Fixing a Hole: Will Generic Biologics Find a Niche Within the Hatch-Waxman Act?

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Elysa B. Goldberg, Ph.D.*

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INTRODUCTION

The following scene takes place at a common pharmacy counter.

Pharmacist: “There is a generic formulation of this drug. Would you like to buy it instead of the brand-name prescription?”

Consumer: “How much would I save if I bought the generic drug?”

Americans are concerned with the cost of drugs. Currently, America’s health care spending is about $2 trillion, and in ten years, is expected to roughly double to $4.1 trillion. To put that into perspective, we spend about $7,500 per capita on health care...
in the United States. These figures are expected to rise to $12,800 per capita in 2016. Much of this increase is expected because of greater spending for pharmaceuticals. With such a large amount of national spending invested in healthcare, the millions of uninsured or solely Medicaid-covered Americans have a great stake in the price of medication. Citizens and legislators are concerned because “[p]rices are inexorably linked to healthcare, monetary and fiscal policy, management of national debt, and, ultimately, overall standard of living.” Thus, the rapid rise in healthcare spending is a deep concern for citizens, drug companies, healthcare providers, and politicians.

To bring a new, innovative drug to market, a pharmaceutical company needs to spend huge sums of money on research and development. Thousands of chemicals are routinely synthesized in laboratories with the hope that just one chemical will provide a benefit to Americans. Then, labs send the chemical through a barrage of experimentation for characterization. Researchers, drug companies, and the United States Food and Drug Administration (“FDA”) need to answer the following questions: what does this chemical do? And, does this drug generate any undesirable effects? After years of testing, very few chemicals are

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3 Id.
4 Id.
5 Id.
8 Id.
11 Id.
still contenders for FDA approval.12 This tumultuous story of innovative drug synthesis and testing occurs everyday, as the industry is constantly looking for the diamond in the rough. As a result, pharmaceutical companies invest more and more money13 with the hope that after years of work, innovative drugs will allow them to pay back the deficit caused by research and development.

Few chemicals are able to be considered medicines.14 When an invention is patented, the inventor must disclose information permitting others to replicate the invention.15 In return, the inventor receives the right to exclude others from making, using, marketing, and offering for sale or importing the invention.16 The Hatch-Waxman Act,17 which amended the Public Health Service Act (“PHSA”),18 loosened the exclusivity rights of the patentee by permitting other pharmaceutical companies to produce identical chemicals, “follow-on drugs,”19 faster by permitting them to bypass FDA testing.20 This Act has permitted consumers to choose between brand-name and generic drugs earlier, driving down the cost of drugs by price competition.21 However, the drugs in question have mainly been generated in vitro, in glass tubes.22

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12 See DiMasi et al., supra note 9, at 159.
13 In late 2005, it was estimated that about $95 billion was spent per year on medical research. Associated Press, $95 Billion a Year Spent on Medical Research, MSNBC, Sept. 20, 2005, http://www.msnbc.msn.com/id/9407342/.
14 Boehringer Ingelheim, Drug Discovery Process, http://www.boehringer-ingelheim.com/corporate/research/drug_discovery_process.asp (last visited Sept. 27, 2009) (stating that only one in over a million screened molecules is investigated in late stage clinical trials and made available to patients).
16 Id. § 154(a)(1).
20 Id.
21 Id.
22 See infra note 39 and accompanying text.
Since the Hatch-Waxman Act was enacted, a new hurdle has surfaced: should patentees of biologics, or molecules synthesized \textit{in vivo} (in cells), also have loosened exclusivity rights?

This Note explores why generic biologics should be tested for FDA approval as rigorously as brand-name biologics. This Note argues that the FDA should require the generic companies to provide experimental data showing that their isolated biological molecules have the same concentration, purity, potency, and activity as brand-name biologics.

Part I highlights the legislation that makes drugs available to the public and examines how biological materials do not fit neatly into the current legislation. Part II discusses present responses to the shortcomings of today’s legislation. Finally, Part III offers prescriptions to manage this healthcare ailment.

\section*{I. The Long and Winding Road of Current and Pending Legislation}

The United States is facing a time of change regarding health care reform.\textsuperscript{23} There has been a working system in place to permit the approval of innovative small-molecule drugs, but new technology does not fit neatly into this system.\textsuperscript{24} Accordingly, one must have a comprehensive understanding of current law to best understand how policies play to the opposing interests of the innovative and non-innovative pharmaceutical industries.

\subsection*{A. Testing Innovative Drugs}

Branded drugs come to the public through innovation. There are two main parts to the process: research and development, and clinical testing.\textsuperscript{25} The pre-clinical phase of development starts with basic discovery through research, using both \textit{in vitro} (in glass)
and \textit{in vivo} (in cells) studies. Once researchers identify and purify a candidate compound after screening against a specific biological target, researchers conduct animal studies for further testing. The company developing the drug can file an Investigational New Drug ("IND") application after it obtains positive results from animal studies. The FDA then evaluates INDs and grants permission for the drug to be tested on humans. Thus begins the clinical phases of testing, consisting of three mandatory separate phases.

Each of these phases weeds out drugs that are not suitable for general use within the public. Phase I clinical trials test for safety and tolerability of the drug in a small group of human subjects. Phase II trials continue testing for safety and tolerability, but also assess the preliminary efficacy of the drug in a much larger pool of volunteers afflicted with the targeted condition. Phase III clinical trials involve the largest pool of volunteers and are designed to evaluate the drug in a more diverse population, over a period of several years. The drugs that advance through these three phases are submitted as New Drug

\footnotesize
\begin{enumerate}
\item \textit{Id.}
\item A candidate compound is a chemical that provides a key breakthrough for subsequent clinical trials. Franz F. Hefti, \textit{Requirements for a Lead Compound to Become a Clinical Candidate}, BMC \textsc{Neuroscience}, Dec. 10, 2008, \texttt{http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2604885/}.
\item The Free Dictionary, \textit{Biological Target}, \texttt{http://encyclopedia.thefreedictionary.com/Biological+target} (last visited Sept. 24, 2009) ("A biological target is an enzyme, receptor or other protein that can be modified by an external stimulus. The definition is context-dependent and can refer to the biological target of a pharmacologically active drug compound, or the receptor target of a hormone (like insulin). The implication is that a molecule is "hit" by a signal and its behavior is thereby changed. This term is commonly used in pharmaceutical research to describe the native protein in the body that is modified by a medicinal chemical.").
\item Hefti, \textit{supra} note 27.
\item \textit{Id.}
\item \textit{Id.}
\item \textit{Id.}
\item See id. at 565–66.
\item \textit{Id.} at 565.
\item \textit{Id.} at 565–66.
\item \textit{Id.} at 566.
\end{enumerate}
Applications ("NDA"s) and new Biologic License Applications ("BLA"s) to the FDA.\textsuperscript{37}

\textbf{B. The Differences Between Drugs and Biologics}

Since 1984, pharmaceutical companies have had an easier opportunity to generate, market, and sell follow-on, or generic, forms of brand name drugs.\textsuperscript{38} A drug is generally a small molecule that is synthesized \textit{in vitro}.\textsuperscript{39} Drugs are simple, not requiring any of the chemical modifications that a cell would provide for complex proteins.\textsuperscript{40} A protein, however, is a large organic molecule that is created \textit{in vivo};\textsuperscript{41} hence, it is called a "biologic compound" or "biologic."\textsuperscript{42} "When two chemically-synthesized drugs are proven bioequivalent, their safety and efficacy can be assumed because two identical drugs will consistently produce the same reactions. However, biologics do not have such characteristics."\textsuperscript{43}

The structure of a protein is dictated by a series of complex folding patterns, and is generated as the protein is being synthesized.\textsuperscript{44} Additionally, many proteins within the cell also

\textsuperscript{37} Id.
\textsuperscript{39} BRUCE ALBERTS ET AL., MOLECULAR BIOLOGY OF THE CELL 472 (4th ed. 2002). "In vitro" reactions are carried out in a test tube in the absence of living cells. \textit{Id.}
\textsuperscript{41} ALBERTS ET AL., supra note 39, at 472. "In vivo" reactions take place inside a living cell. \textit{Id.}
\textsuperscript{42} National Cancer Institute, Dictionary of Cancer Terms, http://www.nci.nih.gov/templates/db_alpha.aspx?CdrID=426407 (last visited Oct. 30, 2009). A biological drug is "a substance made from a living organism or its products and is used in the prevention, diagnosis, or treatment of cancer and other diseases." \textit{Id.}
\textsuperscript{44} See DAVID L. NELSON & MICHAEL M. COX, LEHNINGER PRINCIPLES OF BIOCHEMISTRY 159–200 (3d ed. 2000).
require the placement of sugars or fatty acid moieties on specific regions for proper function. Because of the complexity of generating proteins, it is impossible to create proteins using the same methodology as researchers use to create and mass-produce drugs.

