# 1NC R6 Holy Cross

## 1

### CP

#### CP text: The member nations of the world trade organization should add more stringent requirements for filing secondary patents by requiring secondary patent filers to demonstrate increased efficacy as compared to the original. Solves all your offense by reducing purely strategic patents while permitting R and D for genuine improvements.

Newsome 17, A [(JD candidate George Washington School of Law). (2017). Side effects of evergreening may include decreased competition & increased prices in the pharmaceutical industry. AIPLA Quarterly Journal, 45(4), 791-822] Justin

The current framework for evaluating a patent application, particularly the requirements of utility and nonobviousness, is insufficient for evaluating whether a secondary patent should be issued for a drug. Given that courts are tied to the low bar for utility and inconsistent with their application of nonobviousness,1 04 it is necessary to pass legislation creating a new utility requirement tailored to secondary pharmaceutical patents. This Note's Author proposes legislation language as follows: 35 U.S.C. § 106: Patentable Pharmaceutical Inventions

(a) Utility requirement for secondary patent: In the case of a pharmaceutical invention claiming an improvement on a patented invention, the applicant shall demonstrate through clear and convincing evidence in the written description that such invention has increased efficacy as compared to the original.

(b) Increased efficacy defined: As used in part (a), "increased efficacy" refers to a proven improvement in the mechanism of action, as disclosed in the patent claims. 0 5

(c) Mechanism of action defined: As used in part (b), "mechanism of action" refers to the process by which a drug functions to produce a therapeutic effect, as disclosed in the patent claims. 06

Under this legislation, the USPTO could grant a secondary patent only if the new formula's mechanism of action, or production of the intended pharmacological effect, in fact improves upon the patented drug's mechanism of action. For example, because VidaDrug is a chemotherapy drug, the new formula must include a change in the mechanism of action which causes an improvement in the efficacy of the drug's tumor-shrinking abilities to be eligible for a secondary patent. A formula tweak that reduces side effects is insufficient, because the underlying purpose of the drug - to treat cancer - remains unaffected.

Lowell provides some precedent for creating a higher utility standard. 07 This new standard would focus on a drug's overall improved efficacy, rather than a minor tweak in the formula that would mitigate or resolve a previously caused side effect. This standard would require holding the pharmaceutical industry to a higher standard than other industries, which could potentially conflict with the United States' TRIPS Agreement obligations with the WTO.

#### Solves best.

Newsome 17, A [(JD candidate George Washington School of Law). (2017). Side effects of evergreening may include decreased competition & increased prices in the pharmaceutical industry. AIPLA Quarterly Journal, 45(4), 791-822] Justin

Pharmaceutical patents are inherently different from software or manufacturing patents. 144 Pharmaceutical companies create life-saving drugs that carry a very serious benefit for a vulnerable group of consumers - patients. Because of this, the pharmaceutical industry should be held to a higher standard if its companies seek to prohibit affordable generic drugs from coming to the marketplace.

1. An Efficacy-Focused Standard Will Motivate Pharmaceutical Companies to Channel Resources to Creating Real Innovation Pharmaceutical companies argue that patent-life-cycle-management strategies (their preferred name for those tactics described herein as evergreening) are essential to ensuring they recoup R&D costs. 145 However, creation of a standard such as the one proposed here would ensure that pharmaceutical companies are properly incentivized to channel R&D resources to creating measurable change in the drugs, rather than creating minor changes that prolong the time they can profit off of monopolies at the expense of patients. For those industries in which R&D is more productive, like the pharmaceutical industry, "patent procedures should be refined to tighten the relationship between patents and the underlying inventions."14 6
2. A Higher Standard for Secondary Pharmaceutical Patents Will Increase Competition & Lead to Lower Prices The patent system enables pharmaceutical companies to retain market exclusivity for their drugs, allowing them to set high prices without an eye toward competition.1 47 The companies cite the need to recoup R&D costs as the driving factor for their pricing decisions,148 but critics say their main motivation is making a profit.'49 While the pharmaceutical companies' argument may hold weight, high prices for drugs have a negative impact on those patients who need those drugs, but cannot afford them.150 Tightening patent laws to prevent pharmaceutical companies from retaining patent protection for minor changes in their patented drugs will allow other companies to enter the marketplace sooner and drive prices down through competition. 5

## 2

### DA

#### Pharma innovation high now – monetary incentive is the biggest factor.

**Swagel 21** Phillip L. Swagel, Director of the Congressional budget office 4-xx-2021, "Research and Development in the Pharmaceutical Industry," Congressional Budget Office, <https://www.cbo.goc/publication/57126#_idTextAnchor020> SJ//DA

**Every year, the U.S. pharmaceutical industry develops a variety of new drugs that provide valuable medical benefits. Many of those drugs are expensive and contribute to rising health care costs for the private sector and the federal government. Policymakers have considered policies that would lower drug prices and reduce federal drug expenditures. Such policies would probably reduce the industry’s incentive to develop new drugs.** In this report, the Congressional Budget Office assesses trends in spending for drug research and development (R&D) and the introduction of new drugs. CBO also examines factors that determine how much drug companies spend on R&D: expected global revenues from a new drug; cost to develop a new drug; and federal policies that affect the demand for drug therapies, the supply of new drugs, or both. What Are Recent Trends in Pharmaceutical R&D and New Drug Approvals? T**he pharmaceutical industry devoted $83 billion to R&D expenditures in 2019. Those expenditures covered a variety of activities, including discovering and testing new drugs, developing incremental innovations such as product extensions, and clinical testing for safety-monitoring or marketing purposes. That amount is about 10 times what the industry spent per year in the 1980s, after adjusting for the effects of inflation.** The share of revenues that drug companies devote to R&D has also grown: **On average, pharmaceutical companies spent about one-quarter of their revenues (net of expenses and buyer rebates) on R&D expenses** in 2019, which is **almost twice as large a share of revenues as they spent in 2000.** That revenue share is larger than that for other knowledge-based industries, such as semiconductors, technology hardware, and software. The number of new drugs approved each year has also grown over the past decade. On averace, the Food and Drug Administration (FDA) approved 38 new drugs per year from 2010 through 2019 (with a peak of 59 in 2018), which is 60 percent more than the yearly average over the previous decade. **Many of the drugs that have been approved in recent years are “specialty drugs.” Specialty drugs generally treat chronic, complex, or rare conditions, and they may also require special handling or monitoring of patients**. Many specialty drugs are biologics (large-molecule drugs based on living cell lines), **which are costly to develop, hard to imitate, and frequently have high prices.** Previously, most drugs were small-molecule drugs based on chemical compounds. Even while they were under patent, those drugs had lower prices than recent specialty drugs have. Information about the kinds of drugs in current clinical trials indicates that much of the industry’s innovative activity is focused on specialty drugs that would provide new cancer therapies and treatments for nervous-system disorders, such as Alzheimer’s disease and Parkinson’s disease. **What Factors Influence Spending for R&D?** Drug companies’ R&D spending decisions depend on three main factors: Anticipated lifetime global revenues from a new drug, **Expected costs to develop a new drug**, and Policies and programs that influence the supply of and demand for prescription drugs. Various considerations inform companies’ expectations about a drug’s revenue stream, including the anticipated prices it could command in different markets around the world and the expected global sales volume at those prices (given the number of people who might use the drug). The prices and sales volumes of existing drugs provide information about consumers’ and insurance plans’ willingness to pay for drug treatments. Importantly, when drug companies set the prices of a new drug, they do so to maximize future revenues net of manufacturing and distribution costs. A drug’s sunk R&D costs—that is, the costs already incurred in developing that drug—do not influence its price. **Developing new drugs is a costly and uncertain process, and many potential drugs never make it to market. Only about 12 percent of drugs entering clinical trials are ultimately approved for introduction by the FDA. In recent studies, estimates of the average R&D cost per new drug range from less than $1 billion to more than $2 billion per drug**. Those estimates include the costs of both laboratory research and clinical trials of successful new drugs as well as expenditures on drugs that do not make it past the laboratory-development stage, that enter clinical trials but fail in those trials or are withdrawn by the drugmaker for business reasons, or that are not approved by the FDA. Those estimates also include the company’s capital costs—the value of other forgone investments—incurred during the R&D process. Such costs can make up a substantial share of the average total cost of developing a new drug. The development process often takes a decade or more, and during that time the company does not receive a financial return on its investment in developing that drug. The federal government affects R&D decisions in three ways. First, it increases demand for prescription drugs, which encourages new drug development, by fully or partially subsidizing the purchase of prescription drugs through a variety of federal programs (including Medicare and Medicaid) and by providing tax preferences for employment-based health insurance. Second, the federal government increases the supply of new drugs. It funds basic biomedical research that provides a scientific foundation for the development of new drugs by private industry. Additionally, tax credits—both those available to all types of companies and those available to drug companies for developing treatmentscof uncommon diseases—provide incentives to invest in R&D. Similarly, deductions for R&D investment can be used to reduce tax liabilities immediately rather than over the life of that investment. Finally, the patent system and certain statutory provisions that delay FDA approval of generic drugs provide pharmaceutical companies with a period of market exclusivity, when competition is legally restricted. During that time, they can maintain higher prices on a patented product than they otherwise could, which makes new drugs more profitable and thereby increases drug companies’ incentives to invest in R&D. Third, some federal policies affect the number of new drugs by influencing both demand and supply. For example, federal recommendations for specific vaccines increase the demand for those vaccines and provide an incentive for drug companies to develop new ones. Additionally, federal regulatory policies that influence returns on drug R&D can bring about increases or decreases in both the supply of and demand for new drugs. Trends in R&D Spending and New Drug Development Private spending on pharmaceutical R&D and the approval of new drugs have both increased markedly in recent years, resuming a decades-long trend that was interrupted in 2008 as generic versions of some top-selling drugs became available and as the 2007–2009 recession occurred. **In particular, spending on drug R&D increased by nearly 50 percent between 2015 and 2019.** Many of the drugs approved in recent years are high-priced specialty drugs for relatively small numbers of potential patients. By contrast, the top-selling drugs of the 1990s were lower-cost drugs with large patient populations. R&D Spending R&D spending in the pharmaceutical industry covers a variety of activities, including the following: Invention, or research and discovery of new drugs; Development, or clinical testing, preparation and submission of applications for FDA approval, and design of production processes for new drugs; Incremental innovation, including the development of new dosages and delivery mechanisms for existing drugs and the testing of those drugs for additional indications; Product differentiation, or the clinical testing of a new drug against an existing rival drug to show that the new drug is superior; and Safety monitoring, or clinical trials (conducted after a drug has reached the market) that the FDA may require to detect side effects that may not have been observed in shorter trials when the drug was in development. In real terms**, private investment in drug R&D among member firms of the Pharmaceutical Research and Manufacturers of America (PhRMA), an industry trade association, was about $83 billion in 2019, up from about $5 billion in 1980 and $38 billion in 2000**.1 Although those spending totals do not include spending by many smaller drug companies that do not belong to PhRMA, the trend is broadly representative of R&D spending by the industry as a whole.2 A survey of all U.S. pharmaceutical R&D spending (including that of smaller firms) by the National Science Foundation (NSF) reveals similar trends.3 Although total R&D spending by all drug companies has trended upward, small and large firms generally focus on different R&D activities. **Small companies not in PhRMA devote a greater share of their research to developing and testing new drugs,** many of which are ultimately sold to larger firms (see Box 1). By contrast, a greater portion of the R&D spending of larger drug companies (including those in PhRMA) is devoted to conducting clinical trials, developing incremental “line extension” improvements (such as new dosages or delivery systems, or new combinations of two or more existing drugs), and conducting postapproval testing for safety-monitoring or marketing purposes.

