

We would ask your Committee to assess carefully the real value to Canadians of obtaining the price reductions represented by the Paul Maney and Gilbert products.

Further, we would ask you to consider whether Section 41 of the Patent Act does not in fact constitute a disservice to the true national interest. It discourages serious research and investment—and there is always a danger of a forced licence getting into the wrong hands, which could create significant drug safety hazards. Conversely, effective use of Section 67 of the Patent Act would not only prevent any abuse of pharmaceutical patents, it would also encourage the expansion of research-based manufacturing in Canada.

Finally, we would draw to the attention of the Committee a further way in which Section 41 weakens drug patents and so discourages investment by research-based companies. The section states that process patents only can be granted “in the case of inventions relating to substances prepared or produced by chemical processes and intended for food or medicine.” In compulsory licence cases this has been treated by the Commissioner of Patents and the courts as a reason to base royalty rates on the price of the chemical substance to which the patent refers rather than that of the finished product, which provides the true

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significance of the patent. The Ilsley Committee recommended that the Act should be revised to allow product patents, and we suggest that the Committee endorse this recommendation.

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#### THE RESPONSIBILITIES OF A PHARMACEUTICAL COMPANY

We have endeavoured in the preceding pages to set down what we believe should be the responsibilities of a pharmaceutical company in Canada, and to illustrate these from our own operations. They may be summed up as developing useful products of a high standard, making them available throughout the country at a fair price, and ensuring that the medical profession receives sufficient and up-to-date information about them. We have increased our investment in Canada in line with the significance of our business through the expansion of manufacturing facilities and the establishment of a research and development laboratory. This laboratory forms part of an international research network, on which all the countries we serve depend for new and better Smith Kline & French products. We can operate efficiently only as an integral part, a contributing member of an international enterprise.

We believe that we can make a worthwhile contribution to the Canadian balance of payments both by increasing the Canadian content of our production and by expanding our exports. However, as part of an international organization represented in most of the markets of the world, we can develop export lines and markets only through intercompany cooperation. In other words, there must be definite corporate advantages in building up the Canadian operation as an important production centre.

As a company, we have responded to the advantages which do exist,

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notably the availability of well-qualified scientific and technical manpower and