Each protein has a highly specific and regulated function within the cell; as such, each protein is required to perform its intended job perfectly. When a protein malfunctions, the individual cell and the organism suffer. For example, when the cells within the pancreas fail to produce insulin, the person suffers from Type 1 diabetes mellitus. The only way to reverse the disease is to reintroduce insulin into the person’s body. Insulin is produced within cultured cells, harvested, and purified before being injected into the patient. This illustration reveals how the specificity of insulin controls a patient’s complete health.

One can easily characterize small molecules by using techniques of mass spectrometry, infrared spectrometry, nuclear magnetic resonance, and x-ray crystallography. However, larger biologic molecules can be much more difficult to characterize in detail because they are more variable and
complex . . . .” 56 While analytical tests can determine structure, identity, purity, stability, and activity of such complex molecules, these assays do not determine the safety and efficacy of the product. 57 Therefore, it is currently impossible to accurately predict the immunogenicity 58 of a biologic without using clinical testing. 59

Supplying proteins to repair and save human lives is the new frontier in pharmaceutical companies. 60 Therefore, it is necessary to determine variability between biologics produced within a generic pharmaceutical company and a brand name pharmaceutical company. 61 A biologic is generally not a bioequivalent; however, it can be biosimilar. 62

Whereas generics of chemistry-based medicines are identical copies of the original product, based on a strict definition of “sameness,” a corresponding definition cannot be established for biosimilar medicines because of their nature and the complexity of their manufacturing process. . . . Because the manufacturing process of the products is so complex, extreme care must be taken to ensure that only medicines which have passed stringent safety and efficacy assessment, for example appropriate pre-clinical and clinical tests, are delivered to patients. 63

It is necessary for agencies, such as the FDA, to define the terms of biosimilarity to best protect the public.

56 Id.
57 Id. at 254–55.
58 The Free Dictionary, Immunogenicity, http://medical-dictionary.thefree dictionary.com/immunogenicity (last visited Oct. 31, 2009). Immunogenicity is “the property enabling a substance to provoke an immune response, or the degree to which a substance possesses this property.” Id.
59 Kelleher, supra note 43, at 255.
61 See id.
62 Id.
C. Purifying Enriched Proteins for Use as Biologics

Pharmaceutical companies need to mass-produce recombinant proteins so that they can ultimately purify these proteins to use as biologics. Generating a large quantity of protein is difficult because protein is produced within cells. To gain an appreciation of how challenging this entire process is, it is necessary to understand protein synthesis and purification.

Proteins are large macromolecules that are produced within cells to perform specific functions and are the driving force of innovative biological research. When generating a large quantity of the desired protein, the targeted protein must be over-expressed in a regulated environment to maximize the amount harvested. Researchers introduce recombinant coding DNA (cDNA) into either prokaryotes (cells without nuclei), or eukaryotes (nucleated cells). E. coli, for example, is a bacterium that can generate a large amount of protein in a short period of time, but lacks much of the internal machinery to generate more complex proteins (e.g. proteins modified by a fatty acid or sugar moiety). Many laboratories will first attempt to over-express proteins in E. coli because it is a simple and robust

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65 See CARL BRANDEN & JOHN TOOZE, INTRODUCTION TO PROTEIN STRUCTURE 375 (2d ed. 1999).
66 Id.
67 GARRETT & GRISHAM, supra note 48, at 107.
69 See BRANDEN & TOOZE, supra note 65.
70 ALBERTS ET AL., supra note 39, at 491–92.
71 Escherichia coli is a “gram negative bacterium widely used in microbiological and genetic research as well as in protein production.” Cytos Biotechnology, Glossary of Biological Terms, http://www.cytos.com/?id=197 (last visited Oct. 31, 2009).
72 See ALBERTS ET AL., supra note 39, at 491–92 (explaining how the normal replication mechanisms of a virus with recombinant DNA molecules can produce more than 1,012 identical virus DNA molecules in less than a day, thereby amplifying the amount of the inserted DNA fragment by the same factor).
process. However, many complex human proteins generated in *E. coli* will be inactive due to improper protein folding or the absence of protein translational modifications (which *E. coli* does not have the internal machinery to accomplish). Many proteins must be over-expressed instead in eukaryotic cells to be properly folded and modified. Thus, while scientists have the ability to introduce cDNA into cells for over-expression, the cells are ultimately in control and regulate the intracellular process.

The ability to purify over-expressed functional protein is at the heart of why generic biologics would be difficult to squeeze into the Hatch-Waxman Act, which provides companies the opportunity to produce generic drugs. A protein cannot be used as a biologic when it is still preserved within a cell. The purification process is crucial, as it washes away all other proteins and cellular debris. If the desired protein was not purified before

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73 See Jeffrey G. Thomas & Francois Baneyx, *Protein Misfolding and Inclusion Body Formation in Recombinant Escherichia Coli Cells Overexpressing Heat-Shock Proteins*, 271 J. BIOLOGICAL CHEMISTRY 11141, 11141 (1996) (“It is well established that the high level expression of recombinant proteins in *Escherichia coli* can result in the formation of insoluble aggregates known as inclusion bodies. Since inclusion bodies consist mainly of the protein of interest and are easily isolated by centrifugation, their formation has often been exploited to simplify purification schemes.”).

74 See id. ("Molecular chaperones are a ubiquitous class of proteins that play an essential role in protein folding by helping other polypeptides reach a proper conformation or cellular location without becoming part of the final structure.").


78 See Theresa Phillips, About.com, Methods for Protein Purification, http://biotech.about.com/od/protocols/a/ProteinPurify.htm (last visited Oct. 26, 2009) ("The degree of protein purity required depends on the intended use of the protein. For some applications, a crude extract is sufficient. However, for other uses, such as in foods and pharmaceuticals, a high level of purity is required. In order to achieve this, several protein purification methods are typically used, in a series of purification steps.").

being injected into an ailing patient, the patient would suffer much more than be cured, as such alien proteins would be attacked by the body.\textsuperscript{80} The patient would act adversely to such an injection and, as a result, would develop an immediate and lasting immune response to all of the unrecognizable proteins introduced into his body.\textsuperscript{81} After all, consider that the over-expressed protein was generated from bacterial or eukaryotic (but non-patient) cells. Only protein that will not adversely affect the patient can be introduced into his body.

As protein enrichment and protein purification are crucial to the generation of biological medicine, it is necessary to gain a solid understanding of each process. Both the enrichment process and purification process, which vary significantly for each protein, are and will be treated by the pharmaceutical corporation as trade secrets.\textsuperscript{82} The methodology used to break open the cells, the solutions used to wash the proteins, and how to separate the desired protein from the cellular debris are all examples of how protein purification can be an unpredictable and a highly variable process.\textsuperscript{83} Because of this purification process and the uncertainty of the purity of the proteins, it would be difficult for companies to replicate brand-name biologics without the necessary trade

development of techniques and methods for protein purification has been an essential prerequisite for many of the advancements made in biotechnology.”).

\textsuperscript{80} See Liang, supra note 76, at 375–77 (“[T]here is one central concern for [biologics] that is not present for chemical medicines: the potential for the product to induce an adverse immunologic reaction in a patient whose body sees the drug as a foreign invader, such as a virus or a bacterium... The immunogenicity of biologic drugs appears to be related to a broad array of factors, including the biologic’s structure, the patient’s genetic attributes, the type of biologic in question, impurities in the product, the route of administration, and the frequency of use.”).

\textsuperscript{81} Id. at 377 (“The human immune response to a biologic product is difficult to predict generally, and this is even more difficult in the face of changes to manufacturing processes.”).

\textsuperscript{82} See Corbitt, supra note 7, at 397–99; see also Kelleher, supra note 43, at 254.

\textsuperscript{83} PROTEIN PURIFICATION HANDBOOK, supra note 79, at 7 (“Proteins can even be produced in forms which facilitate their subsequent chromatographic purification. However, this has not removed all challenges. Host contaminants are still present and problems related to solubility, structural integrity and biological activity can still exist.”).
Thus, even small changes in the process of generating a biologic “could result in a dramatically different final product.”

The most important aspect of this entire process is maintaining the activity of the protein.86 If the protein is over-expressed and purified, but is unable to function properly within a patient’s body upon injection, the pharmaceutical company has failed.87 Unlike drugs, which are small molecules that eventually break down over time, proteins may just not work at all.88 A drop in the activity of proteins can easily occur because of glitches in the purification process.89

Researchers must monitor protein purity and activity because such differences can affect the body in a variety of ways.90 For example, if a patient’s normal physiological process cannot produce a functional protein, he absolutely requires a perfect biologic. Furthermore, protein activity is crucial for dictating the dosage of the protein.91 For instance, if a brand-name biologic is twice as active as the generic, twice the amount of the generic biologic would have to be injected into the patient.92 Notably, the difference between dosages would suggest that the follow-on biologic is not a bioequivalent, but a biosimilar.93 Whether the

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84 See infra notes 308–10 and accompanying text.
85 Gitter, supra note 30, at 561.
87 See id. (“[F]or some proteins, even one extra day when they are being kept under conditions normally used for protein purification could be crucial in respect to their activity and crystallization ability.”).
88 See Liang, supra note 76, at 369 (explaining the composition of a biologic versus a drug).
89 See generally PROTEIN PURIFICATION HANDBOOK, supra note 79.
90 See generally id.
91 See ClinicalTrials.gov, A Phase I, Dose-Escalation Study to Assess the Safety and Biological Activity of Recombinant Human Interleukin-18, http://clinicaltrials.gov/ct2/show/NCT00500058 (last visited Nov. 10, 2009), as an example of a biologic clinical trial attempting to identify a safe and effective dosage of the interleukin-18 drug, which is a protein in humans.
92 See id.
93 See Kelleher, supra note 43, at 254 (“When two chemically-synthesized drugs are proven bioequivalent, their safety and efficacy can be assumed because two identical drugs will consistently produce the same reactions.”).
research and design teams can generate an equivalent from the beginning (over-expression) to the end (purification process) factors into the importance of trade secrets.94

The FDA has previously relied on the Restatement of the Uniform Trade Secrets Act in defining property interests.95 Under the Restatement, “[a] trade secret may consist of any commercially valuable plan, formula, process, or device that is used for the making, preparing, compounding, or processing of trade commodities and that can be said to be the end product of either innovation or substantial effort.”96 As a result, trade secrets that pharmaceutical companies keep can and likely will translate into differences between biosimilars.97

In summary:

[M]anufacturing biologics can pose several problems, including: (1) the nature of manufacture; (2) the unlikelihood that a generic manufacturer could successfully reverse engineer the exact steps of synthesis used by the brand manufacturer; (3) the complexity and size of the molecules; (4) the possibility for serious and unpredictable side effects with even a small change; and (5) the difficulty of quality control, for even a meticulous replication of a biological compound is not identical to the developed compound it attempts to mimic. Such drugs are thus termed “biosimilar,” since similarity to the biological molecule is all that can realistically be claimed.98

94 Corbitt, supra note 7, at 398.
96 21 C.F.R. § 20.61(a) (2009); see also Wasson, supra note 95, at 12 (quoting 21 C.F.R. § 20.61(a)).
97 See Corbitt, supra note 7, at 398.
98 Id. at 378.
D. The Hatch-Waxman Act

1. Overview

Congress passed the Hatch-Waxman Act 99 in 1984 to balance the competing interests of generic pharmaceutical companies and brand-name pharmaceutical companies. 100 To promote competition with brand-name drug manufacturers, generic pharmaceutical companies need to gain immediate approval for selling the follow-on drug. 101 Thus, these companies require a reduced process for drug approval and an accelerated patent litigation process. 102 Meanwhile, brand-name pharmaceutical companies must preserve their profit margins to be able to afford research and development of drugs. 103

To balance the competing interests of brand-name and generic pharmaceutical companies, the Hatch-Waxman Act permits the filing and evaluation of “Abbreviated New Drug Applications” (“ANDA”s). 104 By securing an ANDA, a company is permitted to generate a generic version of a patented drug. 105 The company must prove that the drug is safe and effective to secure an ANDA; 106 to do this the applicant merely must submit experimental proof that the brand-name drug and the replicated generic are equivalent. 107

An ANDA certifies one of four possibilities: “1) the drug has not been patented; 2) the patent has expired; 3) the generic will not be sold on the market until after the date which the patent will expire; and 4) the patent is not infringed or is invalid.” 108 If the ANDA is filed under the circumstance that the patent is not

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100 Id.
101 Corbitt, supra note 7, at 372.
102 Id.
103 Id.
104 Id.
105 Id.
106 Id.
107 Id.
infringed or is invalid, the applicant must give notice to the patent holder that it has filed an ANDA.109 The applicant notifies the patent holder under these conditions because filing the ANDA constitutes literal infringement.110 Further, the ANDA is processed, but final approval is not granted during the thirty month stay in order for both parties to litigate the allegation of invalidity and/or non-infringement.111

The patent-holder has forty-five days to file suit for infringement in order to obtain the benefit of the thirty month stay of approval.112 If the patent-holder chooses to file suit, the FDA will not grant final approval of the ANDA for thirty months, permitting litigation between the parties.113 The brand-name pharmaceutical company could win patent term extensions and market exclusivity provisions,114 while the generic company could win 180 days of market exclusivity for the generic equivalent of the drug.115 Thus, while ANDAs give the generic companies the ability to quickly begin marketing and selling a bioequivalent product,116 the brand-name companies enjoy the notice requirement with the possibilities of term extensions and market exclusivity.117

2. Hatch-Waxman Act Application to Generic Biologics

Congress has tried to apply the Hatch-Waxman Act to biologics.118 Biologics are complex proteins that are manufactured within cells (in vivo), not in test tubes (in vitro).119 Currently, however, some of the smaller biological matter is classified as

109 Id. at 190.
110 Corbitt, supra note 7, at 373.
111 Id.
112 Id.
113 Id.
114 Id.
115 Id.
116 Id.
117 Id.
119 Liang, supra note 76, at 369 (describing how biologics production introduces DNA into a cell line); see also ALBERTS ET AL., supra note 39, at 472 (explaining in vivo and in vitro procedures).
“drugs” to permit Hatch-Waxman application.120 Two sections of the Hatch-Waxman Act are utilized for small-molecule drugs: section 505(j) and section 505(b)(2) of the Food, Drug, and Cosmetic Act (“FDCA”).121

The more prevalently used section of the Hatch-Waxman Act for small-molecule drugs is section 505(j) of the FDCA, which permits an applicant to file an ANDA.122 This section established the ANDA approval process, allowing cheaper generic forms of approved innovator drugs to be approved and brought on the market.123

An ANDA applicant must include in the ANDA a patent certification described in section 505(j)(2)(a)(vii) of the Act. The certification must make one of the following statements: (I) no patent information on the drug product that is the subject of the ANDA has been submitted to [the] FDA; (II) that such patent has expired; (III) the date on which such patent expires; or (IV) that such patent is invalid or will not be infringed by the manufacture, use or sale of the drug product for which the ANDA is submitted. This last certification is known as a paragraph IV certification. A notice of the paragraph IV certification must be provided to each owner of the patent that is the subject of the certification and to the holder of the approved NDA to which the ANDA refers. The submission of an ANDA for a drug product that is claimed in a patent is an infringing act if the drug product that is the subject of the ANDA is intended to be marketed before the expiration of the patent and, therefore,

120 Liang, supra note 76, at 390.
122 Kelleher, supra note 43, at 249.
may be the basis for patent infringement litigation.\textsuperscript{124}

Section 505(j)(5)(B)(iv) further provides an incentive for generic manufacturers to file paragraph IV certifications. This section states that, in certain circumstances,

an ANDA applicant whose ANDA contains a paragraph IV certification is protected from competition from subsequent generic versions of the same drug product for 180 days after either the first marketing of the first applicant’s drug or a decision of a court holding the patent that is the subject of the paragraph IV certification to be invalid or not infringed.\textsuperscript{125}

Section 505(j) reflects Congress’ intentions to balance encouraging innovation with the need to provide cheaper alternatives to the American public.\textsuperscript{126}

The less utilized section of the Hatch-Waxman Act is section 505(b)(2). The FDA has only been able to approve biological therapies using section 505(b)(2) when these compounds are classified as drugs, despite being biologics.\textsuperscript{127}

Created in 1984 as part of the Hatch-Waxman Amendments to the Federal Food, Drug, and Cosmetic Act, the 505(b)(2) application is intended to encourage sponsors to develop innovative medicines using currently available products. According to Section 505(b)(2) guidelines, an NDA approval can be obtained for a new drug without conducting the full complement of safety and

\textsuperscript{124} Id. at 3–4.
\textsuperscript{125} Id. at 4.
efficacy trials and without a “right of reference” from the original applicant. . . . [505(b)(2)] proposes a limited change to a previously approved product, but demonstrates the required safety and efficacy of the change.128

Some examples of generic drugs that the FDA has approved using this section are recombinant follitropin beta (Follistim®), recombinant human glucagon (GlucaGen®), and human growth hormone (Omnitrope®).129 Section 505(b)(2) is essentially a hybrid between a NDA and an ANDA, as applicants may rely on the experimentation conducted by a third party, including the innovative manufacturer, to show the safety of their own products.130 The applicant need not perform many of the trials himself if he proves the “relevance and applicability” of any previous clinical findings.131 Thus, the applicant can evade much of the cost associated with seeking FDA approval of a new drug.

The FDA is hesitant to approve more complex biological therapies under section 505(b)(2).132 While the FDA has approved biologic drugs under section 505(b)(2), such as menotropins, glucagon, and calcitonin, generally the FDA maintains that follow-on biologics “present unique and difficult questions that will be addressed in a timely manner.”133 Therefore, the use of this pathway within the Hatch-Waxman Act is limited. Use of this provision would require biological substances to gain approval as new drugs under the FDCA or the Hatch-Waxman provision, as approved under the PHSA.134 However, this is unlikely, as Congress is not considering any legislation that would clarify or expand FDA authority to regulate and approve generic

129 See Liang, supra note 76, at 393–97.
130 Kelleher, supra note 43, at 250.
131 Id.
132 Id. at 251.
134 Beaver & Hoffman, supra note 127.
biologics. Thus, section 505(b)(2) is not a practical pathway to pursue to gain generic approval of biological material as the FDA has expressed discomfort in using this pathway for this exact reason.

3. The Uncertain Future of the Hatch-Waxman Act

Since there has not been a uniform approval process for producing generic biologics under existing United States law, Congress attempted to enact the Biologics Act of 2007. At the Biosimilars Conference in 2007, Representative Henry Waxman stated that biotechnology drugs embody the future of medicine, as there were almost 500 new such drugs in development. The FDA has not regulated the majority of new biologics as new drugs under the FDCA, but instead under the PHSA. Thus, an applicant would file a biologics application (“BLA”), but not a NDA. A BLA confirms the safety and purity of the drug. Companies, however, may not file a BLA for most biosimilars due to current practice. The FDA has only approved the smaller, simpler biological “drugs” for manufacture through an NDA, such as insulin and human growth hormone (“HGH”). Therefore, companies may manufacture the drugs generically through an ANDA. It is not clear, however, why few biologically based drugs are permitted through this process. There are also currently no guidelines to lead manufacturers in filing a NDA or a BLA application.

There is still no clear process for approval for generic biologics. An illustration of how the absence of such guidelines
affects competition is the court decision in *Sandoz, Inc. v. Leavitt.* Sandoz, Inc. ("Sandoz") was a generic drug subsidiary of Novartis, one of the largest multi-national pharmaceutical companies. Sandoz sued Michael Leavitt, the Secretary of Health and Human Services, and Andrew Von Eschenback, the acting Commissioner of the FDA, because Sandoz wanted to sell Omnitrope. Omnitrope was going to be a follow-on drug comparable to Genotropin, a substitute for HGH. Low levels of HGH cause various growth disorders and Genotropin could alleviate this condition. To market and sell Omnitrope, Sandoz submitted an ANDA to the FDA in 2003 and stated that this follow-on drug was safe and identical to the pioneer drug, Genotropin. The FDA deferred its decision and did not act within 180 days; therefore, Sandoz filed suit. At the time, like today, there was still no clear process for approval:

It is true that today the FDA regulates most biopharmaceuticals under the Public Health Service Act, which as previously discussed, is not part of the Hatch-Waxman regime. But the Public Health Service Act has for many years contained a provision stating that nothing in that Act shall affect the FDA’s jurisdiction under the FDCA, and it is clear that FDA could regulate all biopharmaceuticals under the FDCA, as it had chosen to do for insulin and human growth hormone.

The *Sandoz* court sidestepped the issue of defining a process for approving the production of generic biologics. It directed

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148 *Id.* at 31–32.
149 *Id.* at 32.
150 *Id.*
151 *Id.* at 31.
152 *Id.* at 32.
153 *Id.*
155 See *Sandoz*, 427 F. Supp. 2d at 41.
the FDA to immediately decide whether to approve the license of Omnitrope.156 The FDA then approved Omnitrope as a “follow-on protein product” but not as a biologic.157 The FDA further expressed that the approval of Omnitrope did not carve out a guaranteed pathway to gain approval of other biosimilars.158 Some have suggested that Congress should take legislative action in response to the district court decision in Sandoz.159

In addition, it may be necessary to create legislation to clarify the FDA’s role and responsibilities in the approval process.160 There has been an increased need to have a process promptly put in place because the first generation of biologic therapies will expire in 2015.161 The public need for competition will not be met if there is no expedited pathway for approval of generic biologics.162 Importantly, applicants attempting to gain approval for the manufacture of generic biologics must also submit: 1) analytical studies demonstrating biosimilarity, 2) animal studies, and 3) a minimum of one clinical study that demonstrates safety, purity, and potency.163 Since analytical studies, animal studies, and clinical studies take years to perform, competition between innovative and follow-on biologics could be compromised.

Additionally, Representative Waxman has concerns regarding the length of brand-name exclusivity. Representative Waxman argues that a reasonable term of exclusivity is “not one that is so long that it would rob the American people of the cost-saving appropriate generic competition brings,”164 and that such a term should be less than ten years.165 While it is important that generic biologics must become available to drive costs down and facilitate competition, incentives for brand-name pharmaceuticals must

156 Id.
158 Id. at 251–52.
159 Id. at 252.
160 Corbitt, supra note 7, at 381.
161 Id.
162 See Kelleher, supra note 43, at 252.
163 See Liang, supra note 76, at 384–85.
164 See Waxman, supra note 137.
165 See id.
remain high. Those against the Waxman Bill believe that if it becomes easier for generic biologics to compete with brand-name biologics and/or the term of exclusivity is significantly abbreviated, innovative pharmaceutical companies will lose incentive to continue current research and development.

Despite Representative Waxman’s optimism for the future of generic biologics, many economists challenge the idea that access to follow-on biologics will decrease prices for consumers. Economists estimate that the cost of producing and experimenting upon generic biologics will be a great deal higher than with small-molecule drugs. “The cost associated with getting a biogeneric to market could be tens of millions of dollars, as compared to a couple of million dollars for traditional generics.” Additionally, biologics have more specific, targeted activities compared to small molecule drugs. This translates to smaller markets that are interested in investing in such therapies. Thus, one can easily argue that very few companies are likely to prosper in generating follow-on biologics.

E. What Americans Can Learn from the EU

On the other hand, the European Union (“EU”) has a system that permits generic biologic approval and has saved several billion dollars from the market entry of only a few products. The EU established a regulatory approval process for biosimilar medicines.


167 See id.


169 See id. at 189.


171 See Liang, *supra* note 76, at 369.


173 See generally id.

in Europe in 2006, when the European Commission approved the first biosimilar medicines.\footnote{Liang, \textit{supra} note 76, at 399–400.}

All biotechnology medicines, including biosimilar biotechnology-derived medicines, are or will be assessed by the European Medicines Agency in London (EMEA), which constitutes the scientific body of the European Commission responsible for the evaluation of medicines. They are approved by the European Commission based on the positive scientific opinion issued by the EMEA.

