



PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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Date : 12-05-2010

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Ranbaxy, Medicis end drug row

Soma Das Posted online: May 12, 2010 at 0040 hrs

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<http://www.financialexpress.com/story.php?id=617488#>

New DelhiRanbaxy has reached an out-of-court settlement with Medicis on acne drug Solodyn (minocycline hydrochloride) last week.

However, even if Ranbaxy launches the drug in November 2011 as authorised by the agreement, it may not gain more than \$25 million annually because of the expected market fragmentation of the drug in which the company would have to share the revenues arising out of generic opportunity with multiple players.

The drug clocks \$370 million annually in sales in the US. The agreement reached between the two firms allows Ranbaxy to take its generic version of the drug (strength 45mg, 90mg and 135mg) to the US in November 2011, or in some special cases earlier.

Medicis has already executed similar agreements with a few other players like Teva, Impax and Sandoz which would cause the market fragmentation. Other players like Mylan and Lupin are also chasing the same opportunity. Analysts FE spoke to expect a price erosion of around 70% in this acne drug market with a minimum of five players in the fray.

CLSA Asia Pacific Markets analyst Hemant Bakhru estimates that even if five generic players launch this product in November 2011, the price erosion could reduce the market size of the drug to \$100 million. This translates into an opportunity for Ranbaxy of not more than \$20-\$25 million annually. "It is not a huge material opportunity for Ranbaxy. Also, more companies could come forward to claim the opportunity and there are chances that the market of this drug may get fragmented even further," Bakhru said.

Under the agreement, Ranbaxy in return has agreed to terminate all legal disputes between the two companies related to the drug. Ranbaxy confirmed that the company's patents relating to Solodyn are valid and enforceable, and cover Ranbaxy's attempt to market the drug in US.

"This is a significant opportunity that will allow Ranbaxy to market Minocycline HCl, USP ER tablets as a generic alternative that has established its value in dermatology, that will offer added value and utility to both patients and prescribers in the US healthcare systems," said Venkat Krishnan, regional director for Ranbaxy in the US. The agreement provides that Ranbaxy will be required to pay Medicis royalties based on sales of Ranbaxy's generic Solodyn pursuant to the foregoing licences.

Additionally, the agreement also includes rights for Ranbaxy to manufacture and sell a branded skincare formulation pursuant to a licence grant to certain of Medicis' intellectual property rights, in or after August, 2011.

Side effects

- Post-launch of Solodyn, Ranbaxy may gain around \$25 m annually
- This is due to the expected market fragmentation of the drug
- Analysts believe a price erosion of around 70% in acne drug market with a minimum of five players in the fray