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44 U.S. states accuse big pharma of price fixing generics market

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44 U.S. states filed a lawsuit last Friday accusing Teva Pharmaceuticals USA of conspiring illegally with 19 other drug companies to inflate drug prices – sometimes by more than 1,000 percent – and stifle competition for generic drugs.

As is set out in the complaint, ‘the Plaintiff States allege that Defendant Teva consistently and systematically, over a period of several years, along with the other Defendants named herein and other unnamed co-conspirators, engaged in contracts, combinations and conspiracies that had the effect of unreasonably restraining trade, artificially inflating and maintaining prices and reducing competition in the generic pharmaceutical industry throughout the United States, including but not limited to, the markets for well more than one-hundred (100) different generic drugs, many of which are identified herein.’

Generic drugs, which are copies of branded drugs no longer protected by patent, are supposed to be cheaper alternatives. But according to the complaint, the generic drug industry agreed not to compete and settle for a ‘fair share’ of the market, and colluded to significantly raise prices. As website LSIPR reported, the ‘drugs included tablets, capsules, suspensions and antibiotics. They treated a range of diseases from basic infections to diabetes, cancer, epilepsy, multiple sclerosis and HIV.’ The zenith of the activity was between July 2013 and January 2015, the 510-page lawsuit alleges. Some other quotes from the complaint:



‘For drugs that attract a large number of generic manufacturers, the average generic price falls to 20% or less of the price of the branded drug. (...) At some point, that price dynamic changed for many generic drugs. Prices for hundreds of generic drugs have risen – while some have skyrocketed, without explanation, sparking outrage from politicians, payers and consumers across the country whose costs have doubled, tripled, or even increased 1,000% or more. The growing outrage and public reports of unexplained and suspicious price increases caused the State of Connecticut to commence its investigation in July 2014.’

‘Generic drug manufacturers argued publicly that the significant price increases were due to a

myriad of benign factors, such as industry consolidation, FDA-mandated plant closures, or elimination of unprofitable generic drug product lines. What the Plaintiff States have found through their investigation, however, is that the reason underlying many of these price increases is much more straightforward – illegal collusion among generic drug manufacturers. Prices of many generic pharmaceuticals were and remain artificially inflated through collusive bid rigging and market allocation agreements designed to prevent price wars from occurring when key competitive opportunities arise in the marketplace. Generic drug manufacturers, through their senior leadership and marketing, sales and pricing executives, have routine and direct interaction. The Defendants exploited their interactions at various and frequent industry trade shows, customer conferences and other similar events, to develop relationships and sow the seeds for their illegal agreements. These anticompetitive agreements are further refined and coordinated at regular “industry dinners,” “girls’ nights out,” lunches, parties, golf outings, frequent telephone calls, e-mails and text messages.’

‘Defendant Teva is a consistent participant in the conspiracies identified in this Complaint, but the conduct is pervasive and industry-wide. The schemes identified herein are part of a larger, overarching understanding about how generic manufacturers fix prices and allocate markets to suppress competition. Through its senior-most executives and account managers, Teva participated in a wide-ranging series of restraints with more than a dozen generic drug manufacturers, all of whom knowingly and willingly participated. As a result of these conspiracies, Defendants reaped substantial monetary rewards.’

‘The Plaintiff States seek a finding that the Defendants’ actions violated federal and state antitrust and consumer protection laws; a permanent injunction preventing the 9 Defendants from continuing their illegal conduct and remedying the anticompetitive effects caused by their illegal conduct; disgorgement of the Defendants’ ill-gotten gains; damages on behalf of various state and governmental entities and consumers in various Plaintiff States; and civil penalties and other relief as a result of Defendants’ violations of law.’

The [complaint](#) was filed at the US District Court for the District of Connecticut. Besides Teva, also Sandoz, Novartis, Mylan and Pfizer are mentioned, among others. According to the *Financial Times*, attorney-general William Tong said the probe was in its early stages, and he would not stop until the companies and individuals were held accountable.

Reactions pharma

According to press agency Reuters, a representative of Teva USA said it will fight the lawsuit. “The allegations in this new complaint, and in the litigation more generally, are just that – allegations (...). Teva continues to review the issue internally and has not engaged in any conduct that would lead to civil or criminal liability.” Novartis told Reuters: “We believe that these claims are without merit and will vigorously contest them.”

Asked for a reaction by LSIPR, Pfizer said: “The Company has cooperated with the Connecticut attorney general since it was contacted over a year ago. We do not believe the company or our colleagues participated in unlawful conduct and deny any wrongdoing. Greenstone [a subsidiary of Pfizer] has been a reliable and trusted supplier of affordable generic medicines for decades and intends to vigorously defend against these claims.”

A similar lawsuit was filed in December 2016. Pharma companies in the US are under political

pressure from both President Trump and Republicans and Democrats in Congress to lower their prices. In his efforts to crack down on drug costs, Trump announced a new rule last week, which will take effect over the summer. Under the rule, drugmakers will have to disclose prices in ads for any medication that costs more than \$35 for a month's supply. "If drug companies are ashamed of those prices—lower them!" Trump [tweeted](#).

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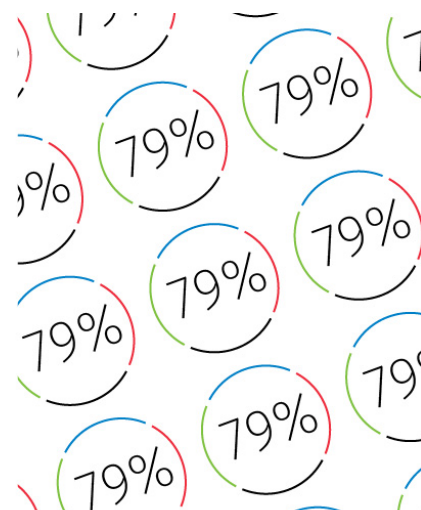
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