When the EMEA assesses data for a biosimilar medicine, the scientific principles for ensuring product quality, safety and efficacy are identical to those applied to the originator/brand reference medicine with which comparability is demonstrated.

In addition to the quality data required for all biotechnology products, the companies involved in the developing biosimilar medicines must additionally submit “comparability data.” Indeed, manufacturers must characterize, in parallel, both their biosimilar product and the originator reference product. They must demonstrate, with a high degree of certainty, that the quality of the biosimilar medicine is comparable to the originator/reference medicinal product. A comparability programme is clearly defined and agreed upon in advance with the EMEA, who defines the set of non-clinical and clinical data that are necessary to sufficiently demonstrate biosimilarity. The extent of this data varies according to the type and complexity of the medicine involved. Each individual biosimilar medicine is assessed on a case-by-case basis.\footnote{European Generic Medicines Association, FAQ on Biosimilar Medicines, http://www.egagenerics.com/doc/FAQ_biosimilars.pdf (last visited Aug. 27, 2009).}

In addition, the EU states that patients can be assured of safety because of two systems: regulations require that the European
pharmaceutical companies monitor the use and effects of their medicines and provide that a Risk Management Plan is required for each new biosimilar medicine.\textsuperscript{177}

The EU notes that “[t]he price differential between a reference product and a biosimilar medicine will depend on the relative development costs.”\textsuperscript{178} While the EU is optimistic about the relative savings courtesy of biosimilars, development costs may compromise savings.\textsuperscript{179}

\textbf{F. The Public Health Service Act}

1. Biologics in the Eyes of the Public Health Service Act

A biological product, as defined by the PHSA, is “a virus, therapeutic serum, toxin, antitoxin, vaccine, blood, blood component or derivative, allergenic product, or analogous product, or arsphenamine or derivative of arsphenamine (or any other trivalent organic arsenic compound), applicable to the prevention, treatment, or cure of a disease or condition of human beings.”\textsuperscript{180} Some examples of biologics include some vaccines, and monoclonal antibodies, which can aid in the treatment of cancer, anemia, hepatitis, and multiple sclerosis.\textsuperscript{181}

Biologic product sales are continually increasing, with American product sales jumping from $32.8 billion to $56 billion from 2005 to 2006.\textsuperscript{182} Global sales are expected to reach $105 billion by 2010.\textsuperscript{183} In the past ten years, the patents of more than a dozen high-profit biologics have expired, creating $11.5 billion in combined annual sales of off-patent biologics.\textsuperscript{184}

\begin{flushleft}
\textsuperscript{177} \textit{Id.}
\textsuperscript{178} \textit{Id.}
\textsuperscript{179} \textit{See id.}
\textsuperscript{181} Kelleher, supra note 43, at 247.
\textsuperscript{183} Kelleher, supra note 43, at 247.
\end{flushleft}
With a few exceptions, generic biologics have not been able to enter the market due to the current regulatory scheme. One method of approving generic biologics is by enlarging the Hatch-Waxman Act. However, because biological products are highly complex and vary vastly from generic drugs, a new regulatory scheme would need to be put in place for generic biologics to compete.

2. Comparison to the Food, Drug, and Cosmetic Act

The regulation of biological products is unique from small-molecule drugs. Most biologics are not regulated as drugs under the FDCA but are instead licensed under section 351 of the PHSA and then evaluated by the Center of Biologics Evaluation and Research (“CBER”). Under the PHSA, each biologic must secure a license, which validates the product as safe and pure. The PHSA does not contain a provision for follow-on biologic approval.

Whereas the PHSA ostensibly applies to most or all biologics, the FDCA, on the other hand, has decided to regulate a small number of biologics, such as insulin and HGH. Despite providing no clear explanation as to why only these biologics are regulated by the FDCA, such regulation falls under the FDCA. The FDCA’s definition of a “drug” includes “articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man.” Thus, this language suggests that the FDCA’s regulation encompasses biological materials as well as drugs.

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185 Liang, supra note 76, at 409.
186 Supra note 2.
187 Wasson, supra note 95, at 3.
188 Id. at 4.
189 Id.
190 Id.
191 Kelleher, supra note 43, at 249.
192 Wasson, supra note 95, at 9.
194 Id.
President Obama’s 2010 budget proposal creates an abbreviated pathway for follow-on biologics. The 111th Congress will consider two competing pieces of legislation: House Bill 1427 (the Waxman Bill) and House Bill 1548 (the Eshoo Bill). The Waxman Bill and the Eshoo Bill would amend the PHSA to add a subsection permitting follow-on biologics to enter the market. The two issues that are at the heart of these bills are: 1) the term of exclusivity of the pioneer company, and 2) the evidence required to show that the generic biologic is biosimilar to the pioneer biologic. Congress considered similar legislation in past years, but the current presidential and bipartisan support will likely lead to enactment of a generic approval. While the Waxman Bill favors quicker public access to generic biologics, the Eshoo Bill encourages more testing before approving the biologic.

Generic manufacturers support the Waxman Bill, while innovative manufacturers favor the Eshoo Bill. Both the Waxman Bill and the Eshoo Bill will permit the FDA to license biologics deemed “biosimilar.” The Waxman Bill defines “biosimilar” by stating that “no clinically meaningful differences between the biological product [follow-on biologic] and the reference product [innovative biologic] would be expected in terms of the safety, purity, and potency if treatment were to be initiated

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199 H.R. 1548, 111th Cong. (2009); see also FDA Law Blog, supra note 198.
201 Carter, supra note 195.
202 Id.
203 Tabtiang et al., supra note 200.
204 Id.
with the biological product instead of the reference product.\footnote{205}

Both bills require generic biologic applicants to submit data indicating that any biogeneric has highly similar molecular structure to the reference product.\footnote{206}

A key assertion in the Eshoo Bill is that a generic biologic is not identical to the innovative biologic.\footnote{207} The Eshoo Bill states that a generic biologic can never be substituted for an innovative, pioneer biologic.\footnote{208} Additionally, the Eshoo Bill requires analytical and animal studies to show that the follow-on biologic is highly similar to the innovative biologic.\footnote{209} This bill will permit the FDA to waive these tests, but only after requesting and considering public comments regarding the balancing of price competition and safety.\footnote{210}

The Waxman Bill, on the other hand, proposes comparatively lenient standards for determining equivalence between pioneer and follow-on biologics.\footnote{211} This bill proposes that a follow-on biologic only have “highly similar molecular structural features” or have “interchangeability with” the pioneer drug.\footnote{212} Generic drug companies can easily satisfy this requirement, as these companies may use the clinical studies and efficacy tests initially performed by the pioneer company.\footnote{213} Thus, this bill does not require the pharmaceutical company to perform further testing.\footnote{214}

The Eshoo Bill and the Waxman Bill also differ with respect to exclusivity. The Eshoo Bill allows for twelve years of data exclusivity and provides up to two more years for a new use approved for the pioneer biologics.\footnote{215} However, the Waxman Bill suggests a short exclusivity period of five and a half years, and

\footnotetext[205]{H.R. 1427, 111th Cong. § 3(k)(1) (2009).}
\footnotetext[206]{Tabtiang et al., supra note 200.}
\footnotetext[207]{H.R. 1548, 111th Cong. (2009).}
\footnotetext[208]{Id.}
\footnotetext[209]{Id.}
\footnotetext[210]{Id.}
\footnotetext[211]{Carter, supra note 195.}
\footnotetext[212]{Id.}
\footnotetext[213]{Id.}
\footnotetext[214]{Id.}
\footnotetext[215]{H.R. 1548, 111th Cong. (2009).}
three more years of data exclusivity for new uses and formulations of the innovative biologic.216

II. CARRY THAT WEIGHT: HOW PENDING LEGISLATION ALTERS THE CURRENT MODEL

There are great concerns about how amendments to the Hatch-Waxman Act, in the form of the Waxman and Eshoo Bills, may change the face of patent law. A patent requires the inventor to release information that would allow a person having ordinary skill in the art to recreate the invention completely.217 However, it is inherent in the definition of a “biologic” that such molecules are much more difficult to recreate than small molecule drugs.218 Biologics, which researchers and companies grow and harvest in vivo, present many hurdles that make them difficult to recreate in the form of generics.219 Because it is so difficult to recreate biologics, the patent requirement of enablement220 is trickier to satisfy and makes it more difficult to generate generic biologics.221 Despite this strain on the patent system, there is an enormous and still growing need for generic biologics.222 The mounting necessity for generic biologics puts a strain on two opposing needs: 1) the need for generic biologics to slash costs,223 and 2) the requirement that all biologic medication being sold is bioequivalent to the innovative biologic and is safe to use.224

