

Natco Set for US Launch of Generic Copy of Teva's Drug

In talks with Mylan over launch and on sharing risks & rewards

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Natco Pharma indicated it could go ahead with plans to sell the generic version of multiple-sclerosis drug Copaxone in the United States, despite the Supreme Court there agreeing to hear an appeal by Israel's Teva Pharmaceutical, which holds the patent and is attempting to block copycat versions.

Natco Pharma's stock had tanked nearly a fifth after news of the US Supreme Court's decision. If the Hyderabad-based company begins selling the drug now, it may face penal damages on losing the patent battle with Teva.

Copaxone, with \$3.2 billion (₹19,000 crore) in sales, accounts for a fifth of Teva's revenue and nearly half of its profits.

On BSE, Natco shares fell nearly 17.74% on Tuesday to ₹655.55 before recovering to close at

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₹684.65, or a fall of 14.1%. The Sensex, was marginally up 0.27% at 22,446 points.

In July 2013, a US court had ruled the Israeli company's patent for multiple sclerosis drug was invalid, thereby paving way for generic rivals to market copycat versions.

On Tuesday, Rajeev Nannapaneni, Natco's vice-chairman and chief executive, told analysts the current situation presented an "interesting op-

portunity" and the company will weigh the risks and rewards in consultation with the partner Mylan. "Because we are launching the product at risk (of damages), we cannot price the product lower than Teva's product. Because we are not launching at huge discount to Teva's product, there is an upside here. The price erosion will not be much and the market will hold up very nicely until the verdict is out."

Natco said it believed even if it loses the suit, the penalties would not be heavy and could be close to the loss of profits that Teva suffered. "If we launch at risk and if we win the litigation in the US Supreme Court, then it will be a huge jackpot than originally predicted, since there is not much of price erosion. If we lose, we will have to give back the loss profits. That is the call that we need to take and that is the conundrum we are now going through."

Company