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ASIA EDITION

Teva, Sun to pay $2.15 bn to Pfizer, Takeda to settle patent suit

June 13, 2013 | News | By BioSpectrum Bureau



Singapore: Teva Pharmaceuticals Industries, Israel, and Sun Pharmaceutical Industries, India, are going to pay a combined amount of $2.15 billion to US-based Pfizer in order to settle a patent suit related to its acid-reflux drug. This will be the first time that generic drugmakers will pay damages for marketing a copy of an existing drug for which patents have yet to expire, which is known as an 'at-risk' launch.

The Pfizer drug, Protonix, recorded annual revenue of around $2 billion in 2007, before sales declined following the launch of generic versions by Teva in 2007 and Sun Pharma in 2008. The patent covering the active ingredient in Protonix, pantoprazole, expired in January 2011.

The District Court of New Jersey, US, ruled that Teva had infringed the Protonix patent in April 2010, following a protracted 10-year legal battle. The patent was held by Nycomed, now a Takeda subsidiary, and the drug was licensed to Wyeth, now owned by Pfizer.

Takeda will receive 36 percent or about $774 million from the settlement and the remaining will go to Pfizer. While Teva will pay $1.6 billion, half this year and the rest by October next year, Sun Pharma will pay $550 million this year.

Teva had said in February 2013 that it may face legal losses of up to $2.07 billion to resolve the case. Also, the company said that it may have up to $560 million of net insurance coverage for the settlement. Sun Pharma set aside $100 million (Rs 5.84 billion) last November towards potential damages to Pfizer. The company will now have to shell out a further $450 million as final settlement.