217 Corbitt, supra note 7, at 397.
218 See id. at 377.
219 Id. at 378.
221 See Corbitt, supra note 7, at 367–68.
222 Id. at 369.
223 Id.
224 Id. at 372.
A. The Intersection Between Patent Law and Biologics

Because of the chemical differences between simple small-molecule drugs and complex biological compounds, several problems arise when trying to apply the current Hatch-Waxman provisions to biological compounds.\(^{225}\) Biologic compounds are larger and more complex than small-molecule drugs, requiring a more sophisticated and regulated methodology of production.\(^{226}\) Because of the intricacies in producing sensitive biologics, small changes in production could have severe and far-reaching consequences in a patient’s health.\(^{227}\)

Besides the health concerns associated with taking generic forms of biologic compounds, there are general concerns about the impact of biologic legislation on United States patent law.\(^{228}\) “First, if it is impossible to synthesize an identical compound the effect could be to preclude patentability on the grounds of ‘enablement.’”\(^{229}\) The patent-holders, the brand-name pharmaceutical companies, would walk a thin line if required to argue the conflicting ideas that their product is enabled and yet it is impossible to replicate due to the nature of production.\(^{230}\) Second, patentability is questioned because many biologics are compounds already produced, \textit{in vivo}, in every healthy human being.\(^{231}\) Thus, while the process of generating large quantities of any biologic can be novel, the biological compound may not meet the patentability requirement of novelty.\(^{232}\) The legislators must consider these problems before they assume that the parameters set in place by the Hatch-Waxman Act, written for competition of small-molecule drugs,\(^{233}\) will directly apply to biologics.

In addition to enablement for patent eligibility, one must also show novelty. To be novel, an invention must be new, unknown to

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225 Id. at 397.
226 See supra notes 41–59.
227 Corbitt, supra note 7, at 366–67.
228 Id. at 367.
229 Id.
230 Id. at 367–68.
231 Id. at 368.
232 Id.
233 Id.
the public, and not published (or described in a pending U.S. patent application) anywhere.\textsuperscript{234} \textit{Diamond v. Chakrabarty}, a landmark Supreme Court case, allowed biotechnology innovation to fall within the scope of statutorily patentable inventions.\textsuperscript{235} The Court stated that a living organism can be patentable as long as it was not naturally-occurring.\textsuperscript{236} Thus, discoverable matter is not patentable, while inventions are patentable.\textsuperscript{237} This principle extends to the biological therapies that would be encompassed by the Biologics Act, if the legislation passes. For example, a purified protein is patentable because there is a difference between pure and impure materials.\textsuperscript{238} Thus, a patentable innovation can be the actual purification process, despite the fact that the product itself is naturally-occurring.

\textbf{B. Why Push for Generic Biologics?}

As discussed earlier,\textsuperscript{239} Americans are deeply concerned about the cost of drugs,\textsuperscript{240} and they have therefore embraced generic alternatives. Generic alternatives have also made a lasting impression on the pharmaceutical industry.\textsuperscript{241} Ten years after the Hatch-Waxman Act was passed in 1994, Americans saved between $8 and $10 billion in drug stores by purchasing generic drugs instead of brand-name drugs.\textsuperscript{242} Americans have shown the pharmaceutical companies that they want to decide between a brand-name form of a small-molecule drug and the generic equivalent, and that they want to save money.\textsuperscript{243} This financial need for cheaper drugs translates into the public wanting and needing competition between brand-name and generic biologics.\textsuperscript{244}

\textsuperscript{235} Diamond v. Chakrabarty, 447 U.S. 303, 316 (1980) ("A rule that unanticipated inventions are without protection would conflict with the core concept of the patent law that anticipation undermines patentability.").
\textsuperscript{236} See id at 317.
\textsuperscript{237} Id. at 309.
\textsuperscript{238} \textit{In re} Bergstrom, 427 F.2d 1394, 1402 (C.C.P.A. 1970).
\textsuperscript{239} See supra notes 1–8 and accompanying text.
\textsuperscript{240} See supra note 1 and accompanying text.
\textsuperscript{241} See U.S. CONG. BUDGET OFFICE, supra note 172.
\textsuperscript{242} Id. at ix.
\textsuperscript{243} See id.
\textsuperscript{244} Id. at x.
By facilitating price competition through passing new legislation, for example via the Eshoo Bill or Waxman Bill, more follow-on biologics would be available to patients.\footnote{Id.}

Generic drugs, though, have hampered the innovative pharmaceutical industry’s ability to recover investment costs.\footnote{Id. at xiii.} Investment in research and development has increased from 14.7\% to 19.4\%, while sales rose from $17 billion to $57 billion between 1983 and 1995.\footnote{Id. at xv.} These ascending numbers, however, hardly account for innovative pharmaceutical companies branching out in research and development more rapidly, resulting from generic pharmaceutical companies pushing to sell on the market.\footnote{See id.} Follow-on drugs, also called generic small-molecule drugs, have surely cut into brand-name drug revenue.\footnote{Associated Press, \textit{Brand Name Drugs Going Generic}, NBC ACTION NEWS.COM, Dec. 10, 2008, \url{http://www.nbcactionnews.com/mostpopular/story/Brand-Name-Drugs-Going-Generic/j5hxwTekPkJG-NWWQ31MA.cspx}. In the United States, generic prescription drugs cost approximately 1/3 less than brand name drugs. \textit{Id.}}

C. No Consensus on Exclusivity

Each of the two pending bills appeal to either the innovative pharmaceutical industry or the generic pharmaceutical industry. Innovative and generic pharmaceutical companies have agreed that there is a need for follow-on biologics; however, they disagree about the exclusivity period for brand-name drugs.\footnote{Donald Zuhn, \textit{Top Stories of 2008: #9 to #6}, PATENT DOCS, Jan. 4, 2009, \url{http://www.patentdocs.org/2009/01/top-stories-of-2008-9-to-6.html}.} Generic companies favor shorter periods of exclusivity, approximately seven years, while innovative pharmaceutical companies support bills providing twelve to fourteen years of exclusivity.\footnote{\textit{See Pollack, supra note 1}.}

Five congressional bills introduced in 2007 and 2008 began a thoughtful discussion regarding generic biologics, but they ultimately did not pass.\footnote{H.R. 5629, 110th Cong. (2008); S. 1695, 110th Cong. (2007); S. 1505, 110th Cong. (2007); H.R. 1956, 110th Cong. (2007); H.R. 1038, 110th Cong. (2007).} These bills would have amended
section 351 of the PHSA to establish a route for approval of an abbreviated biological product application for products that contain the same or similar active ingredients as previously licensed biological products.253

The Access to Life-Saving Medicine Act, House Bill 1038,254 was introduced February 14, 2007, by Representative Henry Waxman and stipulated that the biosimilar and reference must have the same mechanism of action for the same condition of use,255 but did not mention the provisions for data and market exclusivity.256 The Patent Protection and Innovative Biologic Medicines Act, House Bill 1956, was introduced April 19, 2007, by Representative Jay Inslee, and stated that biosimilar and reference material must merely show comparative results in health-related assays for the same dosage.257 House Bill 1956 took a bold move and provided twelve years of data exclusivity and just two years of market exclusivity.258 The Biologics Price Competition Innovation Act, Senate Bill 1695, was introduced on June 26, 2007, as a bipartisan effort guided by Senators Kennedy and Hatch, and suggested that the biosimilar and reference must have the identical route of administration, dosage form, and strength, as well as utilize the same mechanism of action for the same condition of use.259 The Biologics Price Competition Innovation Act, Senate Bill 1695, additionally called for four years of data exclusivity and eight years of market exclusivity.260 House Bill 5629, the Pathway for Biosimilars Act, would have provided four years of data exclusivity and eight years of market exclusivity. None of these bills, however, were passed in the 110th Congress.261

253 Id.
255 Id. § 3(k)(1)(C).
256 See Zuhn, supra note 251.
258 See Zuhn, supra note 251.
260 Id.; see Zuhn, supra note 251.
261 See supra text accompanying note 252.
A Teva-funded study suggests that an exclusivity period of seven years would be “sufficient for maintaining strong incentives to innovate while fostering a competitive marketplace.” Teva also questioned the need for exclusivity provisions that would add an additional seven to twelve years of protection. However, innovative companies have been supportive of bills that provide twelve to fourteen years of exclusivity. Thus, these studies illustrate the disconnect between innovative and generic companies regarding exclusivity periods.

