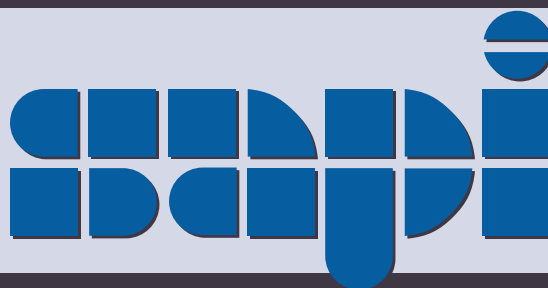


September 2001



NEWS

Newsletter of Singapore Association of Pharmaceutical Industries

MITA (P) 058/11/2000

FOCUS ON

Innovation

Innovation, Intellectual Property and Patents

Why are Patents so Crucial?

Innovation is the answer. Patents are crucial because they make it possible for society to realise or secure the benefits of genius, creativity and effort.

Not genius for genius' sake. Rather the object is innovation – discoveries and inventions, machines and tools, devices and compounds that enhances and saves lives. Innovations and discoveries have created new industries giving more and more people better jobs and adding greatly to the prosperity and well being of all.

WHAT IS INTELLECTUAL PROPERTY?

Intellectual property is a term that 'refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.'¹ Broadly speaking, it is the product of human initiative and creativity. These potentially very valuable forms of property are given legal status, and related protections, in various forms such as patents, copyrights and trademarks.

WHAT IS A PATENT?

Patents are legal protection for inventions, including new medicines discovered by research-based pharmaceutical companies.

A patent is actually a grant from the government to an inventor that gives him or her the exclusive right to exclude others from making, using, selling or importing the invention for a defined number of years. Before a patent is issued, the invention must have utility, be novel, and is not obvious in light of earlier inventions.

In return for such protection, a patent-holder discloses to the world the research and science underlying the invention. Thus, the scientific know-how behind a new arthritis drug or computer chip becomes available immediately to researchers worldwide. So the breakthrough medicine of one scientist can become the basis for the breakthrough of others.

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Message from the Board

SAPI

A New Beginning

Welcome the New Board of Directors

On June 1, 2001, SAPI starts its new term with Mr. Jimmy Chan of Diethelm as the President. Jimmy extended warm welcome to all and spoke of various issues that were raised in the past term.

A Warm Welcome

A new Board of Directors was also elected and presented. The names of the Board members and their responsibilities are outlined below.



Mr. Alex Mah
has recently left
SAPI

Vice President
Mr. Michael Khor
Pfizer
Finance

Vice President
Mr. William Lui
Schering Plough
Finance

Mr. Lloyd Soong
Pacific Biosciences
Membership & Programmes

Mr. Eric Ng
Merck Singapore
Ethics

Mr. Daniel Tan
JDH, Pharmaceutical Division
Training

Mrs. Tan Shew Leng
SmithKline Beecham
Consumer Healthcare

Ms Shakila Shahjihan
Merck Sharp & Dohme
Public Relations, Education
& Publications

President
Mr. Jimmy Chan
Diethelm

Mr Fok Tai Hung
SAPI
Executive Director

Ms Karen Yeap
Zuellig Pharma
Membership & Programmes

Directors not in photo:

Ms. Wah Mei Ling
GlaxoWellcome
Regulatory Affairs

Mr. Koh Phee Wah
Pharmacia
Trade

Extensive Discussions

On the recent spate of newspaper articles and letters in the Forum Page of the Straits Times, on the relatively high prices of pharmaceuticals in Singapore, the Board had proposed taking action.

The focus of the discussions was on a public relations campaign to educate the public. This would allow the public to look at the pharmaceutical companies' side of the story. Following a lively and fairly long discussion, and a vote, the proposal was not carried out. It was agreed that a postal vote should be carried out among members who did not attend the AGM.

Taking Action

There are many ways of taking actions. Despite a no-go following the postal vote, the current Board of Directors feels very strongly towards being prepared when confronted. SAPI should speak with one voice, and put up a credible and timely response when faced with bad publicity. This is something the Board will be working on this term.

The New Term

With all that is happening in the external environment, the current term will be both exciting and challenging. Jimmy will work closely with the Board of Directors to bring forth the issues at hand with the relevant authorities.

PATENTS MAKE RISK PALATABLE

Patents allow patent-holders and their financial backers to have the opportunity to recoup their costs and to profit from their enterprise and risk-taking.

