Counterfeiting and Piracy of Pharmaceutical Products

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Pharmaceutical counterfeit trade has exceeded the $200 billion mark (Mashiri & Sebele-Mpofu, 2015), an exaggerating figure, considering the number of patients, suppliers, and healthcare providers who have been duped into acquiring products of unverifiable quality and efficacy. Counterfeiting and piracy of pharmaceutical products involves the deliberate deception in masquerading fake product as real, leading to their purchase by unsuspecting consumers. Counterfeiting is different from piracy, as the former refers to the production of fake replicas of the real product. Counterfeiting and piracy need not be the only options for product promotions ac licensing can be used as an alternative means of accumulating market share. Licensing is described as a process of leasing a legal entity that is protected by the law, for purposes of promoting a product. The license could be in form of trademark, logo, features, or other legally protected entities. Licensing is a legal form of using another company’s intellectual property to tap into already-existing marketing, distribution, and production systems. According to Gabor (2012), counterfeits aim at taking advantage of the superiority of the original products in the market by using their logos and trademarks. On the other hand, piracy is an infringement of intellectual property, and it refers to the unauthorized imitation and production of imitated goods. Counterfeiting and piracy have resulted in economic and health impacts on the customers and the market agents.

Counterfeiting and piracy compromise the consumer’s health and safety. In comparison with verified pharmaceutical products, the latter undergo rigorous verifiable processes which assess the methods used to produce the pharmaceuticals, their effectiveness, and any adverse effects that may be associated with their consumption. The Food and Drug Administration (FDA) is tasked with reviewing and approving all the drugs within the U.S (Ciociola et al, 2015). However, the production of pharmaceutical goods is made without any supervision from FDA, and it could result in serious health consequences. Blackstone, Fuhr, and Poiask (2014) hold the opinion that an individual with a serious medical condition may purchase counterfeit drugs, believing that they are purchasing the genuine ones. If the drugs are ineffective in treating the medical condition, the individuals’ health condition could deteriorate.

On a social aspect, counterfeiting and piracy are threatening to innovation. Counterfeiting prevents the owner of the pharmaceutical idea from reaping the fruits of their labor. It takes a long time before the pharmaceutical products can be certified to be sold in the market. Adequate research has to be conducted in order to come up with the design of the product. Additional research is also needed to ensure the effectiveness of the product, and it entails the conduction of drug trials that are performed on animal and human subjects. Nayyar, Breman, and Herrington (2015) posit that when there is an infiltration of counterfeit goods in the market, the researchers are not adequately rewarded for their efforts. An influx of supply for the pharmaceutical products results in lowered prices. As a result, the original researchers are unable to reclaim the funds that they had invested in the design and production of their products. Consequently, the firms are not motivated to provide innovative pharmaceutical products. Similarly, other companies do not also see the need to introduce new pharmaceutical product designs as they are unlikely to receive adequate compensation for their efforts.

Counterfeited and pirated products threaten the growth of the economy. According to the Organization for the Economic Cooperation and Development (OECD), counterfeited pharmaceutical products are either sold in the primary or the secondary market. The products sold in the primary market are masqueraded as being original, and consumers purchase them unknowingly (Mackey & Liang, 2013). The health effects of such products result in an expansion of the nation’s health budget, as the products are detrimental to the users’ health. The other market, known as the secondary market, is comprised of willing buyers and sellers. Here, the consumers are aware that the products are counterfeit or pirated, but they aim at getting lower prices for the products (Mackey & Liang, 2013). The negative effects of the secondary market entail the loss of jobs and the closure of pharmaceutical businesses. The increased supply of cheaper product alternatives may affect the market, causing the prices for the genuine products to go down. As a result, firms selling genuine pharmaceutical products may lay off some of their workers due to the declining demand for their products. On the other hand, manufacturing companies may close down due to declining demand for their products as well as reduced prices. The loss of employment, the closure of businesses, and declining tax affect the economy due to a reduction in GDP. The economy is also affected by reducing taxes associated with lower income and business taxes (Blackstone, Fuhr & Pociask, 2014).

Counterfeiting and piracy are against the law, and traffickers are punishable by law. It is illegal to infringe upon another person’s creations that are protected by intellectual property, trademark, and copyright. On an ethical basis, it is immoral to produce a drug that could cause harm to the consumer. For instance, approximately 120,000 Chinese nationals are said to have died after consuming counterfeit drugs (Schapranow et al, 2011). The situation has been replicated in other countries all over the world. It is also unethical to make profit at the expense of other people. While counterfeit drugs result in adverse effects on the users, pirated drugs result in adverse effects to the drug manufacturers.

It could be argued that counterfeited and patented drugs are more affordable alternatives to the genuine drugs, and that they should not be declared illegal. For instance, India authorized the patent of a pirated drug, although it infringed upon U.S. patent laws. The justification for the authorization was that it was a life-saving drug that could help many patients (Clift, 2010). However, although many lives would be saved as a result of India’s actions, the practice could result in extensive damages to people’s health. If drug manufacturers are allowed to patent copyrighted goods, the spirit of pharmaceutical innovation would be killed, and there would be no introduction of innovative drugs.

In conclusion, counterfeiting and piracy have resulted in economic and health impacts on the customers and the market agents. The consumers may be adversely affected by the drugs, resulting in the deterioration of their health, or even death. The genuine pharmaceutical companies may be driven out of business due to the influx of cheap pharmaceutical alternatives. The effects of counterfeited and pirated drugs are also threatening to the economy due to loss of jobs and a reduction in GDP, income taxes, and business taxes. Counterfeiting and pirating have also been pointed out as vices that stifle innovation and the creation of new drugs. The legal framework outlaws the production of counterfeits and pirated pharmaceuticals as it infringes upon intellectual property, trademark, and copyright. It has also been determined that it is unethical to engage in copyright and piracy transactions as it could lead to the loss of life. Finally, the only aim of engaging in the counterfeit and piracy trade is due to profit. However, the effects of such actions could affect the individual, firms, and also the economy as a whole.

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