#### The affs wholesale attack on secondary patents ruins innovation---prefer contingencies that solve evergreening.

Holman 18 [Christopher; 9/21/18; Professor at the University of Missouri-Kansas City School of Law, where his primary research focus lies at the intersection of intellectual property and biotechnology; “*Why Follow-On Pharmaceutical Innovations Should Be Eligible For Patent Protection*,” Intellectual property watch, <https://www.ip-watch.org/2018/09/21/follow-pharmaceutical-innovations-eligible-patent-protection/>] Justin

Why Protect Follow-On Innovation? The attack on secondary pharmaceutical patents is based in part on the flawed premise that follow-on innovation is of marginal value at best, and thus less deserving of protection than the primary inventive act of identifying and validating a new drug active ingredient. In fact, follow-on innovation can play a critical role in transforming an interesting drug candidate into a safe and effective treatment option for patients. A good example can be seen in the case of AZT (zidovudine), a drug ironically described in the Guidelines as the “first breakthrough in AIDS therapy.” AZT began its life as a failed attempt at a cancer drug, and it was only years later that its potential application in the fight against AIDS was realized. Follow-on research resulted in a method-of-use patent directed towards the use of AZT in the treatment of AIDS, and it was this patent that incentivized the investment necessary to bridge the gap between a promising drug candidate and a safe, effective, and FDA-approved pharmaceutical. Significantly, because of the long lag time between the first public disclosure of AZT and the discovery of its use in the treatment of AIDS, patent protection for the molecule per se was unavailable. In a world where follow-on innovation is unpatentable, there would have been no patent incentive to invest in the development of the drug, and without that incentive AZT might have languished on the shelf as simply one more failed drug candidate. Other examples of important drugs that likely never would have been made available to patients without the availability of a “secondary” patent include Evista (raloxifene, used in the treatment of osteoporosis and to reduce the risk of invasive breast cancer), Zyprexa (olanzapine, used in the treatment of schizophrenia), and an orally-administrable formulation of the antibiotic cefuroxime. Pharmaceutical development is prolonged and unpredictable, and frequently a safe and effective drug occurs only as a result of follow-on innovation occurring long after the initial synthesis and characterization of a pharmaceutically interesting chemical compound. The inventions protected by secondary patents can be just as critical to the development of drugs as a patent on the active ingredient itself. The Benefits of Follow-On Innovation The criticism of patents on follow-on pharmaceutical innovation rests on an assumption that follow-on innovation provides little if any benefit to patients, and merely serves as a pretense for extending patent protection on an existing drug. In fact, there are many examples of follow-on products that represent significant improvements in the safety-efficacy profile. For example, the original formulation of Lumigan (used to treat glaucoma) had an unfortunate tendency to cause severe hyperemia (i.e., redeye), and this adverse event often lead patients to stop using the drug, at times resulting in blindness. Subsequent research led to a new formulation which largely alleviated the problem of hyperemia, an example of the type of follow-on innovation that significantly benefits patients but that which would be discouraged by a patent regime that does not reward follow-on innovation. Follow-on pharmaceutical innovation can come in the form of an extended-release formulation that permits the drug to be administered at less frequent intervals than the original formulation. Critics of secondary patents downplay the significance of extended-release formulations, claiming that they represent nothing more than a ploy to extend patent protection without providing any real benefit to patients. In fact, the availability of a drug that can be taken once a day has been shown to improve patient compliance, a significant issue with many drugs, particularly in the case of drugs taken by patients with dementia or other cognitive impairments. Extended-release formulations can also provide a more consistent dosing throughout the day, avoiding the peaks and valleys in blood levels experienced by patients forced to take an immediate-release drug multiple times a day. Other examples of improved formulations that provide real benefits to patients are orally administrable formulations of drugs that could previously only be administered by more invasive intravenous or intramuscular injection, combination products that combine two or more active pharmaceutical agents in a single formulation (resulting in improved patient compliance), and a heat-stable formulation of a lifesaving drug used to treat HIV infection and AIDS (an important characteristic for use in developing countries with a hot climate). “Evergreening” – an Incoherent Concept Drug innovators are often accused of using secondary patents to “evergreen” the patent protection of existing drugs, based on an assumption that a secondary patent somehow extends the patent protection of a drug after the primary patent on the active ingredient is expired. As a general matter, this is a false assumption — a patent on an improved formulation, for example, is limited to that improvement and does not extend patent protection for the original formulation. Once the patents covering the original formulation have expired, generic companies are free to market a generic version of the original product, and patients willing to forgo the benefits of the improved formulation can choose to purchase the generic product, free of any constraints imposed by the patent on the improvement. Of course, drug innovators hope that doctors and their patients will see the benefits of the improved formulation and be willing to pay a premium for it, but it is important to bear in mind that ultimately it is patients, doctors, and third-party payers who determine whether the value of the improvement justifies the costs. Of course, this assumes a reasonably well-functioning pharmaceutical market. If that market breaks down in a manner that forces patients to pay higher prices for a patented new version of a drug that provides little real improvement over the original formulation, then it is the deficiency in the market which should be addressed, rather than the patent system itself. For example, if a drug company is found to have engaged in some anticompetitive activity to block generic competition in the market for the original product once it has gone off patent, then antitrust and competition laws should be invoked to address that problem. If doctors are prescribing an expensive new formulation of a drug that provides little benefit compared to a cheaper, unpatented original product, then that is a deficiency in the market that should be addressed directly, rather than through a broadside attack on follow-on innovation. In short, if is found that secondary patents are being used in a manner that creates an unwarranted extension of patent protection, it is that misuse of the patent system which should be addressed directly, rather than through what amounts to an attack on the patent system itself.

#### Pharma Innovation prevents Extinction – checks new diseases.

Engelhardt 8, H. Tristram. Innovation and the pharmaceutical industry: critical reflections on the virtues of profit. M & M Scrivener Press, 2008 (doctorate in philosophy (University of Texas at Austin), M.D. (Tulane University), professor of philosophy (Rice University), and professor emeritus at Baylor College of Medicine)

Many are suspicious of, or indeed jealous of, the good fortune of others. Even when profit is gained in the market without fraud and with the consent of all buying and selling goods and services, there is a sense on the part of some that something is wrong if considerable profit is secured. There is even a sense that good fortune in the market, especially if it is very good fortune, is unfair. One might think of such rhetorically disparaging terms as "wind-fall profits". There is also a suspicion of the pursuit of profit because it is often embraced not just because of the material benefits it sought, but because of the hierarchical satisfaction of being more affluent than others. The pursuit of profit in the pharmaceutical and medical-device industries is tor many in particular morally dubious because it is acquired from those who have the bad fortune to be diseased or disabled. Although the suspicion of profit is not well-founded, this suspicion is a major moral and public-policy challenge. Profit in the market for the pharmaceutical and medical-device industries is to be celebrated. This is the case, in that if one is of the view (1) that the presence of additional resources for research and development spurs innovation in the development of pharmaceuticals and med-ical devices (i.e., if one is of the view that the allure of **profit is one of the most effective ways not only to acquire resources but productively to direct human energies** in their use), (2) that given the limits of altruism and of the willingness of persons to be taxed, the possibility of profits is necessary to secure such resources, (3) that the allure of profits also tends to enhance the creative use of available resources in the pursuit of phar-maceutical and medical-device innovation, and (4) if one judges it to be the case that such innovation is both necessary to maintain the human species in an ever-changing and always dangerous environment in which new microbial and other threats may at any time emerge to threaten human well-being, if not survival (i.e., that such innovation is necessary to prevent increases in morbidity and mortality risks), as well as (5) in order generally to decrease morbidity and mortality risks in the future, it then follows (6) that one should be concerned regarding any policies that decrease the amount of resources and energies available to encourage such innovation. One should indeed be of the view that the possibilities for profit, all things being equal, should be highest in the pharmaceutical and medical-device industries. Yet, there is a suspicion regarding the pursuit of profit in medicine and especially in the pharmaceutical and medical-device industries.