Patent laws provide a powerful incentive for innovation and discovery. Investment and research and development thrive because heightened business risks are made palatable to private investors through higher potential rates of return.

PATENTS CRUCIAL TO PHARMACEUTICALS

Patents are important to the discovery of innovative medicines for other reasons – it often takes more than 15 years and more than US\$500 million to bring a new medicine to consumers.

Patents give research-based pharmaceutical companies the opportunity to recover the extraordinarily high costs of researching and testing new medicines. Patents provide the opportunity for a return on the innovator's long-term, high-risk investment.

But there are no guarantees; even with patent protection, market success depends on many factors beyond manufacturers' control, including, for example, consumer demand for the drug therapy and competition from other brand-name drugs.

PATENTS HELP SAVE LIVES, ENHANCE LIFE

Of all the advances of the 20th century, from aviation to the Internet, few have been as important to the preservation and enhancement of life as pharmaceutical innovations.

- Tuberculosis was no longer a serious threat after the Bacille Calmette-Geurin vaccine was discovered in the 1920s. By 1944, new antibiotics were being used to treat it.
- The scourge of polio was eliminated in 1952 when Jonas Salk discovered his vaccine.
- In 1995, FDA approved the first protease inhibitor for the treatment of HIV/AIDS. Since then protease inhibitors have become a key ingredient in the 'drug cocktails' that have reduced deaths.

From asthma to HIV/AIDS, illnesses are being treated with a wide range of innovative medicines.

CONCLUSION

The late 20th century's amazing advances in technology – driven by scientific research and creative genius – would have been impossible without a system of laws to provide the structure, stability and opportunity for recouping investments. The huge costs and economic risks of modern research, manufacturing and distribution would have hobbled innovation.

Ideas drive today's economy. Patents must be respected.

Ref 1. World Intellectual Property Organisation

Meetings

The Centro Paulista de Economia da Saúde is to hold the **2nd International Symposium on Health Economics** in Sao Paolo, Brazil on November 20 and 21, 2001.

The main topic of the Symposium will be Health Technology Assessment. Among the topics on the Preliminary Programme are: What should the decision to incorporate technology in the healthcare system be based on?, The perspective of Providers, Payors of the Public and Private Healthcare System, The perspective of industries (materials, information technology,

pharmaceuticals, equipment), and Intellectual Property, Patents and Technological Innovation.

This Symposium is targeted at Healthcare Professionals, Managers, Decision and Policy Makers of the Public or Private System of Healthcare as well as professionals of other areas engaged in applying technology to public and private healthcare services.

To obtain further information contact Tel: 55 11 3361 3056, Fax: 55 11 3361 3089, e-mail: , Website: <http://www.economiadasaude.com.br/cursos.shtml>

The Myth of 'Rising Drug Prices' Exposed

Latest News

What the Pharmaceutical Research And Manufactures of America (PhRMA) Discovered

Frequent news reports claim that rising drug prices is driving up healthcare costs and insurance premiums. However, a closer look shows a more accurate picture.

Pharmaceutical price increases have been modest in recent years. According to a survey done in the U.S. by IMS Health, pharmaceutical prices rose 3.9 percent in 2000.

What Contributed To Increased Pharmaceutical Expenditures?

Greater prescription drug use, not higher drug prices, has contributed to increased pharmaceutical expenditures. According to IMS data, overall pharmaceutical expenditures in the U.S. increased by 14.7 percent in 2000.

Of this increase, only 3.9 percentage points resulted from increased prices. The remaining 10.8 percentage point increase resulted from increased use of pharmaceutical products, coupled with the fact that doctors are now more frequently prescribing newer, innovative, sometimes more expensive medicines that add great value to their patients' health.

Why?

Patients and physicians are recognizing more and more that pharmaceuticals are the most cost-effective, value-added, least invasive part of the health care system. Increased use of pharmaceuticals often will result in lower overall health care costs for specific diseases such as AIDS, diabetes, asthma, stroke and heart disease. Medicines keep people out of the hospital, off the surgery table, on the job and in the home.

Cost of Research & Development

The pharmaceutical industry is leading the way in the search for new cures and treatments by investing more than \$30 billion in 2001 for research and development. No other industry – from electronics to telecommunications – commits a higher percentage

of its sales to new innovation and future advances.

