retain broad leeway to influence drug prices.**
- **Member states retain the right to employ compulsory licensing in the event of a public health emergency.**

# Can Chinese innovative dynamism save the world?

INVENTION PATENT APPLICATIONS 2007-2013



Source: Derwent World Patents Index® and Thomson Innovation®

# **Harnessing China's innovation potential through international partnerships**

- **Roughly 95% of indigenous Chinese patents are judged by their inventors to be not worth patenting abroad.**
- **Patents produced by Chinese inventors working for MNC R&D labs in China appear to be at least as good as the patents generated by MNCs in their own country.**
- **China needs to remain open to Western investment and it needs to protect Western IP.**
- **The West needs to remain open to Chinese goods, and should not fear the globalization of MNC R&D**