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Ranbaxy, Teva Reach Pact to Compete in US Market

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Ranbaxy Laboratories, the largest India-based drugmaker, and Israeli generic drug giant Teva Pharma have reached a settlement with the New York Attorney General which will end a 2010 pact between the two companies that "restricted competition" in the United States market.

The agreement kept the two companies from challenging each other's right to sell certain drugs exclusively in the US.

"Agreements between drug manufacturers to protect each other's market positions violate fundamental principles of antitrust law, and can lead to higher drug prices," Attorney General of New York Eric Schneiderman was quoted as saying in international reports. Teva and Ranbaxy will pay the New York state $3,00,000 and have agreed to refrain from similar agreements in the future.

Schneiderman added that this case was an instance of the latest application of recent legal precedent arising out of challenges to "pay for delay" agreements. Such pacts usually involve brand-name drug innovator firms paying generic drugmakers to delay launch of latter's low-cost versions at a fraction of the original drug's price. These pacts have lately been under the scanner of American, European and Australian regulators that are probing whether such deals raise public healthcare costs by inflating drug prices.

In this case, however, both the players are generic drugmakers, neither of whom admitted or denied any charges in the settlement with the US state.

A Ranbaxy spokesperson said the company was pleased that the recent investigation by the Attorney General of New York, related to an agreement regarding generic atorvastatin tablets, had been brought to closure, and that the Attorney General did not find any anticompetitive effects from the agreement in question. "Ranbaxy fully cooperated with the investigation, and continues to believe that the agreement was procompetitive and an important part of making the product readily available to patients and the US healthcare system in a timely fashion," he said.

Most analysts said the agreement was a positive for the company.

"The settlement concludes an investigation into the agreement relating to atorvastatin calcium, the generic version of Pfizer Inc's Lipitor – a drug used to treat high cholesterol. The atorvastatin agreement related to the sale of only one drug, but by including "no-challenge" commitments as part of that agreement, the companies shielded dozens of their drugs from legal and regulatory challenges," said New York AG's statement.

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