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Patients not Patents, Inc. (PNP) was organized on the principle that public health should take precedence over corporate profits. Our organization is committed to ensuring access to health care through litigation, advocacy, and education.

We have been following Brazil's proposed compulsory licensing of Kaletra and have publicized the issue through our website, [www.patientsnotpatents.org](http://www.patientsnotpatents.org). PNP was also involved with the Stop CAFTA Coalition, helping to educate the public about the consequences of burdensome intellectual property treaty obligations. On the issue of compulsory licensing, our Executive Director testified before the Washington, D.C. City Council to refute arguments being made on behalf of the pharmaceutical industry.

Abbott Laboratories, maker of Kaletra, has consistently put profits before human rights. The company argues that the high price of the drug is necessary to maintain investment in research and development. That assertion is disingenuous at best.

In 2001, Abbott spent nearly one-quarter of its revenue on marketing, advertising and administration.<sup>1</sup> That amount is over twice as much as it spent on research and development that year. Abbott's 2001 net profits stood at an incredible \$1.5b.

Abbott CEO Miles White earned an annual salary of \$4.3m in 2004 and owned stock options worth \$21.5m at the end of the year.<sup>2</sup> Writing about the Kaletra dispute in Brazil, Mr. White stated, "[W]e cannot let the agreement end discussion of the ideas involved."<sup>3</sup>

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<sup>1</sup> "Profiting from Pain," Families USA. Available at <http://www.familiesusa.org/site/DocServer/PPPreport.pdf?docID=249>.

<sup>2</sup> 2005 Proxy Statement of Abbott Laboratories.

<sup>3</sup> Miles White, "Drug Patents are Good for Our Health" Nov. 29, Comments, Financial Times, excerpt available at <http://news.ft.com/cms/s/011eaf92-610c-11da-9b07-0000779e2340.html>

PNP completely agrees. Brazil leveraged its power to issue compulsory licenses in order to obtain Kaletra at a lower price, but ultimately capitulated to the pharmaceutical industry and failed to grant the promised licenses. This may have been a reasonable tactic, but it is a bad strategy.

Brazil, unlike most of the countries of the global south, has the manufacturing capacity and expertise to make generic versions of antiretroviral drugs. As a result, Brazil is well-positioned to set a precedent for other countries in the global south. Brazil has repeatedly threatened to issue compulsory licenses over the past four years, but has failed to act. The use of compulsory licenses as a bargaining tool is greatly diminished if drug makers no longer believe that the countries will follow through with their threats.

Additionally, reliance on drug company promises of lower prices is not a sustainable or secure arrangement. Remember, this is the same Abbott Laboratories which in 2003 pled guilty to felony criminal obstruction of justice charges after federal investigators determined that the company overbilled U.S. government health programs.<sup>4</sup>

Time is running out for people living with HIV/AIDS develop resistance to first-line drugs. The substantial progress in fighting the disease will be reversed unless newer treatments become widely available.

For these reasons, Patients not Patents supports the efforts of the Brazilian Civil Society in requesting the compulsory licensing of Lopinavir/Ritonavir (Kaletra) or any other second-line drug.

Sincerely,

Jeffrey Light  
Executive Director,  
Patients not Patents, Inc.

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<sup>4</sup> "Abbott Settles Case for \$600m," posted July 23 2003, USA Today, available at [http://www.usatoday.com/money/companies/regulation/2003-07-23-abbott-investigation\\_x.htm](http://www.usatoday.com/money/companies/regulation/2003-07-23-abbott-investigation_x.htm). See also "Abbott Raises Drug Price Unconscionably," ACT UP New York, <http://www.actupny.org/reports/abbottgreed.html>.