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UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Jon Leibowitz, Chairman**
Pamela Jones Harbour
William E. Kovacic
J. Thomas Rosch

In the Matter of	)	
WATSON PHARMACEUTICALS, INC., a corporation;	)	**Docket No. C-4276**
and	)	
ROBIN HOOD HOLDINGS LIMITED, a limited liability company.	)	

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act, and its authority thereunder, the Federal Trade Commission ("Commission"), having reason to believe that Respondent Watson Pharmaceuticals, Inc. ("Watson"), a corporation subject to the jurisdiction of the Commission, has agreed to acquire Robin Hood Holdings Limited d/b/a Arrow Group ("Arrow"), a limited liability company subject to the jurisdiction of the Commission, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act ("FTC Act"), as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. DEFINITIONS

1. "Commission" means the Federal Trade Commission.

2. "FDA" means the United States Food and Drug Administration.

3. "Respondent(s)" means Watson and Arrow, individually and collectively.

4. "ANDA" means "Abbreviated New Drug Application" filed with the FDA for approval of a U.S. generic drug.

II. RESPONDENTS

5. Respondent Watson is a corporation organized, existing and doing business under and by virtue of the laws of the State of Nevada, with its head office and principal place of business located at 311 Bonnie Circle, Corona, California 92880. Watson is engaged in the research, development, manufacture, and sale of generic pharmaceutical products.

6. Respondent Arrow is a private limited liability company organized, existing, and doing business under and by virtue of the laws of Malta, with its head office located at 57 St. Christopher Street, Valletta, Malta. Cobalt Laboratories, Inc. ("Cobalt") is a wholly-owned subsidiary of Arrow, with its principal place of business at 24840 S. Tamiami Trl., Suite 1, Bonita Springs, Florida 34134. Arrow is engaged in the research, development, manufacture, and sale of generic pharmaceutical products.

7. Respondents are, and at all times relevant herein have been, engaged in commerce, as "commerce" is defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12, and are companies whose business is in or affects commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

III. THE PROPOSED ACQUISITION

8. On June 16, 2009, Watson and Arrow entered into a Share Purchase Agreement (the "Acquisition Agreement") whereby Watson proposes to acquire all of the outstanding shares of Arrow for approximately $1.75 billion (the "Acquisition").

IV. THE RELEVANT MARKETS

9. For the purposes of this Complaint, the relevant lines of commerce in which to analyze the effects of the Acquisition are the manufacture and sale of the following generic pharmaceutical products:

a. cabergoline tablets; and

b. dronabinol capsules.

10. For the purposes of this Complaint, the United States is the relevant geographic area in which to analyze the effects of the Acquisition in the relevant line of commerce.

V. THE STRUCTURE OF THE MARKETS

11. Cabergoline tablets are used to treat Parkinson's disease and hyperprolactinemic disorders (presence of abnormally high levels of the hormone prolactin in the blood). The patent for the branded version of the drug expired in December 2005. In the U.S. there are only three suppliers of generic cabergoline tablets: Cobalt, Par and Teva. Watson is the only actual potential entrant.

12. Dronabinol capsules are used to treat nausea in chemotherapy patients and loss of appetite and weight loss in HIV patients. Currently the only suppliers of generic dronabinol capsules are Watson and Par Pharmaceutical Companies, Inc. Arrow is one of a limited number of companies capable of entering this generic market in a timely manner and is uniquely positioned to make a significant market impact.

VI. ENTRY CONDITIONS

13. Entry into the relevant product markets described in Paragraph 9 would not be timely, likely, or sufficient in its magnitude, character, and scope to deter or counteract the anticompetitive effects of the Acquisition. Entry would not take place in a timely manner because the combination of generic drug development times and FDA drug approval requirements take at least two years. Entry would not be likely because the relevant markets are relatively small, limiting sales opportunities for any potential new entrant.

VII. EFFECTS OF THE ACQUISITION

14. The effects of the Acquisition, if consummated, may be to substantially lessen competition and to tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, by eliminating potential competition between Watson and Arrow in the markets for the manufacture and sale of generic cabergoline tablets and dronabinol capsules, thereby: (1) increasing the likelihood that the combined entity would forego or delay the launch of Watson's generic cabergoline tablets and Arrow's generic dronabinol capsules; and (2) increasing the likelihood that the combined entity would delay or eliminate the substantial additional price competition that would have resulted from Watson's independent entry into the generic cabergoline tablet market and Arrow's independent entry into the generic dronabinol capsule market.

VIII. VIOLATIONS CHARGED

15. The Acquisition Agreement described in Paragraph 8 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

16. The Acquisition described in Paragraph 8, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this first day of December, 2009, issues its Complaint against said Respondents.

By the Commission, Commissioner Harbour recused.

Donald S. Clark
Secretary

SEAL: