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Chile: On Impact Of Patent Protection Legislation Reform

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On Sept. 30, new legislation on comprehensive patent protection for foreign companies' products went into effect. Local pharmaceutical firms have been sued by foreign companies for manufacturing medicines and other items patented in the US and Europe. According to Economy Minister Alejandro Reyes, "The pharmaceutical patent law disputes lit a fire under the issue. But, in fact, an overhaul of our 50-year-old industrial property law was long overdue." Reyes believes the new legislation will attract not only pharmaceutical transnationals, but also fiber optics and communications technologies from Spain and Italy, sophisticated mining techniques from Scandinavia, and bioengineering technologies from the US. Jorge Velis, general manager of Laboratorio Upjohn Cia, Ltda., and past president of the local pharmaceutical lobby organization, said, "Upjohn, Schering Plough, Parke-Davis, and Roche have already begun increasing investments in Chile. The scope of their Chilean operations has grown as a result of the new law...Merck Sharp, Bristol Meyer-Squibb, and Sanofi [France] will be entering the national market soon." Bristol Meyer-Squibb is currently negotiating an agreement with the local Laboratorios Recalcine S.A. Recalcine already distributes for Proctor & Gamble and other foreign companies. Next, Laboratoire Delagrange (France) is marketing an anti-depressant through Laboratorio Chile. Merke Sharp & Dohme is teaming up with Laboratorios Saval. According to Velis, local companies who fail to join forces with multinationals will soon be out of business. He said, "They won't be able to compete once they have to pay royalties...Thirty foreign pharmaceutical MNCs are already doing business in Chile, and 12 are US-based. The numbers will grow." Velis argues that if the highly competitive domestic market (US$220 million per year) can attract so many MNCs, pharmaceuticals exports to Latin American nations may follow. Despite positive results, Velis said the new legislation falls short on two counts. First, patent protection is provided for only 15 years, and the norm is 20. Next, the legislation applies to new patents only, or those registered after Sept. 30, 1991. [Basic data from 11/28/91 report by Chilean Information Project (CHIP, Santiago, Chile)]