# Case

## 1NC – Circumvention

### 1NC – WTO

#### The WTO can’t enforce the aff- causes circumvention.

Lamp 19 [Nicholas; Assistant Professor of Law at Queen’s University; “What Just Happened at the WTO? Everything You Need to Know, Brink News,” 12/16/19; <https://www.brinknews.com/what-just-happened-at-the-wto-everything-you-need-to-know/>] Justin

Nicolas Lamp: For the first time since the establishment of the WTO in 1995, the Appellate Body cannot accept any new appeals, and that has knock-on effects on the whole global trade dispute settlement system. When a member appeals a WTO panel report, it goes to the Appellate Body, but if there is no Appellate Body, it means that that panel report will not become binding and will not attain legal force.

The absence of the Appellate Body means that members can now effectively block the dispute settlement proceedings by what has been called appealing panel reports “into the void.”

The WTO panels will continue to function as normal. When a panel issues a report, it will normally be automatically adopted — unless it is appealed. And so, even though the panel is working, the respondent in a dispute now has the option of blocking the adoption of the panel’s report. It can, thereby, shield itself from the legal consequences of a report that finds that the member has acted inconsistently with its WTO obligations.

### 1NC – Diff Sectors

#### Companies will just obtain a patent in a different sector.

Thomas 15 [John R; Visiting Scholar, CRS; “Tailoring the Patent System for Specific Industries, Congressional Research Service,” CRS; 2015; <https://crsreports.congress.gov/product/pdf/R/R43264/7>] Justin

In view of the concerns noted above, commentators have gone so far to say that “it has become increasingly difficult to believe that a one-size-fits-all approach to patent law can survive.”75 To the extent the current patent system creates a blanket set of rules that apply comparably to distinct industries, it likely over-encourages innovation in some contexts and under-incentivizes it in others.76 Further, some observers have asserted that the need of firms to identify and access the patented inventions of others may differ among industries.77 As a result, the case can be made that distinct industrial, technological, and market characteristics that exist across the breadth of the U.S. economy compel industry-specific patent statutes. However, others have questioned the wisdom and practicality of such line-drawing.78 The following concerns, among others, have been identified:

• Over its long history, the U.S. patent system has flexibly adapted to new technologies such as biotechnology and computer software. Legislative adoption of technology-specific categories may leave unanticipated, cutting-edge technologies outside the patent system.79

• Defining a specific industry or category of technologies may prove to be a contested proposition.

80 • Over time, new industries may emerge and old industries may consolidate. The dynamic nature of the U.S. economy suggests greater need for legislative oversight within a differentiated patent regime.

81 • Even if an industry or technology remains relatively stable, the innovation environment within it might change. For example, technological or scientific advances might open new possibilities for research and development within hidebound industries—but also increase expense and risk for those firms.

82 • Distinct patent rights among industries or technologies may lead to strategic behavior on behalf of patent applicants. For example, a computer program that controls a fuel injector within an automobile could possibly be identified as either an automobile-related or a computer-related invention.

83 •The legislative effort to enact sector-specific patent laws may provide an opportunity for politically savvy firms to exert more lobbying and political power, at the possible expense of less sophisticated firms.

## 1NC – AT: Evergreening

### 1NC – Evergreening False

#### Evergreening is a myth.

Lietzan 20 [Erika; Professor of Law, University of Missouri School of Law, Research interests in Pharmaceutical Regulation, Device Regulation, Intellectual Property; “The Evergreening Myth Claims that drug innovators extend their patents obscure a radical policy‐​making goal.,” Cato Institute; Fall 2020; <https://www.cato.org/regulation/fall-2020/evergreening-myth>/] Justin

