research. However, this will be very difficult to arrive at with any degree of fairness because most of this drug research is international, and because a drug company investigates many thousands of compounds. The claim of the industry is that only one in every 7,000 compounds yields a useful drug. As about 90 per cent of the new drugs come from laboratories of the pharmaceutical industry it is very important that research be rewarded in some way and this, as I say, will be very difficult.

• (9:40 p.m.)

On my second point of drug information to physicians, pharmacists and the general public, there is an idea abroad in lay circles, and I am afraid sometimes in the Department of National Health and Welfare, that all drugs are immediately picked up by physicians and immediately gain wide use when their therapeutic value is ascertained. However, for nearly all drugs this is not so. It requires a great deal of promotion, effort and expense for a new drug to be accepted by the physician and the public.

Unless this promotion is to a level that gains the drug a wide acceptance, there will be no requests for a compulsory licence because the copy houses will have no reason or wish to invest any money in promotion on their own. Therefore, in any rewarding royalty, particularly in a country like Canada where we have very little original research, I think that the cost of this promotion should be carefully assessed.

There has been a great deal of discussion about the cost of promotion and advertising of drugs, and there is widespread feeling this cost is too high. Here again I think the minister will agree that it is wise not to generalize, and that each case will have to be taken on its own merits.

Pravda, in an article concerning information on new drugs, has said:

> Meanwhile, the few new drugs on the market are not widely used because either the workers in the medical field and the doctors do not even know of their existence, or have only a very faint knowledge of their possible uses.

So, we can see that even in Russia, where the pharmaceutical industry cannot be accused of being profit minded, they find it necessary to promote drugs. With this in mind, I believe that each individual drug will have to carry a different degree of importance.

In the area of the cost of submission of a new drug to the Food and Drug Directorate, this also should be considered, particularly if a new drug has just been removed from this classification. It seems to me in that case the copier should pay something towards the cost that was necessary for the drug to be inspected by the Food and Drug Directorate, as otherwise the copier will not have this expense.

As is probably well known and recognized, new drugs are carefully "vetted" by the Food and Drug Directorate as to their safety, but the onus to prove that a drug is safe is on the manufacturing company. This involves an enormous amount of effort on the part of the drug company, more of course for some drugs than for others. It takes years of animal and clinical research on the part of a drug manufacturing company to prove that its drug is safe and useful. Indeed, the scientific information on a single drug may fill many books the size of large telephone directories.

Even if a drug has been O.K.'ed by the Food and Drug Directorate, the directorate requires a careful and continuous reporting of its side effects because many drugs that seem to be quite safe are in time found to be not quite so safe. Most of the expense of this falls on the drug companies, and therefore I feel this could well be considered in the royalty set out by the Patent Commission.

Finally, I wish to mention the matter of the drug recall systems that must be set up by a company in order to make certain that if any drug is found deficient it can be immediately recalled with some degree of accuracy. The Company must make sure that even two dozen pills found in a physician's desk in the far corners of our country or in a remote drug store will be returned on short notice. Unfortunately, this is expensive. It is a problem that has existed and which has been a considerable disadvantage to small drug companies having limited resources.

In closing, Mr. Speaker, I would like to draw the minister's attention to the Manual of Office Practice Patents published by the Patent Office of Great Britain. Section 3737 gives a suggested course for making up the royalty. I believe that the points outlined would be useful, and would make a royalty on a compulsory licence fairer. The British experience with compulsory licences is that the royalty has been set very much higher than in Canada, and this actually encourages competition between drug companies to a greater extent than setting a royalty at almost a give-away point as seems to be the case in Canada at present. I would commend this to