



Written by [Alex Newman](#) on June 23, 2009

Venezuela Targets Pharmaceutical Patents

"We cannot allow transnational medicine companies to impose their rights on the Venezuelan people," commerce minister and Chavez-confidant Eduardo Saman told state television over the weekend. "Patents have become a barrier to production, and we cannot allow them to be barriers to medicine, to life, to agriculture," added Saman, who used to head Venezuela's patent office. He also said that all revisions in patent law should be compatible with treaties the country has signed.



But not everybody is excited about the planned reforms. The president of Venezuela's pharmaceutical business chamber, Edgar Salas, said that getting rid of patents would create an array of unintended consequences. "This could create obstacles to importing the newest medicines," he warned, adding that the world's top pharmaceutical companies were likely to stop exporting their products to the country.

Other critics have blasted the plan as unconstitutional, like Venezuelan lawyer Orlando Viera Blanco who called it a "coup d'etat" to the patent system. "The President has ordered [us] to eliminate the right to have patents and industrial property," said the expert in intellectual property law. He argues that it violates article 98 of the nation's constitution, which reads: "The State recognizes and protects intellectual property rights in scientific, literary and artistic works, inventions, innovations, trade names, patents, trademarks and slogans, in accordance with the terms and exceptions provided by law and the international treaties executed and ratified by Venezuela in this area."

Attacks on the private sector and the pharmaceutical industry are not new in the socialist country. Last month the Venezuelan government threatened to seize a Pfizer plant in retaliation for an earlier closing of another. Since then, the drug-maker has been trying to sell the remaining manufacturing facility, and announced that it was in talks with the government over a possible sale. "Pfizer is talking with various interested parties, and one of them is the Government of Venezuela," the company said in a statement. Analysts say finding a private-sector buyer would be difficult with the threat of nationalization constantly looming overhead. The Venezuelan pharmaceutical market is currently valued at over \$3 billion a year.

President Hugo Chavez defended the efforts to annul certain patents over the weekend, saying, "A song is intellectual property, but an invention or a scientific discovery should be knowledge for the world, especially medicine." He also recently criticized Swedish package maker Tetra Pak, arguing that its



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patents were limiting production as well. His government has been criticized around the globe for past nationalizations aimed at everything from energy and telecommunications to cement and agriculture. "That a laboratory does not allow us to make a medicine because they have the patent, no, no, no," Chavez added on Saturday, comparing patents to a "trap."

Under Chavez' plan, technical information on patents will be posted on the website of the Autonomous Service for Intellectual Property (SAPI) for anybody to make use of, the agency said in a press release. "Any person can access SAPI's website, go to the consultation area and search all they need," said SAPI's director general Arlene Piñate. "This is very important, because Venezuelan technicians will be able to change and improve new technologies that have been developed." Removing the incentive for innovation and research and development doesn't seem to have been considered by Venezuela's power-hungry government.

In another example of the unintended consequences of Venezuela's nationalizations, Chavez' land and agricultural reforms are widely acknowledged to have resulted in the opposite of "food sovereignty" — the original justification for land seizures. Food imports have risen to \$7.5 billion last year, a six-fold increase since Chavez took office. "The government policy to increase crop production in the country is a complete failure," said agriculture expert Carlos Machado at the Institute of Higher Administrative Studies in Caracas, who was also an agricultural consultant to the Organization of American States.

Intellectual property is an important tool that leads to societal progress. Without the ability to profit from discoveries and inventions, there is no motivation to produce them. Hugo Chavez is accelerating the destruction of what was once a relatively successful economy. Foreign investment has already dwindled and will continue to decline as government expands and further attacks the productive sector. Hopefully Venezuelans can reverse course and restore some semblance of free markets before the South American nation goes the way of Cuba. The alternative is bleak, and it is all-too-familiar to people living under socialist governments everywhere.

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