In recent years, U.S. policymakers have considered proposals intended to prevent — or at least reduce — “evergreening” by pharmaceutical companies. Some proposals would change the antitrust enforcement landscape, others the intellectual property landscape, and still others the regulatory framework that governs new medicines. Some proposals — such as those creating new causes of action under the antitrust laws or limiting the availability of patents for discoveries — are profound and their proponents cite a body of academic and policy literature that decries supposed “evergreening” by companies to justify their ideas. The term “evergreening” is a metaphor, meant to remind audiences of evergreen trees, which have green foliage year‐​round. It implies that something has been extended, and users of the metaphor view this extension as improper or undesirable. When offering descriptions and examples of evergreening, they focus on drug companies continuing to innovate after first introducing a new molecule, and on the broader marketplace for medicines after subsequent innovations have been introduced to the market. But proponents are frustratingly inconsistent and unclear about what, exactly, has been “extended” in these situations. A close look at the regulatory landscape in which continuing pharmaceutical innovation occurs shows that arguments for reform are grounded in myths, such as the myth that pharmaceutical companies continuing to innovate somehow “extend” their patents. Once the myths of “evergreening” are laid bare, it becomes apparent that proponents of these proposals really want for the government to limit medical innovators to one medical product in the marketplace for each useful new molecule discovered. They are arguing that an innovator should not enjoy an exclusive market — and the resulting advantageous pricing — for innovations that, though discrete and independently satisfying the standard for a patent under U.S. law, stem in some fashion from an earlier innovation for which that innovator separately enjoyed exclusivity and the resulting pricing advantages. Or, at least, that drug innovators should not. This is a radical proposal that merits careful reflection and discussion, and it is not ripe for action. Understanding that this is the true policymaking objective requires unpacking the regulatory landscape and market more carefully, and paying closer attention to word choice, than proponents of reform often do. The Evergreening Allegation In the United States, every new medicinal product requires premarket approval from the Food and Drug Administration. The drug statute refers to approval of a “new drug,” and ambiguity in the term “drug” provides fertile ground for confusion and rhetorical mischief, as discussed later in this article. A firm that wants to market a new drug must prove to the FDA that the drug is safe and effective. Generating this information takes years, beginning with work in the laboratory and on animals, and progressing through several rounds of “clinical” testing in humans. For new molecules, the clinical portion of this research and development program averages six years. The process is also expensive: the Tufts Center for the Study of Drug Development now estimates the average cost of developing a new molecular entity at $2.6 billion. That figure includes average out‐​of‐​pocket costs of $1.4 billion and reflects the cost of unsuccessful projects. Most research and development programs fail. When new drugs are first launched by innovators, they tend to be sold under brand names and protected by patents as well as statutory rights in the data that supported FDA approval (known as “data exclusivity”). Although the pricing of these products may reflect competitive pressure from other branded products, it also reflects the fact that patent rights and statutory data exclusivity delay the launch of cheaper copies. But no more than five years later, and often earlier, the innovator’s competitors may file applications seeking approval of their own products based on the innovator’s research, rather than performing their own. They file what are known as “abbreviated applications” — abbreviated because they omit some, or all, of the research needed to prove safety and effectiveness. Abbreviated applications are much less expensive and time‐​consuming to assemble, and the competitors’ drugs correspondingly much less expensive than the original drugs they copy. When a competitor seeks to market an exact copy through an abbreviated application, we call its drug a “generic” drug. Pharmacists usually dispense generic copies even when doctors prescribe the corresponding branded products by name. Some people use the “evergreening” label when an innovator holds more than one patent protecting its product, especially if some patents expire later than others. More often, though, these people use the label when an innovator introduces a newer version of its own product that is already on the market. These newer products tend to be sold under brand names and protected by their own patents and statutory data exclusivity. Sometimes the innovator also stops selling its older product. If purchasers shift to the innovator’s newer product rather than purchasing cheap copies of the innovator’s older product, some say the innovator has engaged in evergreening. Although the term “evergreening” is a metaphor and signifies an extension of something, proponents of reform proposals do not agree on the particulars of the term’s use. Some say the company has evergreened its invention, its drug, or its product. Others say the company has evergreened the drug’s patent or patent life, or its exclusivity. Some say it has extended the drug’s patents, or the drug’s patent coverage or patent life, or the drug’s exclusivity period. Some say the company has evergreened the drug’s price, or its own profits or monopoly, or the company has extended its market power. Many argue that through evergreening — whatever the term means — the innovator has improperly blocked other firms from competing with it. On this basis, they seek government intervention. For instance, one recent proposal would allow the Federal Trade Commission to bring antitrust actions against innovators who introduced newer products to replace their older products. Three Myths of Evergreening The circumstances that trigger the “evergreening” label occur at the intersection of several complex bodies of law: the federal framework requiring premarket approval of new medicines and their copies, federal intellectual property laws, federal and state laws governing promotion of medicines, and federal laws and practices and state laws relating to prescribing and dispensing medicines. Many who propose aggressive government intervention because of evergreening give short shrift to this landscape, which allows the perpetuation of three myths that distort policymaking discussions. Before reviewing the myths, it will help to understand two points about the framework in which innovators compete with the companies that submit abbreviated applications. First, the FDA approves products, not active ingredients. And second, patents protect inventions, not products. Federal law states that every “new drug” requires an approved application. But at the FDA the term “drug” has more than one meaning. It includes a medicine’s active ingredient, to be sure. But it also includes drug products. A drug product is a medicine in its finished form, meaning the form that will be sold in the market and administered to patients. And the FDA approves a particular product described in a particular application — the specific combination of active and inactive ingredients (often called a drug’s “formulation”), in a particular dosage form (such as capsule or tablet), for a particular route of administration (such as oral or topical), at a particular strength, for particular medical uses (also known as the product’s “indications”), manufactured as described in the application, and accompanied by labeling written for prescribers based on the data in the application. Federal law allows a patent to issue for any new, useful, non‐​obvious invention, including a process, a composition of matter, and an improvement to an existing process or composition of matter. The patent usually expires 20 years after its application date. For any particular drug product approved by the FDA, the innovator might own patents on various types of inventions. The innovator usually owns a patent claiming the product’s active ingredient, and because the innovator generally files this patent before starting clinical trials, it is usually the first to expire. Other inventions protected by patent might include the product’s formulation or a dosage form and dosage of the active ingredient (or formulation). These inventions may emerge later in the premarket development process. If the resulting patent applications refer to the active ingredient patent, the patents will expire when the active ingredient patent expires, but otherwise they will expire later. The innovator may also own other patents claiming inventions embodied in the product, such as a patent claiming methods of using or administering the product, a patent claiming the manufacturing process, or a patent claiming a metabolite of the active ingredient. These, too, could expire later than the first patent — sometimes much later. These two points work together. A single active ingredient associated with a single brand name might be the subject of a half dozen, dozen, or more discrete products. Suppose an active ingredient was formulated into tablets and the innovator sold six strengths. Suppose the innovator also formulated an injectable version, which it sold in two strengths. Suppose it also developed a disintegrating tablet for oral administration, which it sold in four strengths. This innovator would sell 12 discrete products with the same active ingredient and probably (though not necessarily) the same brand name. And because a single product might incorporate many discrete inventions, the patents relevant to one product might differ from the patents relevant to another. Failure to realize this — and its regulatory significance — leads to three myths, as follows. Myth of evergreening patents / The first myth is that innovators extend their patents. This is legally impossible. In the United States, a patent expires 20 years after its application date. There are only two ways a patent’s expiration date can shift later in time: (1) When it issues a patent, the U.S. Patent and Trademark Office (PTO) adjusts the expiry date later to compensate for routine delays at the PTO. And (2), if the marketing application proposed a new active ingredient, then if the company asks the PTO for a patent term extension within 60 days of FDA approval, the PTO will use a statutory formula to extend one patent claiming the product to compensate partially for the lapse of patent life during premarket testing and regulatory review. There is no other mechanism by which a patent might be extended. In particular, a patent on one invention — no matter when it expires — does not extend the patent on another invention. Myth of blocked competitors / The second myth is that when an innovator holds patents that expire after its active ingredient patent, or when it introduces newer products to market, it can prevent its competitors from bringing their copies to market. Instead, once the initial patent and (if applicable) statutory exclusivity on the innovator’s active ingredient have expired, its competitors have substantial freedom to operate. This freedom reflects two facts that are often overlooked. First, the innovator’s competitor does not have to propose an exact copy. Federal law permits the competitor to rely on the innovator’s research but propose competing products that are not identical. To be sure, a competitor may submit an ANDA for a product that essentially duplicates the innovator’s product — that is, a generic. Ordinarily, the company shows in the ANDA that its product has the same active ingredient, route of administration, dosage form, strength, and labeling as the innovator’s product. The generic must also be “bioequivalent” to the original drug that it references, meaning that its active ingredient must reach the site of action in the body to the same extent and at the same rate as the active ingredient of the referenced product. But even a generic can be a little different. For example, it usually does not need the same inactive ingredients in the same quantities. And the generic competitor need not use the same manufacturing process. If a competitor wants to offer a different route of administration, dosage form, or strength — for instance, to avoid infringing a patent — it may still be able to use the generic drug approval pathway. It simply files a “suitability petition” asking the FDA’s permission. The agency will approve the petition unless more data are needed to establish the proposed product’s safety and effectiveness. And at this point, the competitor may file an ANDA. More significantly, though, a competitor can always use a different abbreviated application pathway: a “505(b)(2)” application for a product that differs more substantially from the innovator’s product. Although the changes proposed in this hybrid application must be supported by new data, the competitor otherwise relies on the innovator’s data, avoiding the expensive and time‐​consuming research and development process the innovator went through. In addition to using this mechanism to propose modifications that avoid a patent, a competitor might use the mechanism to propose innovations that will offer an advantage in the market — such as changes to the active ingredient and new medical uses. Second, an abbreviated application cites a specific innovative product, not the active ingredient or brand writ large. The competitor selects one innovative product as the reference product on which it relies — for instance, one of the 12 products in the hypothetical above. Its regulatory burden is tied to that specific product alone. The requirement to show sameness and bioequivalence (for an ANDA) and, critically, the obligation to contend with patents and wait for statutory exclusivity to expire are linked to the one specific product, alone. (In rare circumstances, when filing a hybrid application, a competitor might cite two innovative products, but the same point applies.) To be sure, the patents associated with the cited innovative product affect when the FDA may approve the abbreviated application. Whether it files an ANDA or a hybrid application, a competitor must address the unexpired patents listed in the FDA’s “Orange Book” for the specific innovative product it has chosen to cite. For each listed patent, it has two choices, and its selection dictates the timing of FDA approval as far as that patent is concerned. The competitor may state the date on which the patent will expire, signaling that it does not plan to market its product until expiry. This precludes final approval of its product until patent expiry. Or it may assert that the patent is invalid or will not be infringed by its product, notifying the innovator of this position. If the innovator sues within 45 days, the drug statute stays final approval of its abbreviated application for 30 months. Under changes to the law made in 2003, though, unless the competitor changes its position on a patent after filing its abbreviated application, approval of its application is stayed only once. At the end of the 30 months, the FDA must approve the abbreviated application if the approval standard is met, even if there is ongoing patent litigation. Although a competitor using the abbreviated application pathway must contend with the innovator’s patents and approval of its product may be delayed because of those patents, this is true of only the patents associated with the specific product that it references. The competitor does not have to contend with patents associated with other products that happen to contain the same active ingredient or bear the same brand name. Similarly, the competing applicant grapples with only the statutory exclusivity associated with the product it references. The drug statute provides five years of exclusivity in the data supporting new chemical entities and three years of exclusivity for most new products that are not new chemical entities. Separately, if an innovator introduces what the FDA calls a new “condition of approval” — such as a new strength or dosage form — the drug statute may provide three years of exclusivity. This delays approval of abbreviated applications proposing products with the same active ingredient for the same condition of approval. But a competitor that proposed a different strength or dosage form — or that cited a product with a different strength or dosage form (such as the innovator’s original product) — would not need to grapple with that exclusivity. This debunks the myth that an innovator with later‐​expiring patents and an innovator that introduces newer products can prevent its competitors from bringing copies to market. Instead, competitors have several options. For instance, empirical studies show that competitors file abbreviated applications as early as the law permits them to do so, arguing that the innovator’s patents are invalid or, if applicable, not infringed by the new drug. They tend to lose these arguments when the active ingredient patent is at issue, but they tend to win if a formulation patent is at issue. If a competitor believed it would infringe a patent or feared it would lose the patent infringement suit brought by the innovator, it could seek a license. Settlements of patent litigation between innovators and competitors seeking to market generic copies usually include a license allowing the competitor to bring its product to market earlier than the date of patent expiry. There are also other options. Once the patent on the active ingredient expires, a competitor can use the ingredient in its own product and file an abbreviated application, relying on the research performed and submitted by the innovator. Even in an ANDA, a true generic application, only the active ingredient must be the same. A competitor may be able to design around patents claiming other aspects of the innovator’s product (such as its strength and route of administration) and still file a true generic application. The competitor would simply file a suitability petition and, upon approval of that petition, a generic application proposing the difference that allowed it to avoid patent infringement. Then it would assert non‐​infringement in its application. If it could not file a generic application (for instance, because the FDA requested data to support the changes made), it could always file a hybrid application. It would still rely on the innovator’s research and it would similarly assert non‐​infringement in its application. In either case, the innovator might not sue if the competitor clearly avoided its patents. It is thus misleading for advocates of intervention to complain about the number of “patents” associated with a “drug.” A competitor filing an abbreviated application does not copy a “drug” in the broad sense of the term. Accurately describing a company’s freedom to operate in the market would require focusing on discrete products that can serve as references for abbreviated applications and on the number, scope, and breadth of the patent claims held by the innovator for those products. This would tell policymakers more about the market effects of a firm’s innovation and patenting practices than the number of patents associated with a particular brand name or the number of patents associated with the many finished products containing a particular active ingredient. Myth that automatic substitution is critical / The final myth of evergreening is that continuing innovation — especially when an innovator introduces a newer version of its product and stops selling its old version — precludes uptake of less expensive medicines by interfering with automatic pharmacy substitution under state pharmacy law. This myth reflects an assumption that competitors who file abbreviated applications depend on automatic pharmacy substitution — rather than the ordinary rough and tumble of a competitive marketplace — to obtain market share. The truth may be more complicated. Automatic pharmacy substitution arises through a combination of longstanding FDA practices and state pharmacy law. Once the agency has approved two products with the same active ingredient, it assesses whether they are “therapeutically equivalent.” Designating two as therapeutically equivalent means that they have the same clinical profile and that they can be “substituted”: either can be dispensed instead of the other. A true generic drug, an exact copy of the innovator’s product approved based on an ANDA, will be deemed therapeutically equivalent. Every state either permits or requires pharmacists to dispense a therapeutically equivalent generic drug when a doctor prescribes an innovator’s drug by its brand name, unless the doctor has said not to. The notion advanced by critics of alleged “evergreening” is that once an innovator introduces a newer version of its branded product, doctors will prescribe the newer version. And because the generic company instead copied the older version, pharmacists will not — cannot under state law — substitute the generic product when the patient presents a prescription for the newer innovator product. The problem with this argument is that actual dispensing decisions probably reflect a more complex interaction of prescriber decisions, payer preferences, and state law. To begin with, a doctor may specify either branded drugs or generic drugs. A doctor could write the brand name, to be sure, but the doctor could also simply identify the active ingredient, which will usually lead the pharmacist to dispense one of the available generic drugs. In theory, the doctor could even identify a particular generic company’s drug containing a particular active ingredient. And while drugmakers rarely promote generic drugs to doctors and patients, nothing prevents them from doing so. They do promote their therapeutically equivalent generic drugs to pharmacies and payers, focusing on the lower prices they offer. And a company that filed a hybrid application for a product that differed from the innovator’s product might brand its product and promote the distinguishing features, or (depending on the reason it filed the hybrid application) position the product as a near‐​duplicate of the more expensive branded alternatives and promote it as such. In short, an innovator’s newer product creates a new choice for doctors and payers. To be sure, if doctors select this product, pharmacists will dispense it rather than generic copies of the innovator’s older product. Doctors might shift their prescribing to the newer product for many reasons, including persuasive advertising and promotion — meaning they come to believe (based on advertising that, per FDA rules, must be truthful and not misleading) that there are benefits to the newer product. They might shift for other reasons, including experience treating patients with the two options. But companies may advertise and promote generic products to doctors and patients as well, and based on this advertising (or for other reasons, such as experience with the older innovative product that the competitor copied) doctors might not select the innovator’s newer product. They might specify the innovator’s older product (which would lead to automatic substitution, even if the innovator no longer markets the product) or, again, a generic product itself. Generic companies will be able to introduce copies of the innovator’s first product and they may or may not enjoy sales depending on the choices they make and the choices made by others in the market. The assumption that competing companies depend on automatic substitution for market share may be simplistic. Only a minority of states require substitution; most instead have permissive laws. In these states, if a generic product is therapeutically equivalent to the prescribed product and the payer requires its use, the permissive state pharmacy law makes it possible for a pharmacist to substitute, in accordance with the patient’s insurance, without consulting the physician. In these cases, the patient’s insurance drives the product selection. State law just makes it possible to comply with the insurance without contacting the doctor. If a payer perceives the innovator’s new product as less cost effective than available generic drugs containing the same active ingredient, it may decline to cover the product. A rational payer will adopt strategies that steer doctors and patients to less expensive products that are equally or adequately effective — not only those that are therapeutically equivalent, but also those that are not. In these cases, even if a doctor specifies a branded product, the patient’s insurance might prompt a conversation among the doctor, pharmacist, and patient, ultimately leading to modification of the prescription and dispensing of the cheaper copy of the innovator’s first‐​version product. In short, when an innovator introduces a new product into the market, generic companies will be able to introduce copies of the innovator’s first product and they may or may not enjoy sales depending on the choices they make and the choices made by others in the market. In this scenario, products compete for the business of rational payers based on their comparative benefits and cost. Substitution may play almost no true role, and whether the innovator still markets its older branded product may be irrelevant.

#### Prefer legal studies.

Parker and Mooney 7 [Scott and Kevin; “Is ‘evergreening’ a cause for concern? A legal perspective,” Journal of Commercial Biotechnology; 2007; <https://link.springer.com/article/10.1057/palgrave.jcb.3050066>] Justin

THE LEGAL BACKGROUND The patent system provides an incentive for companies to incur the cost and risk of research by providing the time-limited exclusive right to commercialise a patented product. At the heart of the patent system in the UK (and all other fully TRIPs compliant countries) is the requirement that to qualify for the monopoly right that the patent confers (20 years from the date of filing the patent application) the invention covered by the patent must be novel, non-obvious (ie it involves an inventive step) and capable of industrial application (‘utility’ or ‘usefulness’ in the US). The novelty and inventiveness of the patent is evaluated against the ‘state of the art’, which consists in general of every item of information which has ever been made available to the public by any kind of publication, or by use, anywhere in the world, at any point in time before the first filing date of the patent. It is a basic principle of patent law that once details of a product have entered the public domain (by being published anywhere without patent protection, or when any patents for the product or proposal expire or lapse), then everyone has freedom to use that information and any obvious developments of it. So before assuming that any new development relating to a known compound can be patented, we have to ask: 1 Is this new? Any previous publication or use, no matter how obscure, of the same invention destroys novelty and prevents a patent being issued or, if issued in ignorance of such a publication, this will subsequently cause the patent to be declared invalid if sought to be enforced. 2 Is there an inventive step? A patent cannot be granted for anything which is simply an obvious development or variant on any individual piece of information which is part of the state of the art. It is no answer that the piece of information in question may never have come to the attention of the fictitious ‘person skilled in the art’ who is central to any determination of ‘obviousness’. 3 Is there a proposed industrial application for the invention (in the broad sense of having some useful purpose)? The invention does not have to demonstrate an improvement on what is already known, but it cannot be speculative. It must have a use. For example, a DNA sequence for a recombinant gene fragment with a well-defined function is a patentable invention whereas a DNA sequence alone without any indication of function or of its useful attributes is not. 4 Does the patent describe how to put the invention into effect? The patent must be ‘enabling’; it must add to public knowledge, and contribute in its own right to the state of the art. In this way each new patent moves the frontier of the state of the art forward and makes it more difficult to find improvements which are neither old nor obvious. This disclosure enables third parties to implement the invention once the patent has expired and, is the consideration (in the legal sense) for the monopoly right granted by a patent. HOW THE PATENT SYSTEM DEALS WITH ‘EVERGREENING’ The criteria of patentability set out above apply equally to all inventions from the most basic mechanical patent to the most complex microelectronic or biotechnological invention. Similarly patent law does not distinguish between the invention of a wholly new product and inventions relating to improvements upon an existing product. The same criteria for patentability apply. ‘Double patenting’ is prohibited. That is to say the same invention cannot be covered by more than one patent. Thus for an improvement upon an existing pharmaceutical product to be patentable in its own right it will need to satisfy the criteria of novelty and non-obviousness taking into account the earlier product and all that is known about it in the public domain at the time that the second patent is applied for. If a patent is granted in respect of this improvement it will only cover the improvement to which it relates and will not extend to the originator product. That is to say a patent for a new product in a class will always be broader than any subsequent patent covering an improvement, modification or derivative of that product and so the exclusivity granted is in broad terms commensurate with the scope of the scientific advance that it reflects. An important corollary to the prohibition on ‘double patenting’ is that a patent covering an improved version of a pharmaceutical (or any other) product does not preclude a generic company from copying all forms of the originator product once the patents protecting these forms have expired. For example, if a company selling a patented pharmaceutical reformulates that product as a syrup for paediatric administration and then patents the new formulation, generic competition to the original adult formulation will be possible once the patents covering it expire or are invalidated. The existence of the patent on the paediatric formulation will not delay or prevent generic competition on the original formulation. The innovator company will, however, continue to have the exclusive right to sell the paediatric formulation for the remainder of the life of the patent covering this specific improvement. If in the above example the improvement made is not a paediatric formulation but a slow release formulation that allows once daily dosing and so improves patient compliance as a result of increased convenience, doctors and patients will have a choice between generic versions of the original formulation or the new once-daily product once any patent on the original formulation expires. The patents on the slow release formulation will not delay or prevent marketing of the original formulation. The market will then decide whether the benefits offered by the improved formulation make it worth paying for in the face of cheaper versions of the original product. The answer to this question will inevitably vary from market to market and between different patient populations. Either way the patient would appear to benefit from the increased choice available. A simple and further example of this is ibuprofen. The supermarket shelf carries premium-priced ibuprofen formulations which typically are quicker acting or easier to take than the traditional tablet. These formulations may be patent protected. Customers can, however, decide for themselves whether the added benefit is worth the extra cost. The patents do not prevent anybody from buying the ordinary, cheapest kind of tablet. Reference to patents covering the colour and scoring of tablets has been made in several articles criticising the pharmaceutical industry (without the specific patents that are complained of being identified).4 It is informative to consider how the patent system would apply to such ‘developments’. To the best of the authors’ knowledge no patents have ever been granted for the colour of pharmaceutical products. In fact, since UK patent law (and most others) expressly excludes the patenting of ‘aesthetic creations’ the colour of a pharmaceutical product could only ever be patentable if either: (a) it could be established that the colour itself produces a technical effect, such as a therapeutic benefit caused by increased compliance, that is novel and not obvious; or (b) that the means of obtaining that colour, the manufacturing process of colouring the tablet, is itself novel and not obvious. It goes without saying that for a ‘pink pill’ patent application the technical effect, novelty and inventiveness would be scrutinised carefully. Nevertheless, the application would be looked at on its own facts and applying the patentability criteria described above. Similarly, as regards the scoring of tablets, the same standard of patentability and scrutiny must be satisfied. It would need to be established that tablets had never been scored in this way before and that to do so was not an obvious departure from what has gone before. Without further investigation it should not be assumed that such an invention would be of no value to patients (eg it could be that compliance among children would be improved if the tablet is more cleanly cut as a result of the means of scoring employed). There are plenty of examples of developments (reformulations, new salts, combinations and the like) that have real therapeutic benefit but which at first blush may seem trivial. Again, the more minor that a variation is (eg a pink tablet or means of scoring the tablet) the more narrow the relevant patent protection will be and the easier it should be for a competitor to design around the patent without needing to seek to invalidate it. For example, if a patent is (or has been) granted that covers a particular colour of tablet or a particular means of scoring such tablet then such a patent would not stop a competitor from marketing (respectively) a different colour tablet or a tablet that is not scored or that is scored in a different way. In summary, therefore, the patent system is inherently adapted to reflect how much innovation in fact takes place (by way of improvements to existing technology) and to prevent ‘evergreening’. It allows the use of ‘old’ technology while protecting (and thus providing incentives for) improvements to that technology. Another factor to be taken into account in any debate on the patenting of ‘minor variations’ is that it is not only the company that owns the patents covering the originator product that can patent improvements thereto. Other companies (including generics) can (and do) do this, with the consequence that there may be a number of companies having similar products (some of which may for a variety of reasons be better suited to particular patients) and healthy competition in the marketplace. ‘STRATEGIC PATENTING’ A related charge that is sometimes made against innovator companies is that they file numerous patents on multiple attributes of a single product so as to create a ‘patent thicket’ that so complicates third-party research that it strangles innovation, or that they are guilty of what is sometimes referred to as ‘strategic patenting’.5 Implicit in these charges is that the only reason for filing these patents is maintenance of market share for as long as possible after the expiry of the patents covering the originator product itself. This is a serious charge that deserves to be looked at in more detail. Of course, pharmaceutical and biotechnology companies (like companies in all other R&D-based industries) have patenting strategies. In no other industry is there any suggestion that companies should restrict themselves to patenting inventions that meet some higher standard over and above the basic criteria for patentability or that companies should not seek protection for certain types of technological advance or that exceeding a certain number of patents in a technical area is per se reprehensible. When one considers that intellectual property rights are the life-blood that propels pharmaceutical advances in the private sector (and to an increasing extent in the public sector as well) and takes into account the sums that are typically spent on a new product during the 10–15-year-period from discovery through pre-clinical and clinical trials to regulatory approval and market launch, any company that did not do all that it could to protect its inventions would be acting negligently towards its shareholders. On the subject of patenting strategies in the pharmaceutical industry the UK Patents Court judge Mr Justice Jacob (now Lord Justice Jacob) said in the case of Synthon v SmithKline Beecham ‘I ask myself whether SB have done anything blameworthy…and I cannot see that they have. On the contrary, so far as I can see, they have employed competent and careful patent agents to obtain for them the best patent position which they think they can get. It may be good, it may be bad, but they are doing their job and I see no criticism whatever in the conduct of SB’.6 If one accepts that the nature of pharmaceutical and biotechnological innovation (as with other R&D based industries) is most often incremental and cumulative then it follows that the patent system should reflect this reality. This is indeed the case. As we have seen above, the patent system does not distinguish between ‘breakthroughs’ and ‘incremental improvements’ in terms of the patentability requirements that apply. At the same time a greater reward (a broader patent) is granted in respect of the ground breaking research than for inventions directed at solving further technical hurdles and optimisation of the initial invention. In the experience of the authors most of the patents that have been challenged by generic companies wishing to enter the market were applied for during the development of the originator product rather than once it has been established as a commercial success. This reflects the organic process of drug discovery and development and the time lag between drug discovery development, clinical testing and regulatory approval (ie that inventions are made in overcoming the various technical challenges faced during drug development). Nevertheless, some innovations are made at a later stage. For example, it may be that it is only after the product has been prescribed to a population of patients post-launch that it will become evident that further improvements need to be made to improve efficacy, deal with a compliance (or other) problem or expand the target patient population or disease indications. Such improvements may stem from greater experience of the product, problems unexpectedly encountered in particular patient populations or other advances made in the field. Given that the purpose of the patent system is to encourage innovation and (in the pharmaceutical sector) to lead to better medicines, it would be strange indeed if this incentive was removed or diminished once the first product of a particular type has been launched.

#### Evergreening is good---your authors misunderstand it.

Banana 19 [BananaIP; “DEMYSTIFYING THE EVERGREEN MYTH,” Executive Office of the President of the United States; 7/19/19—originally appeared 5/19/14; [https://www.bananaip.com/ip-news-center/chapter-iii-demystifying-evergreen-myth-comprehending-apprehension-apprehending-comprehension/]](https://www.bananaip.com/ip-news-center/chapter-iii-demystifying-evergreen-myth-comprehending-apprehension-apprehending-comprehension/%5d) Justin

Evergreening is like any other business strategy that market players would adopt to seek a competitive edge in the market. It doesn’t stop anyone from making the product claimed in the expired patent, but only makes sure that they can differentiate themselves from the other generic products through incremental inventions. More often than not, the R&D efforts and investments that go into the making of these incremental inventions can be very high and their results invaluable for treatment.

One of the rationales of the patent system is to incentivize innovation which is believed to lead to the progress in technology. A patent application is published 18 months after it is filed so as to ensure that the knowledge in the patent is made public for aspiring inventors to design around and build on it. Anyone, including the owner of an existing patent and their competitors, is free to invest in research in this direction as early as 18 months from the filing of such a patent. If a competitor files for an incremental patent, it is branded as innovation, but when a patent holder files for an incremental patent, it is looked upon as innovation leading to life cycle management or Evergreening.

In most parts of the world, life cycle management is considered as positive development. However, to the frustration of many pharmaceutical companies, symbolically represented by Bayer, life cycle management is quite a tricky business in India, thanks to the infamous Section 3(d) of the Indian Patent Act, often alluded to as the anti-evergreening law, which bears the burden of keeping a check on incremental pharmaceutical inventions that add no therapeutic value. Section 3(d) states that “the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance, or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus, unless such known process results in a new product or employs at least one new reactant” is not patentable.

### 1NC – AT: Feldman

#### Feldman is a joke.

Risch 17 [Michael; “Data for the Evergreening Debate,” Written Description; 11/21/17; <https://writtendescription.blogspot.com/2017/11/data-for-evergreening-debate.html>] Justin

**Feldman and Wang** argue that the Orange Book has been used by companies to "evergreen" their drugs - that is, to extend exclusivity beyond patent expiration. The paper is on SSRN and the abstract is here:

Why do drug prices remain so high? Even in sub-optimally competitive markets such as health care, one might expect to see some measure of competition, at least in certain circumstances. Although anecdotal evidence has identified instances of evergreening, which can be defined as artificially extending the protection cliff, just how pervasive is such behavior? Is it simply a matter of certain bad actors, to whom everyone points repeatedly, or is the problem endemic to the industry?

This study examines all drugs on the market between 2005 and 2015, identifying and analyzing every instance in which the company added new patents or exclusivities. The results show a startling departure from the classic conceptualization of intellectual property protection for pharmaceuticals. Key results include: 1) Rather than creating new medicines, pharmaceutical companies are recycling and repurposing old ones. Every year, at least 74% of the drugs associated with new patents in the FDA’s records were not new drugs coming on the market, but existing drugs; 2) Adding new patents and exclusivities to extend the protection cliff is particularly pronounced among blockbuster drugs. Of the roughly 100 best-selling drugs, almost 80% extended their protection at least once, with almost 50% extending the protection cliff more than once; 3) Once a company starts down this road, there is a tendency to keep returning to the well. Looking at the full group, 80% of those who added protections added more than one, with some becoming serial offenders; 4) The problem is growing across time.

I think the data the authors have gathered is extremely important, and I think that their study sheds important light on what happens in the pharmaceutical industry. That said, as I explain below, my takeaways from this paper are much different from theirs.

My concerns are fourfold. First, even assuming that every one of the efforts listed by the the study were an attempt to evergreen, I have no sense for whether evergreening actually happened. This study doesn't provide any data about generic entry or pricing. For example, the study describes 13 listings for OxyContin, but I'd bet dollars to donuts that there was plenty of generic oxycodone available. Similarly, many of the new listings are changes from Drug 1.0 to "new and improved!" Drug 2.0. This, of course, has been criticized as anti-competitive (since generics rely on auto-substitution laws), but the study presents no data about whether insurers refuse to pay for Drug 2.0 and instead require the generic, nor does it explain why generics can't do their own advertisements to get doctors to prescribe Drug 1.0.

Second, many of these listings and the new patents that go with them are for advances, like extended release and dissolvables. These can be critically important advances, and they are preferred by consumers. Thus, one person's "evergreening" is another person's innovation. I take extended release drugs (and expensive generic) to avoid side effects and I gave my son dissolvable Prevacid when he wouldn't stop crying with GERD (and was glad for it). Without consumer data or patent data, it is impossible to tell just how much evergreening is going on (or how harmful it is). Now, if these patents are obvious because making them dissolvable or extended is easy, I'm all for stripping protection - but that's a different issue.

Third, the article speaks of orphan drug approvals as if they are a bad thing. This made me bristle, quite frankly. My mother has an extremely rare autoimmune disease that is very painful. I often wondered, isn't there some incentive to develop drugs to treat it? Turns out there is, and though she got no relief, apparently a bunch of other rare diseases did, and that's the whole point behind orphan drug exclusivity. Concern about this exclusivity seems misguided anyway. If it turns out that drug companies are gaming it and nobody actually needs the drug, then the the loss is not too large, because it's a small population and nobody needs the generic anyway. And if it turns out that they do need it, the Orange Book only limits labeling, and doctors are free to prescribe a generic for off-label use. Without evidence that doctors refuse to do so, there's no real evidence that Orphan exclusivity does much harm. In another personal story, my wife was prescribed a generic drug in a different formulation than the patented tablet for off-label use.

Fourth, and most generally, the article speaks of new patents as if there is no innovation. New use discoveries are important. Many of our most important drugs are not for their original uses. As far as I know, generics are not barred from finding new uses and patenting them, either, though admittedly their hands are tied for patient use. So, where the authors see evergreening, I see innovation. Maybe. Maybe it's obvious. But we can't tell that from this high level, and I'm not ready to write it all off as evergreening. It is telling that I was able to provide four personal stories about how supposed evergreening efforts benefited, would have benefited, or did not increase costs for my family or me (and thankfully none of them involved oxycodone).

