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Ranbaxy, Lundbeck face EU fury for blocking generics

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EU to fine generic pharma firms for accepting bribe and blocking drugs as part of pay-for-delay deals



Singapore: The European Commission (EC) is going to fine seven generic drug firms, including India-based Ranbaxy and Denmark-based Lundbeck, for limiting the supply of cheaper medicines to the European Union (EU).

The EU's antitrust regulator is determined to break agreements that involve brand-name drug companies paying generic manufacturers not to deliver cheaper versions of their drugs to the market, a practice that eventually harms consumers. This practice came to light following an inquiry in 2009, which was conducted in order to get to the bottom of what has been labeled as "pay-for-delay" deals.

European regulators have estimated that consumers are paying up to 20 percent more for medicines in some cases. Generic versions typically cost a fraction of the price of original medicines.

The European Commission can fine a company up to 10 percent of its global revenue for breaching competition laws. In the case of Lundbeck, which makes an anti-depressant drug and a treatment for Alzheimer's, the fine could be as high as $313.39 million (240 million euros).

The other companies to be fined are Generics UK, Arrow, Resolution Chemicals, Xellia Pharmaceuticals, Alpharma, AL Industrier, all of them makers of generic drugs. The EU competition authority has two similar cases in the pipeline, involving Israel's Teva, French drugmaker Servier, Johnson & Johnson and Novartis.