Opening Remarks
FTC Chairwoman Edith Ramirez
Cephalon Settlement Press Conference
May 28, 2015

Good morning and thank you for joining us for today's press conference.

I am pleased to announce that the Federal Trade Commission has reached a landmark settlement resolving our antitrust suit against Cephalon, Inc. for unlawfully blocking generic drug competition to its blockbuster sleep-disorder drug Provigil. This settlement will ensure that $1.2 billion will be available to compensate purchasers of Provigil, including drug wholesalers, pharmacies, and insurers, who were harmed by this illegal conduct.

The settlement also includes an injunction prohibiting Teva Pharmaceutical Industries, Ltd., from any similar violations in the future. Teva acquired Cephalon in 2012 and is the world's largest generic drug manufacturer.

FTC lawyers were scheduled to go to trial in this case in federal district court in Philadelphia next Monday. If approved by the court, this settlement will resolve all of the FTC's charges in this pay-for-delay case.

For well over a decade, the FTC has been committed to stopping anticompetitive pay-for-delay agreements in which a branded drug company pays a generic competitor to drop a patent infringement suit. We have estimated that these pay-for-delay drug deals cost American consumers and taxpayers billions of dollars in inflated prescription drug prices. In 2013, the agency won a major victory at the Supreme Court in *FTC v. Actavis*, when the Court ruled that reverse payment patent settlements are subject to scrutiny under the antitrust laws. I believe this settlement brings us another step closer to stopping these illegal arrangements.

To provide some background, I would like to take a minute to explain the facts of this case and why the FTC acted. Had we proceeded to trial, we were prepared to prove that Cephalon unlawfully protected its lucrative Provigil monopoly by reaching agreements in late 2005 and early 2006 with four generic drug makers – Teva, Barr, Mylan, and Ranbaxy – to drop their patent challenges, which delayed generic entry for six years. In exchange for settling, the generic drug makers received compensation from Cephalon worth a combined $300 million.

This compensation came in the form of side transactions, entered into at the same time as the patent settlement. The side deals involved purchases of active pharmaceutical ingredient, intellectual property licenses, and drug development deals. But overwhelming evidence – which the FTC would have presented in court – shows that the purpose of those transactions was to induce the generic companies to abandon their patent challenges.

I want to sum up by saying that this settlement demonstrates the FTC's ongoing commitment on behalf of consumers to ensure that America's healthcare markets remain competitive, resulting in lower drug prices and greater innovation for consumers.

Let me also emphasize that the monetary payment in this case is important not only because pharmacies and other purchasers who overpaid for Provigil will get money back. Monetary relief is also a key tool in deterring companies from committing antitrust violations since it deprives wrongdoers of ill-gotten gains resulting from their illegal conduct. As this settlement clearly underscores, the FTC will not hesitate to use all of the remedies available to us to obtain meaningful relief for affected customers and ensure a level playing field for competitors.

Finally, I want to thank the FTC case team, and especially Markus Meier and Brad Albert, as well as Debbie Feinstein, the Director of our Bureau of Competition, for their hard work in bringing this matter to a favorable resolution.

I now want to turn the floor over to Debbie so she can explain the details of the proposed settlement.