### 1NC – AT: AMR

#### Low prices cause AMR.

Babu and Suma 6 Babu, Varsha, and C. Suma. "Antibiotic pricing: when cheaper may not be better." Clinical infectious diseases 43.8 (2006): 1085-1086. (Government Primary Health Center)//Elmer

To The Editor—Antibiotics in India have always been cheaper in absolute terms thanks to weak patent laws that have been in effect until recently. Because a direct translation of drug prices from US dollars to Indian rupees (INR) would have rendered most new antibiotics inaccessible to the vast majority of Indians, such patent violations were subtly encouraged. Even despite this, we were caught unaware when pharmaceutical representatives approached our primary care center in rural India, claiming that a 5-day course of levofloxacin would henceforth cost the patient ∼INR 20 (<$0.50). Reluctant to accept such a statement at face value, we consulted the CIMS Updated Prescriber's Handbook [1], a popular index of pharmaceutical drugs available in India. Here, we discovered that a 5-day course of oral levofloxacin (500 mg once daily) cost anywhere from INR 19.5 to INR 475 ($0.50–$10.50), with most companies pricing their brand at <$1 for a full course. The same course in the United States would cost >$100. Intrigued, we did some more research and came up with the following results. The cheapest 5-day courses of first-line antibiotics, such as oral amoxicillin (500 mg thrice daily) or oral erythromycin (500 mg 4 times daily), cost INR 45 ($1) and INR 90 ($2), respectively. On the other hand, the cost of a 3-day course of oral azithromycin (500 mg daily) was one-half that of a course of erythromycin. Despite the obvious price advantage to the patients, we find this trend troubling. **Lower prices** often **lead to wider prescription of a given drug**, especially in resource-limited settings. **If** second-line **antibiotics**—such as levofloxacin and azithromycin—**are made available at lower prices** than first-line antibiotics, **there is a high probability of their overuse and subsequent development of resistance**. In the face of **very low costs of medication**, patients are unlikely to complain of escalating medical expenses. The issue assumes more gravity when one considers the fact that levofloxacin is an important second-line drug for the treatment of tuberculosis [2]. Its widespread use in the community **is likely to lead to emergence of resistance** **among** **mycobacteria** **and** delayed diagnosis of **tuberculosis** [3]—an occurrence that India, with its large population of tuberculosis-affected patients, cannot afford. We believe we have encountered a situation where **low prices of antibiotics are likely to cause more harm than good**. In the post World Trade Organization treaty scenario, governments in resource-limited countries should use their privileges of essential drug control to ensure that the costs of first-line antibiotics remain lower than those of second-line drugs. Such a government-instituted ladder in antibiotic pricing is essential to prevent the misuse of antibiotics in the community and to ensure that antibiotic resistance is kept at low levels.

#### Secondary patents are key to innovation that solves AMR.

Salmieri 18 [Gregory; 2018; “*INTELLECTUAL PROPERTY AND THE FREEDOM NEEDED TO SOLVE THE CRISIS OF RESISTANT INFECTIONS*,” <http://georgemasonlawreview.org/wp-content/uploads/2019/04/26-1_7-Salmieri.pdf>] Justin

II. THE RIGHT TO THE VALUE CREATED BY RESPONSIBLE STEWARDSHIP Consider how the two-fold problem of growing resistance to our current antimicrobial drugs and the dearth of new antimicrobials under development looks once the specifics are omitted. Forget for a moment that the subject is drugs and microbes—or even inventions as opposed to other sorts of property—and just focus on the structure of the predicament.35 There is a resource of immense value that is being used myopically in a way that destroys existing stocks of the resource, and little is being done to find or develop new stocks of it. This is a pattern one expects to see with unowned resources, but not with owned ones. It is the classic “tragedy of the commons.” When a patch of grazing land is owned in common by everyone—which is just to say it is unowned—everyone has an incentive to make what use of it he can, leading to its overuse and destroying its value. By contrast, an owner can use land judiciously in ways that preserve its value or even to invest in improving the land. This is possible because the owner has exclusive control of the land in the present and therefore can control its uses, and because the owner expects to reap the benefit of the land’s future value. If deeds to land expired after twenty years, with the land reverting to the commons, land owners would have no financial incentives to preserve or enhance the land’s value past the twenty-year window. In this scenario, they could not afford to forgo shortterm gains that came at the expense of the land’s later value. Nor could they afford to invest in long-term improvement projects, such as clearing new land for grazing. This is the predicament with antimicrobial drugs. The profligate use of such drugs in the present destroys their value in a future in which they are unowned. This suggests the simple solution of extending the patent terms for antimicrobial drugs. So long as the drug remains under patent, the patent holder has both an interest in preserving its usefulness and the ability to control its use so as to preserve its value. How long should the patent term be extended? The five years of extra market exclusivity offered by the GAIN Act is calculated with a view to incentivizing companies to invest in developing new drugs. The aim of the present proposal is different. It is to enable the creators of drugs to profitably exercise their rights over the drugs in a manner that preserves the drugs’ effectiveness over time—ideally into the indefinite future. This requires extending the term of exclusivity not just a few years or decades, but as far into the future as there is reason to hope that the drugs’ effectiveness can be maintained. There are various ways in which this suggestion could be further developed; perhaps the most promising is simply to allow patents on antimicrobial drugs to be renewed indefinitely, so long as the drugs’ continued effectiveness can be demonstrated. (How exactly continued effectiveness should be demonstrated is a matter of detail, but likely by showing resistance to be below a certain threshold—perhaps 20 percent—in clinical isolates of interest.36) This would allow for a potentially infinite patent term. “Perpetual patents” have occasionally been proposed, 37 but the lack of a fixed term may do violence to the notion of a patent, so it may be better to conceive of this as a proposal for a new type of IP right that combines features of patents and trademarks. Conceptualizing the relevant right in this way highlights its basis. Like a patent, the right would pertain to an invention and would confer market exclusivity; like a trademark, however, it would be renewable in perpetuity on the grounds that the continued value of the property depends on the owner taking continuous action to maintain it. In the case of the right under consideration, the relevant actions would be those of stewarding the drug in such a manner as to prolong its continued effectiveness in the face of resistance. This new sort of property right could, in principle, be applied to drugs that are already off patent or otherwise ineligible for patent protection. The Chatham House Working Group proposes granting “delinkage rewards” to “firms registering a new antibiotic without patent protection (such as new uses for old drugs),”38 and it may be that the sort of IP protection proposed here would be applicable in such cases as well. If so, the right would be justified by the discovery of the new use for the drug and by the fact that intelligent management of this use is required for it to retain its value. A more difficult case is granting such rights to already known antibiotics that have gone off patent and are now available as generics. Removing these drugs from the commons would make it possible for an owner to profit by stewarding them responsibly. The difficulty here is determining who would own them. Professor Kades considers the possibility of granting a new patent to the original patent holder, but suggests “auctioning the patent rights [to such drugs] to the highest bidder.”39 Both are plausible solutions. Another option, in light of the issue of cross-resistance (which will be discussed in Part III) would be to apportion the IP rights to the relevant drugs among the owners of other drugs with similar mechanisms of action. Instituting the sort of property right described here (whether or not it is extended to drugs that are currently unpatentable and/or in the public domain) would create an environment in which pharmaceutical companies and other private entities can compete to develop new policies and business models that maximize the total value derived from antimicrobial drugs over time. An important advantage of this proposal is that it does not require policymakers (or authors of law review articles) to know in advance which specific practices would have this auspicious effect. However, some obvious possibilities suggest themselves. Pharmaceutical companies could sell new antimicrobials at a price high enough to make it prohibitive to use them as anything other than treatments of last resort. In addition to extending the drugs’ useful lives, the high prices would compensate for the lower initial volume of sales, and the drugs could eventually be repriced for wider use as second- and then first-line treatments. This repricing would have to be paced both to the growth of the resistant bacterial population and to the development of new antimicrobial drugs to take their predecessors’ place as treatments of last resort. One can imagine many variations of this strategy with different price points and development cycles. Pharmaceutical companies could also extend the effective lifespan of their antimicrobials through contractual arrangements with healthcare providers, which restrict the latter’s use of the drugs to certain protocols or best practices. Imagine the new business practices whereby pharmaceutical companies might profit from drugs that are never or hardly ever used. Licensing plans like the one proposed by Commissioner Gottlieb might be employed in innovative ways.40 For example, healthcare providers or insurance companies might pay a monthly fee for the right to use these drugs should it ever become necessary to do so. Or the various parties might negotiate a system whereby a pharmaceutical company (or an entity that has licensed drugs from multiple companies) charges a fixed price for treatment in accordance with a proprietary antimicrobial protocol that makes use of several of their drugs, specifying which drugs can used under which conditions. The suggestions in the last paragraph all amount to ways in which revenues from the creation of a new drug might be “delinked” from sales volume. In principle, this delinkage could occur simply through market forces, without any additional policy interventions, but since governments and multinational organizations account for most of the spending in the healthcare sector in much of the world, their adopting policies favoring delinkage would likely stimulate the development of these sorts of business models under an IP regime of the sort suggested. Indeed, such delinkage–promoting policies would likely fare better under the proposed IP regime than under the current IP system because, as The Chatham House Working Group observes, “patent expiry” creates some difficulties for such policies. Obligations for responsible use can be carefully crafted and functional when monopoly rights are in place, but are likely to fail once generic antibiotics are introduced upon the termination of the period of exclusivity. Generic manufacturers ordinarily rely on volume-based rewards, and low prices and large volume of sales without appropriate measures to conserve the antibiotics may be an important driver of indiscriminate use and resistance. A sustainable system will require controls on market entry after termination of the patent, and regulation of the way the generic products are marketed and prescribed.41 It bears emphasizing at this point that the best stewardship policies for antimicrobial drugs remain to be discovered. The Chatham House Working Group report (quoted several times above) represents the cutting edge of research on this issue, and it offers precious few details about the new “delinked” business model it says “needs to be developed.” Successful business models are rarely if ever specified from on high by public policy makers. Securing a long-range IP right to antimicrobial drugs would create the conditions in which the healthcare industry as a whole could invest the resources required to discover the practices, protocols, and business models that maximize the value of these substances. In addition, the ability to capture this value as profit would create an incentive to develop new drugs as needed. IP rights, and patents in particular, are sometimes understood as bargains between creators and society. The proposal under consideration grants a lot more to the developers of any new antimicrobial drugs than they are granted under current law, but it asks a lot of these developers in return—for it requires them to become good stewards of their drugs by discovering and implementing the means necessary to preserve the drugs’ value over time, so that the maximum potential benefit from them is realized.42 This is work that needs to be done by someone, and the sort of IP regime proposed here would enable those people and firms most qualified to do this work to profit by doing it. This leads to a deeper point. Although IP rights are often understood as special privileges granted by government and justified on utilitarian grounds, the dominant strand in early American jurisprudence, taking its inspiration from John Locke, regards all property rights as securing to a creator the fruits of his productive work.43 Among the reasons why patents and copyrights are finite in duration, whereas rights to chattels or land can be passed on from generation to generation indefinitely, is that chattels and land generally need to be maintained in order to retain their economic value over time, whereas this is not true of the economic value of an artwork or a method.44 But the case under consideration reveals that the continued economic value of certain methods does depend on an ongoing process of intelligent management by which one uses the method sparingly. It is this very fact that (according to the argument of this Part) justifies extending the IP right to the drug indefinitely. This raises the question of whether there are structurally similar cases in other fields, where the continued commercial value of a potential invention depends on its judicious use. If so, it may be that there are other values being destroyed (or never created) because of tragedies of the commons that could be rectified by policies analogous to the one suggested here.