D. A Professor’s View

Dr. Richard G. Frank, a leader in the field of health economics, has expressed that “the Hatch-Waxman framework is not sufficient to cover both relatively simple biopharmaceuticals and very large and complex molecules—a new regulatory framework is needed.” While he acknowledges that the loss of patent protection increases the urgency for regulatory policy promoting price competition and preserving the safety and efficacy standards, he states that the FDA should receive a “great deal of discretion” in making multifaceted, situation-specific judgments. Thus, “the conflicting goals of bolstering price competition in biopharmaceutical markets and preserving for a nuanced policy that must be based on the best science and key features of the current economics of biopharmaceutical markets—not on the impassioned claims of the interested parties,” create a difficult set of parameters that requires situation-specific balancing.


264 See generally id.

265 See id. at 6 (discussing Eshoo Bill).


267 Id.

268 Id.

269 Id.

270 Id.
Dr. Frank interestingly advocates giving the FDA the discretion to permit generic biologics, instead of problematically simplifying the approval process via the Hatch-Waxman Act.\(^{271}\) Dr. Frank hypothesizes that if the FDA were to require clinical studies of generic biologics, then the health of the community would be a top priority.\(^{272}\) In contrast, he believes that if the bioequivalence of the complex protein structures were the main deciding factor alone, the activity of the protein would not be considered.\(^{273}\) In this way, clinical trials would examine how effective the follow-on biologic is and be able to compare the biologic’s strength to the original brand-name biologic. \(^{274}\)

E. Comparing a Patient’s and a Doctor’s View

Thus far, the analysis of this paper addresses if the generics will be permitted to compete with brand-name pharmaceutical biologics using today’s legislation. Another question to complicate the story is: will doctors prescribe the potential biosimilar in place of the innovative biologic? Doctors who do not feel comfortable substituting the generic for the brand-name biologic could disarm the entrance of biosimilars into the market.\(^{275}\)

Data strongly suggests that both doctors and patients harbor brand loyalties.\(^{276}\) Many studies analyze patients’ choice to purchase brand-name pharmaceuticals instead of generic equivalents.\(^{277}\) One theory is that patients believe generic drugs,
priced lower than brand-name drugs, are of inferior quality. A telling study performed in 2000 found that “[t]he percentage of respondents who perceived that generic prescription drugs were riskier than brand name products varied from 14.2% to 53.8%, depending on the medical condition being treated.” In 2005, another study found that “37% of patients expressed general skepticism towards generic drugs because of their lower price.” Therefore, many patients ultimately decide against the benefit of savings offered by generic drugs and instead pay higher prices for brand-name drugs.

When faced with the decision to prescribe generics over name-brand pharmaceuticals, physicians conduct themselves similarly to patients. One theory is that physicians tend to be risk-averse and would prefer not creating variability in patient treatment. Physicians have long been criticized as being “creatures of habit.” Such character traits make it difficult to prescribe generic drugs. However, such caution is well founded. Organic chemistry has shown that “polymorphism” frequently occurs when generating drugs. Polymorphism is the ability of drugs to exist in many different types of crystalline phases, all having different reactivity. FDA scientists know that such a cocktail of different crystalline phases can affect drug stability and drug activity.

281 Id.
282 See id. at 477 ("[P]atients as well as physicians do not have the incentive to invest in low-cost treatment as long as insurance companies pay the costs of prescription, regardless of their generic or brand-name status.").
284 Id.
286 Id.
287 Id.
Thus, physicians have good reason to question the ability of generic drugs to perform comparably to brand-name pharmaceuticals.

While in theory an active ingredient has the same function and potency regardless of being brand-name or generic, it is ultimately the patient that needs to determine if the small molecule is acting identically. Many patients have noted that they can identify differences in the potency of brand-name versus generic drugs.288

Because patients question the quality of generic drugs and physicians err on the side of caution, more brand-name drugs are routinely prescribed instead of an identical authorized generic to avoid potential tort liability.289 The fact that generics are poorly regarded in a percentage of the medical field and in society raises the question of whether doctors would substitute for and patients would request follow-on biologics for brand-name biologics.290

On behalf of the innovative brand-name pharmaceutical companies, the Biotechnology Industry Organization (BIO) is concerned about doctors being stripped of choice.291 The Waxman Bill will permit biosimilars to be substituted for the innovative biologic without the intervention of the prescribing doctor.292 The generic biologic may be permitted as a substitute without the doctor’s approval, which could ultimately limit the doctor’s control and treatment of the patient.

288 See Road Back Foundation, Are Generic Drugs as Effective as Brand Name?—Not Always!, http://www.roadback.org/index.cfm/fuseaction/education.display/display_id/120.html (last visited Aug. 30, 2009).
290 Id.
291 See BIO, supra note 24.
F. Brand-Name Perspective: Impossibility of Duplication and the Question of Patentability

Although patent protection is available for biologics in many circumstances, there may be a limited scope of protection.293 The patent system further regulates competition in the biologics market, as there may be restrictions on the availability of proprietary rights in biological substances.294 The 110th Congress reviewed legislation295 that would permit an expedited marketing approval pathway.296 The Access to Life-Saving Medicine Act, House Bill 1038 and Senate Bill 623, would have permitted the Secretary of Health and Human Services to monitor what studies were necessary to establish comparability.297 Comparable biologics would be necessary to maintain the same chemical reaction, the same mechanism of performing this reaction, as well as the same dosage form, strength, etc.298 While the identical chemical reaction and mechanism for reaction would be relatively easy to prove, the same dosage form and strength could be very tricky to establish.299 If all of these parameters were to be met, then the generic form of the brand-name biologic would be deemed “interchangeable.”300 An interchangeable product would be required to produce the same clinical results as the brand-name innovative drug.301

There is a formidable lobby, lead by the Intellectual Property Owners Association, against approval of follow-on biologics, which strongly asserts that it is impossible to replicate a brand-name pharmaceutical’s biological innovations exactly, due to

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294 Id.
295 See supra notes 252–61 and accompanying text.
296 See supra Part III.C.
299 See supra note 93.
300 See supra note 93.
301 See supra note 93.
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The crux of this argument lies in health and safety concerns, and proponents of this view advocate against an accelerated approval process for follow-on biologics. These pharmaceutical companies assert that an end product is unpredictable, even with guidance through patent disclosures, including deposited biological samples. This argument stipulates that since it is impossible to recreate the innovative biologic perfectly, patent protection should not apply.

While the safety and health of patients is a strong aspect of this argument, considering only safety and health undercuts the patentability of the biologic. Enablement is a fundamental step in securing patentability. If it is impossible to replicate the patented invention, then there is a prima facie case against patenting the invention due to non-enablement. Using the inability to fulfill the enablement requirement as an argument weakens incentives to patent inventions and is unfair. If brand-name pharmaceuticals were unable to be patented, companies would instead use the power of trade secrets to insulate them from competition. Protecting brand-name pharmaceuticals through trade secrets would drive down the amount of information available to any pharmaceutical company regarding any type of technique. Consequently, it would be more unlikely that


304 Corbitt, supra note 7, at 397.


307 See The Enablement Requirement, supra note 306.

308 Corbitt, supra note 7, at 398.

309 See id.
competitors would be able to manufacture follow-on biologics. Additionally, reverse-engineering would be nearly impossible, so trade secrets would be a workable way to protect such intellectual property. If inventions and innovations were protected by trade secret and not patent law, generic equivalents would be impossible to generate unless the secrets, for example, were sold.

A major flaw with not extending patentability to innovations that are very difficult to reproduce is that the innovators no longer have the protection of a patent. Losing the availability of patent rights could very likely be a large disincentive to continue funding pharmaceutical companies and their research and development efforts. The rights of patents extend from literal infringement through the doctrine of equivalence (“DOE”). The DOE is only available to patented products, not to those covered via trade secret because patented innovations are extended protections that trade secrets are not. The DOE allows a court to hold a party liable for patent infringement for an equivalent to the claimed invention. Courts may use the DOE to stop companies from avoiding infringing patents by making insubstantial changes to the innovation. Without the DOE, the value of patents “would be greatly diminished.”

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310 Id. ("If enablement is itself impossible, then trade secret protection might be more advisable than patent protection, as reverse engineering such a complicated process is highly improbable.").


313 Royal Typewriter Co. v. Remington Rand, Inc., 168 F.2d 691, 692 (2d Cir. 1948).

314 Id.

III. COME TOGETHER: THE UNITED STATES SHOULD MAINTAIN THE CURRENT BALANCE INHERENT IN PATENT LAW AND NOT SACRIFICE HEALTH FOR SPEEDY PRICE COMPETITION

Congress should implement key changes to the Hatch-Waxman Act to monitor and address the primary concern of health. While Congress has written and evaluated many bills, it has not found a solution that opposing sides can agree upon. It is imperative that the urgency of supplying cheaper biologics does not supersede the requirement for safe and effective medication. The long-term goal is for innovative research to maintain incentives to bring life-saving biologics to Americans; without this incentive, Americans will ultimately be the losers.

A. The Lines of Communication Are Open

A passable bill “should adequately compensate generic manufacturers by providing at least some exclusivity for biologic products.” All of the proposed Congressional bills had drawbacks, either because they had too much exclusivity (House Bill 1038 and Senate Bill 1695) or did not have any (House Bill 1956), and consequently, these bills were not passed. Until there is a thoughtful conversation between both of these approaches, the innovative pharmaceutical companies will enjoy a market without competition from follow-on biologics. Considering that both innovative and generic pharmaceutical companies have an interest in maximizing gross revenue, it is encouraging that a thoughtful bipartisan discussion has already ensued via the 110th Congress.

The writers of the Eshoo Bill have considered many points of contention from the previous 110th Congress and have softened

316 Kelleher, supra note 43, at 262.
317 See supra text accompanying notes 252–61.
318 See supra text accompanying note 262.
319 See Waxman, supra note 137.
the bill’s stance accordingly. An interesting twist in the Eshoo Bill is that experimentation is not required, as this bill states that it could be waived. It seems as though the 110th Congress’s struggle with this issue can be shelved because of this concession. The most hotly contested issue of the upcoming 111th Congress will be the exclusivity provision. There is a large discrepancy between five or twelve years of exclusivity, and negotiation to reach a term will not be easy. The longer term of exclusivity provides the ability for follow-on biologic companies to follow through with additional experimentation, a possibility that would not exist if the five-year exclusivity term were adopted. Thus, the writers of the Eshoo Bill have already taken into consideration the lessons of the 110th Congress and have made the concession of mandatory experimentation. Any additional concession of the Eshoo Bill, specifically the exclusivity of innovative biologics, would drastically undermine consumer safety.

B. Consumer Safety

Generic pharmaceutical companies’ strong interest in creating affordable biologics can be one-sided, in both the short and long-term. By not being subject to the standard testing procedures, the follow-on biologic could adversely affect patients. Thus, by not requiring additional experimentation, we are undermining the public’s need for safe medicine. Additionally, innovative companies producing these pioneer biologics would not profit

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322 Karst, supra note 321.
323 See supra note 251 and accompanying text.
324 See supra text accompanying notes 209–14.
325 See Corbitt, supra note 7, at 397–98 (“Executives from large pharmaceutical corporations . . . have testified before congressional committees and cited public health and safety as a reason to halt the approval of an expedited approval process for biosimilars. They claim that there is no possible way to exactly and safely copy their results.”).
nearly as much as they would have in the past. As a result, those companies will have less incentive to invest in cutting-edge research to develop new, potentially life-saving medicines. If Congress does not strike a balance between innovative and follow-on biologics, then the public is at risk to receive dangerous follow-on biologics, and innovative pharmaceutical companies will not have the resources to invest into research and development.

Considering that both the Waxman Bill and Eshoo Bill have compromised on the requirement of additional experimentation for follow-on biologics, exclusivity is the next obvious issue of contention. Since companies generating follow-on biologics would be able to cut years off of the process of getting biologic products to store shelves, these companies would surely want shorter periods of innovative drug exclusivity. A short five-year period of exclusivity is not desirable because it would undermine the possibility of additional experimentation that the Eshoo Bill provides. A longer period of exclusivity is crucial, as the Eshoo Bill suggests, because this Bill innately provides additional time for the follow-on manufacturer to test its biological product. In this way, Congress can better achieve consumer health and safety in both the short and long-term.

C. Preservation of Incentives for Innovative Drug Companies

An underlying priority must be to promote continued research and development in the fields of biotechnology. Thus, American patents must be strong and reliable, protecting the intellectual property that they breed. If American patents are not as strong as foreign patents or if there is significant uncertainty as to how

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326 See id. at 390–91 (proposing that production of biosimilars may not be economically efficient because its development costs are much higher than the development costs of a small-molecule generic); see also Scherer, supra note 283, at 103–06 (“[M]ost [new products] achieve much lower sales. . . . [N]ew drug development resembles a risky lottery that throws out rich rewards to a few big winners while the majority of entries lose money.”).

327 Corbitt, supra note 7, at 390–91.


inventors will interpret American patents, inventors will quickly lose incentive to continue filing in the United States. Thus, protecting innovation by approving patents for biologics is mandatory for continued industry and research growth.330

The example of insulin331 highlights why patent protection is so important for biological research, as it took almost twenty years for Eli Lilly to purify insulin and successfully obtain approval to market this therapy.332 If the leaders within Eli Lilly knew that their purified insulin would ultimately never receive patent protection, they may not have invested almost two decades of research in this field. Additionally, Eli Lilly may not have pursued purification of naturally occurring biological proteins if their patent rights were abbreviated and if they knew that generics would immediately compete with their twenty years of hard work and investment.

A final issue that needs to be addressed is whether abbreviating the period of patent protection is an unconstitutional taking without just compensation.333 Permitting pharmaceutical companies manufacturing generics to take and use the discoveries of innovative pharmaceuticals presents a strong argument for an unconstitutional taking.334 Considering that huge amounts of money are invested by brand-name pharmaceuticals for research and development, there needs to be some reasonable compensation for the discoveries.

CONCLUSION

The Biologics Act of 2007 first attempted to mold the Hatch-Waxman Act into a vehicle previously encompassing tiny, simple drugs into an extension for large, complex biological molecules.335

330 Corbitt, supra note 7, at 400.
331 “Deducing the steps required to purify and produce insulin, for example, took considerable work by some of the top scientists in the field.” Id. at 402.
332 Id.
333 Id.
335 See supra text accompanying notes 137–44.
However, the question remains whether applying the Biosimilars Act to the established Hatch-Waxman process of approval and generic manufacture would be beneficial. The past and current bills seek that generic biologics manufacturers satisfy further requirements, such as conducting extensive clinical studies, which will increase the biosimilar’s costs and decrease the margin between the price of the innovative biologic and the follow-on generic.336 Both bills have been referred to the House Energy and Commerce Committee and the House Judiciary Committee.337

An additional concern, besides higher manufacturing costs and decreased profits, is the actual market for follow-on biologics. Doctors and patients alike have reservations about using generic drugs in place of brand-name drugs. There is no way to predict how follow-on biologics will be accepted by the general public; will follow-on biologics be embraced as cheaper alternatives, or will they be rejected because of potential health concerns? Passing the Eshoo Bill or the Waxman Bill will answer this lingering question. Because of these concerns, it is unclear whether the follow-on biologic market will be as robust a competitor as the generic small-molecule market. Clearly, if a follow-on biologic market broadens due to the passing of the Biologics Act, it is of the utmost importance that these generic biological medicines are safe for consumer use. Therefore, it is in the best interest of consumers to demand experimentation. Experimentation requires time, and the Eshoo Bill provides this needed time. The Eshoo Bill carefully and clearly lays out the regulation of biosimilars, additionally leaving room for variation in experimentation requirements. The Eshoo Bill best anticipates the needs of the American people and must be voted for in the upcoming 111th Congress.

336 See supra notes 195–216 and accompanying text; see also H.R. 1427, 111th Cong. (2009).