Most people may not be aware that one small pill represents 12 to 15 years and US \$500 million of research and development, as the medicine moves from the laboratory bench to the pharmacy shelf.

Consider these odds:

- Only one in 5,000 to 10,000 compounds tested eventually reach patients.
- Only 2 out of every ten compounds that enter clinical testing reach the market.
- Once on the market, new drugs on average have only 11 to 12 years of effective patent life remaining.
- Only 3 of ten marketed drugs produce revenues that match or exceed average research and development cost of getting them to the patient.

What Does This Mean To The Patient?

The medicine chest is filling up and that's good news for patients and their families. More than thirty new medicines were approved in 2000. The 1990s brought 370 new medicines to patients – up from 233 in the previous decade.

New, innovative medicines have resulted in an increase in sales of pharmaceuticals. Robust sales not only mean the industry is doing well, but that patients are doing even better. There are more treatment options than ever before. For example, today, seven out of 10 children survive all forms of cancer and eight out of ten survive leukemia. That's remarkable progress.

Saving Lives, Enhancing Life

The pharmaceutical industry needs to be profitable to attract the investment needed to sustain innovation. The 1,000 new medicines in development will only be brought to patients if the industry has the ability to sustain the research and development process.

People

Announcing the movers and shakers in the pharmaceutical industry

PHARMACIA announced the appointment of Mr. Koh Phee Wah as the new Company President for two leading markets in the Asia Pacific, Singapore and Malaysia, effective July 1, 2001. In his new capacity, Phee Wah will head the pharmaceutical operations. Phee Wah was Director of Operations (Asia Pacific) from June 2000. He played a major role in driving the integration of operations following the merger of Pharmacia with Monsanto. Prior to the merger, Phee Wah was General Manager for Searle's operations in Singapore and Indonesia.

MERCK SHARP & DOHME announced the promotion of Ms Annie Chin to Managing Director for Singapore and Brunei effective July 1, 2001. In her new capacity, Annie will head the commercial operations. Annie was in charge of Finance since 1996. Annie's previous experience also encompassed Sales and Marketing. Annie joined MSD Singapore from Summit Company when MSD took over the operations from Summit.

MERCK SHARP & DOHME announced the appointment of Mr Saw Kok Wei to Finance and Administration Director effective August 8, 2001. His more recent appointments include services with Nike as the Finance Director for SEA, and Incheape.

DIETHELM HEALTHCARE DIVISION announced the appointment of Jimmy Chan as the Pharma Advisor. Jimmy retains the portfolio as the General Manager for Consumer Health Division. He has been with Diethelm for 13 years with over 30 years experience in Healthcare.

DIETHELM HEALTHCARE DIVISION announced the appointment of Irene Kum as Pharma Division General Manager. Before the promotion, she was the Director of Operations, Asia (Medchannel, Inc) with experience in Sales and Marketing, Operations and General Management.

DIETHELM HEALTHCARE DIVISION announced the appointment of Winnie Seow as the Assistant General Manager for Consumer Health Division. Prior to the promotion, she was the Department Manager with a major role in Sales and Marketing, and Logistics.

Congratulatory Note

SAPI's Board of Directors would like to extend our heartiest congratulations to our Advisor and Past President, Mr Koh Choon Hui on being conferred the Public Service Star (Bar) by H.E. the President of the Republic of Singapore in the 2001 National Day Honours. Mr Koh, who is Chairman and Managing Director of **Roche Singapore Pte Ltd** served as SAPI President for the periods, 1974-1976, 1979-1982 and 1986-1989.

Mr Koh, a highly respected figure in our community has been very active in community service work for over three decades. He was honoured with the Public



Service Star (BBM) in 1991 and a Public Service Medal (PBM) in 1984. Currently he serves as Chairman, Singapore Children's Society, Bartley Secondary Advisory Committee, Ministry of Community Development and Sports Juvenile Home Community Link. As a Justice of the Peace, Mr Koh serves as Vice-Chairman, Board of Visiting Justices and Board of Inspection, and also in different capacities in numerous other organisations.

SAPI is honoured to have Mr Koh as our Advisor and we look forward to his wise counsel and continued guidance and support.

EDITORIAL COMMITTEE

Ms Shakila Shahjihan, Mr Murli Sundrani, Mr Winston Beins
Share with us your suggestions and comments. Please address them to :

THE EDITOR, SAPI NEWS

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