**Companies are working together to solve for the AMR shortfalls**

Silas Holland, July 9th, 2020, Business Wire, Abigail Jones,  New AMR Action Fund steps in to save collapsing antibiotic pipeline with pharmaceutical industry investment of US$1 billion, <https://www.businesswire.com/news/home/20200709005154/en/%C2%A0New-AMR-Action-Fund-steps-in-to-save-collapsing-antibiotic-pipeline-with-pharmaceutical-industry-investment-of-US1-billion> // HZN Today, more than 20 leading biopharmaceutical companies [have] announced the launch of the AMR Action Fund, a ground-breaking partnership that aims to bring 2-4 new antibiotics to patients by 2030. These treatments are urgently needed to address the rapid rise of antibiotic-resistant infections – also called antimicrobial resistance, or AMR. The companies have raised so far nearly US$1 billion new funding to support clinical research of innovative new antibiotics that are addressing the most resistant bacteria and life-threatening infections. Through the AMR Action Fund, pharmaceutical companies will join forces with philanthropies, development banks, and multilateral organizations to strengthen and accelerate antibiotic development. The Fund will focus on urgent public health needs. It will provide much needed financial resources, as well as important technical support to help biotech companies bring novel antibiotics to patients. The AMR Action Fund, an initiative of the international body representing the R&D pharmaceutical industry (International Federation of Pharmaceutical Manufacturers & Associations, IFPMA), was announced at simultaneous virtual launch events in Berlin, Germany, and Washington, D.C., USA, with a third event in Tokyo, Japan taking place on July 10. AMR is a looming global crisis that has the potential to dwarf COVID-19 in terms of deaths and economic costs. While tragically the death toll of COVID-19 continues to rise, each year 700,000 people are dying from AMR. In some of the most alarming scenarios, it is estimated that by 2050 AMR could claim as many as 10 million lives per year. *“Unlike COVID-19, AMR is a predictable and preventable crisis. We must act together to rebuild the pipeline and ensure that the most promising and innovative antibiotics make it from the lab to patients,” said Thomas Cueni, Director General of the IFPMA, one of the organizers of the new fund. He adds: “The AMR Action Fund is one of the largest and most ambitious collaborative initiatives ever undertaken by the pharmaceutical industry to respond to a global public health threat”.* The world urgently needs new antibiotics, but there are few in the pipeline because of a paradox: despite the huge societal costs of AMR, there is currently no viable market for new antibiotics. New antibiotics are used sparingly to preserve effectiveness, so in recent years, a number of antibiotic-focused biotechs have declared bankruptcy or exited this space due to the lack of commercial sustainability, resulting in the loss of valuable expertise and resources. The consequence is a huge public health need for new antibiotics, but a lack of funding available for antibiotic R&D, particularly the later stages of clinical research. This creates a “valley of death” between discovery and patient access. “With the AMR Action Fund, the pharmaceutical industry is investing nearly US$1 billion to sustain an antibiotic pipeline that is on the verge of collapse, a potentially devastating situation that could affect millions of people around the world,” said David Ricks, Chairman and CEO of Eli Lilly and Company and President of IFPMA. “The AMR Action Fund will support innovative antibiotic candidates through the most challenging later stages of drug development, ultimately providing governments time to make the necessary policy reforms to enable a sustainable antibiotic pipeline.” While the AMR Action Fund is an important step in addressing the challenge of AMR, policymakers across the globe must enact market-based reforms, including reimbursement reform and new pull incentives, to revitalize the antibiotics market and drive sustainable investments in antibiotic R&D. Until then, the biopharmaceutical industry is taking action now to support the current pipeline of antibiotics. With this investment from leading biopharmaceutical companies, the AMR Action Fund will be the largest collective venture ever created to address AMR. The AMR Action Fund will: Invest in smaller biotech companies focused on developing innovative antibacterial treatments that address the highest priority public health needs, make a significant difference in clinical practice, and save lives. Provide technical support to portfolio companies, giving them access to the deep expertise and resources of large biopharmaceutical companies, to strengthen antibiotic development, and support access and appropriate use of antibiotics. Bring together a broad alliance of industry and non-industry stakeholders, [through] including philanthropies, development banks, and multilateral organizations, and help encourage governments to create market conditions that enable sustainable investment in the antibiotic pipeline. The AMR Action Fund expects to invest more than US$1 billion with the support of future partners into a portfolio of companies to address the funding gap for the financing of antibiotic development. The Fund is expected to be operational during the fourth quarter of 2020.

#### Alt causes outweigh innovation – antibiotics just aren’t profitable.

**Paton and Kresge 20** [James Paton and Naomi Kresge, James is a reporter at Bloomberg Business covering health, pharma, and Covid-19. Naomi is a reporter for Bloomberg Business covering pharmaceuticals. 8-8-2020, accessed on 8-28-2021, archive.is, "Superbugs Win Another Round as Big Pharma Leaves Antibiotics " <https://www.bloomberg.com/news/articles/2018-07-13/superbugs-win-another-round-as-big-pharma-leaves-antibiotics>] Adam

The fight against life-threatening infections suffered another blow when one of the world’s biggest drugmakers waved the white flag. [Novartis AG](https://archive.is/o/hm5Rm/https:/www.bloomberg.com/quote/NOVN:SW) is the latest drug giant to end antibacterial and antiviral research, joining the likes of [AstraZeneca Plc](https://archive.is/o/hm5Rm/https:/www.bloomberg.com/quote/AZLN:LN), [Sanofi](https://archive.is/o/hm5Rm/https:/www.bloomberg.com/quote/SAN:FP), [Allergan Plc](https://archive.is/o/hm5Rm/https:/www.bloomberg.com/quote/AGN:US) and [Medicines Co.](https://archive.is/o/hm5Rm/https:/www.bloomberg.com/quote/MDCO:US) [GlaxoSmithKline Plc](https://archive.is/o/hm5Rm/https:/www.bloomberg.com/quote/GSK:LN) has put some antibiotics assets under review. The pullback revives concern about a world in which routine infections again become lethal as bugs develop resistance to existing drugs. Sales of new antibiotics are too low for big pharma to recoup its investments, and public measures to encourage more activity aren’t moving the needle. “The market is broken,” said David Shlaes, a former pharmaceutical executive and consultant. “We’re at a point now where resistance is moving a lot faster than our ability to provide new antibiotics. This is just another in a long string of really bad news.” The latest retreat comes after a brief period when industry leaders appeared willing to take a [risk](https://archive.is/o/hm5Rm/https:/www.bloomberg.com/news/articles/2016-06-30/superbugs-and-subsidies-draw-big-pharma-back-to-antibiotics) on the field. [Merck & Co.](https://archive.is/o/hm5Rm/https:/www.bloomberg.com/quote/MRK:US) spent $8.4 billion on antibiotics leader [Cubist](https://archive.is/o/hm5Rm/https:/www.bloomberg.com/news/articles/2014-12-10/cubist-deal-a-rare-bright-spot-in-dismal-field-of-antibiotics) in 2014. Novartis, Glaxo and other companies pledged at the World Economic Forum in 2016 to fight the threat of drug-resistant bacteria. The U.S. government offered longer patent protection and subsidies, potentially worth hundreds of millions of dollars, to companies willing to invest. Not Selling But the new antibiotics just haven’t sold. Only five of the 16 brand-name antimicrobials approved from 2000 through last year were able to generate sales of more than $100 million annually, according to a study from Duke University’s Margolis Center for Health Policy. That’s a pittance compared with the billions of dollars for new cancer treatments. The problem for drugmakers is that new antibiotics are usually held in reserve and are not used unless they’re needed because patients develop resistance to an older medicine. Even the most expensive antibiotics, at around $1,000 a day, are cheap compared with a cancer medicine that will be given for months instead of a few days or weeks. Meanwhile, developing new antibiotics is becoming more expensive, said Gabrielle Breugelmans, director of research for the Access to Medicine Foundation. The roughly 275 research projects going on around the world might yield two or three medicines, she said.