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Judge Paul Michel (Ret.), Board Member
Judge Kathleen O'Malley (Ret.), Board Member
Frank Cullen, Executive Director

June 27, 2025

Via Electronic Submission

Ambassador Jamieson Greer
United States Trade Representative
Office of the United States Trade Representative
600 17th St. NW
Washington, D.C. 20508

**Re: Docket No. USTR-2025-0011,
Request for Comments Regarding Foreign Nations
Freeloading on American-Financed Innovation**

Dear Ambassador Greer,

The Council for Innovation Promotion (C4IP) appreciates the opportunity to respond to the Office of the United States Trade Representative's [request](#) for comments on foreign government policies that compel American patients to bear an outsized share of global pharmaceutical R&D costs.

C4IP is a bipartisan coalition dedicated to promoting strong and effective intellectual property (IP) rights, driving innovation, boosting economic competitiveness, and improving lives everywhere. Our organization is chaired by two former Under Secretaries for Intellectual Property and U.S. Patent and Trademark Office (USPTO) Directors: Andrei Iancu, who served in the first Trump administration, and David Kappos, who served in the Obama administration. Our board includes two retired judges from the Court of Appeals for the Federal Circuit: former Chief Judge Paul Michel, who was appointed by President Reagan, and former Judge Kathleen O'Malley, who was appointed by President Obama.

As a coalition committed to strengthening American innovation and global competitiveness, we are deeply concerned by any foreign practices that erode patent protections and shift the cost of technological progress onto U.S. inventors, creators, and consumers.

At the core of all cutting-edge innovation is a simple economic reality: investment follows the possibility of recouping R&D costs and earning a return. The [U.S. Constitution](#) recognizes this by granting Congress the authority to guarantee inventors the exclusive right to their discoveries for a limited time. Patent rights provide the stability needed to justify long-term,

high-risk investments. Undermine those rights, whether directly or through price-control policies, and the financial incentives for developing new technologies shrink.

The problem of global free-riding is real and well-established. While the United States favors a market-based approach that appropriately rewards innovation, many foreign governments suppress the prices of pharmaceuticals and other patent-intensive products through price controls and the threat of compulsory licensing. These tactics devalue innovation and force American firms and patients to subsidize the world's R&D pipeline.

Proposals for your colleagues at the Department of Health and Human Services (HHS) to adopt "Most-Favored-Nation" pricing in the United States would not solve this problem — they would replicate it. By tying U.S. prices to those unilaterally imposed by foreign governments, MFN would import the same price suppression tactics that have established the problem of global free-riding and embed them into U.S. law. Instead of confronting these distortive practices, MFN would entrench them, weakening the patent system that drives investment across every high-tech sector.

The foreseeable, if unintended, result is that every patent-intensive sector — including advanced manufacturing, clean energy, quantum technologies, and artificial intelligence — would suffer. If HHS and other federal agencies can override patent-backed returns in one sector, no field is immune. That kind of uncertainty chills investment and weakens the foundation of American technological leadership and economic competitiveness.

Governments abroad increasingly rely on tools like international reference pricing, flawed cost-effectiveness formulas, and biased technology assessments to suppress prices for patented medicines and other innovative products. According to the Information Technology and Innovation Foundation, price controls across 32 OECD countries have [reduced](#) manufacturer revenues by up to 77% — representing hundreds of billions of dollars annually. These below-market prices are often secured through negotiations conducted under the shadow of compulsory licensing, where governments threaten to override patent rights if companies do not agree to steep discounts. Colombia's 2024 [compulsory license](#) for an HIV therapy, issued solely on the basis of price, is a clear example. Delayed reimbursement timelines and access restrictions in foreign markets further compound the harm. In Europe, the average wait time for new therapy reimbursement now exceeds [570 days](#), with some countries delaying reimbursement for more than [two years](#) — leaving patients without timely access to potentially life-saving treatments and discouraging innovators from prioritizing those markets.

Together, these practices undermine patent rights in those countries and contribute to a distorted global market in which the United States, a country that respects IP rights, shoulders a disproportionate share of innovation costs, even as the rest of the world benefits from this innovation.

Some argue that “Most-Favored-Nation” pricing policies would help solve the problem of free-riding and encourage other countries to pay more for high-tech products. In reality, MFN would do the opposite by importing below-market, government-set prices into U.S. reimbursement systems. Rather than pushing back on price suppression abroad, MFN would validate and embed it. Worse, importing foreign countries’ flawed policies would signal to innovators that U.S. patent rights are conditional and subject to political negotiation.

C4IP urges USTR to take concrete steps to push back against foreign price suppression and reinforce the strength and reliability of U.S. IP rights. Specifically, we recommend:

- Urging your colleagues at other agencies to reject MFN-based pricing mechanisms that would entrench foreign price controls in U.S. policy;
- Identifying and challenging countries that undermine their own IP systems by misusing compulsory licensing as a de facto price control tool;
- Using trade instruments, including the Special 301 Report, to document and address discriminatory IP practices abroad;
- Advancing reforms that encourage our allies and partners to adopt and maintain strong IP systems so that they contribute fairly to the global innovation ecosystem.

The United States leads the world in cutting-edge innovation because, for decades, we have upheld a patent system that rewards risk-takers and problem-solvers. That system rests on enforceable, time-limited patent rights. Without them, innovators could not take the bold risks required to bring new ideas to market.

We urge USTR to stand firm against efforts to impose government price controls that sideline patent protections and to reaffirm America's longstanding commitment to the innovation framework that powers progress across every sector of our economy.

Sincerely,

A handwritten signature in black ink, which appears to read "Frank Cullen", is positioned below the word "Sincerely,".

Frank Cullen
Executive Director
Council for Innovation Promotion (C4IP)