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UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Edith Ramirez, Chairwoman**
Maureen K. Ohlhausen
Terrell McSweeny

In the Matter of: **VALEANT PHARMACEUTICALS INTERNATIONAL, Inc.,** **a corporation.**	**Docket No. C-4602**

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Clayton Act, and its authority thereunder, the Federal Trade Commission ("Commission"), having reason to believe that the above-named respondent Valeant Pharmaceuticals International, Inc. ("Valeant") acquired Paragon Holdings I, Inc. ("Paragon"), and that acquisition violated Section 5 of the Federal Trade Commission Act as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this Complaint, stating its charges as follows:

I. RESPONDENT VALEANT

1. Respondent Valeant is a for-profit corporation, existing and doing business under and by virtue of the laws of Canada, with its executive offices located at 2150 St. Elzéar Blvd. West, Laval, Quebec, H7L 4A8, Canada. Respondent has offices in the United States, including at 400 Somerset Corporate Blvd., Bridgewater, New Jersey 08807 and 50 Technology Drive, Irvine, California 92618.

2. Respondent engages in, among other things, developing, manufacturing, and selling plastic discs, commonly referred to as "GP buttons," used to make rigid gas permeable ("GP") contact lenses.

3. Respondent is, and at all times relevant herein has been, engaged in commerce in the United States, as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a company whose business is in or affects commerce, as "commerce" is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

II. PARAGON

4. Paragon was a for-profit corporation organized, existing, and doing business under and by virtue of the laws of the State of Arizona, with its executive offices and principal place of business located at 947 East Impala Avenue, Mesa, Arizona 85204-6619.

5. Prior to the Acquisition, Paragon, and the corporate entities under its control, engaged in, among other things, developing, manufacturing, and selling GP buttons in the United States.

6. Paragon was, at times relevant herein, engaged in commerce in the United States, as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and its business was in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, as amended, 15 U.S.C. § 44.

III. THE ACQUISITION

7. Respondent Valeant acquired Paragon in May 2015 for $69.1 million. The Acquisition is subject to Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

IV. THE RELEVANT MARKETS

8. The relevant product markets in which to analyze the effects of the Acquisition are the manufacture and sale of FDA-approved GP buttons for:

   a. Orthokeratology GP lenses, which are worn to reshape the cornea;

   b. Large-diameter scleral GP lenses, which cover the white of the eye and are used post-surgery, for transplants, and to treat eye disease; and

   c. General vision correction GP lenses.

9. The FDA requires that GP lenses must be made from FDA-approved GP buttons. Thus, there are no alternatives to FDA-approved GP buttons for making each of the types of GP lenses above. Further, each type of GP lens above requires a button with different parameters from buttons used for other types of GP lenses. Therefore, each type of button constitutes a distinct relevant market.

10. Because FDA approval is required for GP buttons, the United States is the relevant geographic area in which to analyze the effects of the Acquisition.

V. MARKET STRUCTURE

11. Prior to the Acquisition, Valeant and Paragon independently produced buttons for all three types of GP lenses.

12. Prior to the Acquisition, Paragon and Valeant were the only approved producers of GP buttons for orthokeratology. As a result of the Acquisition, Valeant acquired a monopoly in GP buttons for orthokeratology.

13. Prior to the Acquisition, Paragon and Valeant were two of four producers of GP scleral buttons. As a result of the Acquisition, Valeant produced approximately 80% of GP buttons for scleral lenses.

14. Prior to the Acquisition, Valeant and Paragon were the largest manufacturers of GP buttons for general vision correction. As a result of the Acquisition, Valeant produced approximately 70% of GP buttons for general vision correction.

VI. EFFECTS OF THE ACQUISITION

15. The Acquisition lessened competition and tended to create a monopoly in each of 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.

16. Specifically, the Acquisition of Paragon has:

    a. Eliminated actual, direct, and substantial competition between Valeant and Paragon in the relevant markets for GP buttons used to produce lenses for orthokeratology, scleral, and general vision correction;

    b. Allowed Valeant to exercise market power unilaterally in the relevant markets for GP buttons, including by increasing prices, reducing volume discounts, decreasing innovation, and reducing product distribution options;

    c. Eliminated competition to develop new GP lens buttons and improved button materials; and

    d. Eliminated competition to become the button manufacturers for new lens products by offering to fund some of the developing lab's marketing budget.

VII. BARRIERS TO ENTRY

17. For GP orthokeratology buttons, entry into the relevant market has not been, and would not be, timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Acquisition. The FDA premarket approval process required for buttons used to produce extended-wear orthokeratology lenses takes several years.

18. For GP scleral and general vision buttons, entry into the relevant markets has not been, and would not be, timely, likely, or sufficient to deter or counteract the anticompetitive effects of the Acquisition. Scleral and general vision correction GP buttons require significant FDA premarket notification likely requiring more than one year.

VIII. VIOLATION CHARGED

19. The Acquisition constitutes a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45.

THEREFORE, the Federal Trade Commission this twenty-fifth day of January, 2017, has issued this Complaint against Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: