IPR & Access to Innovation: Evidence from TRIPS
by Margaret Kyle & Yi Qian

Comments
Rosemarie Ziedonis
Hoover IP2 Workshop
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[Image of pills]
A Dynamic Duo

DO NATIONAL PATENT LAWS STIMULATE DOMESTIC INNOVATION IN A GLOBAL PATENTING ENVIRONMENT?
Yi Qian*

The role of firm characteristics in pharmaceutical product launches
Margaret K. Kyle*

INVESTMENTS IN PHARMACEUTICALS BEFORE AND AFTER TRIPS
Margaret K. Kyle and Anita M. McGahan*
...tackling vital Qs

• Q1: Effects of patent rights on
  • innovation incentives and use?
  • market entry and pricing decisions?
  • access to new medicines?

• Q2: “Net” effects of TRIPs on market entry & product access in the global pharmaceutical industry
  • stronger patents post-TRIPs
  • but...“treated” countries often non-compliant
    • price controls, compulsory licenses, patent/reg approval process, courts
  • and...even if comply, private incentives to stay out?
    • patients & insurers able/willing to pay?
    • entry = costly
Example

GILEAD
Advancing Therapeutics. Improving Lives.
• cures Hep C in ~80% patients w/ minimal side effects
• priced high in US:  $1k per pill, or $84k for typical treatment
• facing political push-back: Senate Finance Committee, Veterans Administration, Insurers, Government Officials
• in a “battle for payers” with rival AbbVie
  • reportedly discounting price to payers like Express Scripts by ~50% for inclusion on formulary list
  • in return, payers agree to cover patients at earlier disease stages, thus expanding quantity sold
Much More At Stake:
Millions of Known Hepatitis C Patients, 2014
“We’ve negotiated with the aim of increasing access,” Paul Carter, Gilead’s executive vice president for commercial operations, said in the conference call.
Why This Study is Important

• Reminds us that “treating” countries with stronger patent rights is a small part of a much bigger problem
  • lots of ways for a country to be non-compliant
  • even if patent protection is strong, barriers to enter/distribute new drugs are often high

• Does so with remarkable...
  • data (at molecule/country/quarter level)
  • creativity & skill (exogenous factors affecting drug-level likelihood of being “treated” with stronger patents)
  • understanding of the complex realities underpinning their data
Suggestions/Wishes

- Nit-picky
- Terminology: “Originators”?
Originators

- Bo Diddley
- U Roy
- Claire Carmichael
Suggestions/Wishes

- Other nit-picky
  - Narrow scope? (maybe pricing + launch only; quantity in appendix?)
  - On Instruments: explain why post-TRIPs compliance is unlikely to affect Y directly
- More substantive
  - Let firms play a more active role
    - some have sunk huge pre-TRIPs country-specific investments, while others have not — compare?
    - technical: cluster errors at firm + country level
  - Tell us more about trade-offs in the “middle” (is this where the margin is more binding?)
- Wishes
  - Examine shifts in firm-level investments (adv, infrastructure) more directly?
  - Replicate & join forces?
  - Set the paper free! (about Q2, net effects of TRIPS)
In Sum

• An ambitious, important research agenda

• “Wow”