

COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY 10743

Honorable Gaylord Nelson

-3-

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and clomiphene citrate tablets were so carelessly prepared by DPSC that in the case of clindamycin hydrochloride hydrate capsules DPSC had obviously used draft language apparently obtained from the Upjohn Company, since DPSC inadvertently neglected to change the reference to another Upjohn drug -- namely lincomycin -- within that original clindamycin purchase description. Furthermore, as quoted in my testimony, the William S. Merrell trade name (Clomid) was indeed included in the clomiphene citrate purchase description.

Mr. Stetler, in his letter, mentions that the particular four drugs (out of the many mentioned during the testimony) are sole source products currently available only from single suppliers. Mr. Stetler is probably correct, but he neglects to point out that as soon as drugs go off patent there are generally a number of other firms which will immediately market competing products, and indeed some firms will even grant cross-licenses for products while they are still under patent. Consequently, if the DPSC specification today "locks-in" to one company's peculiar product characteristics, it would virtually guarantee a perpetual monopoly after the drug goes off patent -- that is, by this process, they have effectively and ingeniously circumvented those requirements, such as bidding by generic name, which are intended to instill genuine competitive bidding. [Ironically, if a future competitor were to produce a dosage form which so resembles the original producer's product as to be "pentagonal" in shape or to have "a pink body and a blue cap" the Pharmaceutical Manufacturers Association would loudly cry out -- as they have in the past -- that the second firm's product was a "counterfeit" purposely designed to resemble the original producer's article!]

In the final paragraph of Mr. Stetler's letter, he mentions that "contrary to the impression given in Dr. Feldmann's reported testimony, lincomycin is not a 'trade name' for clindamycin." Mr. Stetler is quite correct in this regard. Whether it was an error in the stenographer's transcript, or whether it was an inadvertent slip of the tongue on my part -- prior to the date of Mr. Stetler's letter -- I had already reported that (transcript page 10257; line 7) the words "trade name" (rather than "drug name" as I had intended to say) appear in the uncorrected transcript. An appropriate correction to this statement was entered on the draft transcript which was returned to the Subcommittee in early March. The point I was making, however, would have been equally valid in either case; namely, that a specific company's specification sheet was being used to draw unnecessarily restrictive specifications for another product produced by that same company. [Furthermore, another example which included a drug trade name (Clomid) was given immediately thereafter in my testimony.]