

## Watchdog eyeing drug patent rules

BY SANDRA CORDON, OTTAWA

Canada's competition watchdog will investigate whether federal patent rules are driving up health costs by making it easy for big drug companies to keep cheaper generic brands off the market.

The Competition Bureau will look into the controversial practice of evergreening, following a complaint by a coalition of unions, seniors and consumers.

The groups say the strategy allows big pharmaceutical companies to continually extend their patents to keep generics off the market for as long as possible.

Evergreening allows drug manufacturers, which already have 20-year patent protection, to trigger further 24-month extensions, making it difficult for generic firms to produce cheaper copies of brand-name drugs.

In a letter dated June 11, Konrad von Finckenstein, head of the Competition Bureau, promised to investigate "allegations of anti-competitive practices of evergreening of patents on the part of brand-name pharmaceutical companies to delay market entry of generic competition."

The generic drug industry told the committee Canadians have spent up to \$1-billion more than necessary for prescription drugs because of such practices.

Mike Luff of the National Union of Public and General Employees said the union-led coalition has no confidence members of parliament will be willing to challenge large, wealthy drug manufacturers.

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# Senate

## Governance report due today will call for stiffer penalties

BY SIMON TUCK, OTTAWA  
AND KAREN HOWLETT, TORONTO

A key parliamentary committee studying the Canadian implications of "Enronitis" will recommend stiffer penalties and corporate governance standards beyond what the federal government outlined just a week ago.

The Senate banking committee will recommend today that the federal government strengthen the governance measures in the Canada Business Corporations Act (CBCA), Senate and industry sources say.

"We think there should be a few more orange suits around," said Senator James Kelleher, a member of the committee, referring to prison clothing.

The committee's report will form part of Ottawa's response to the tough anti-corruption rules introduced in the United States last summer following a string of scandals at Enron Corp, WorldCom Inc. and other U.S. companies. The report, which follows a committee investigation of about a year, is scheduled to be released this afternoon in Ottawa.

Shortly after the scandals became public, U.S. legislators last summer passed the Sarbanes-Oxley Act, an aggressive and sweeping corporate accounting reform law that aimed to quell investor uncertainty.

Justice Minister Martin Cauchon moved last week to crack down on corporate and securities crime by committing more resources to prosecute white-collar offences and by introducing tough penalties for illegal insider trading.

The proposed legislation makes it an offence under the Criminal Code to trade shares on information not disclosed to the public. The maximum penalty for insider trading offences is 10 years in jail. Under Ontario securities law, by comparison, the maximum pen-

### Appointment

