

Merck pays J&J \$500mn in drug row settlement

April 15 2011

Merck said Friday it has agreed to pay fellow US pharmaceutical giant Johnson & Johnson \$500 million to end a two-year tussle over profit-sharing deals for two anti-inflammatory drugs.

The resolution ends a dispute over the Remicade and Simponi drugs, which treat chronic inflammatory diseases such as rheumatoid arthritis, which began in May 2009 when J&J launched an arbitration process.

Johnson & Johnson "will... receive a one-time payment of \$500 million (346 million euros) in April 2011," the companies said in a statement.

Friday's deal also amends the marketing rights for the two drugs between the two companies.

Under the new terms, Merck keeps its right to market the drugs in Europe, Russia and Turkey while Johnson & Johnson retains the marketing rights in the United States.

In addition, however, Johnson & Johnson will get the marketing rights in Africa, Asia, Canada, Central and South America and the Middle East, along with the one-off payment.

Furthermore, Johnson & Johnson will get half of the profits earned on the two drugs in Merck's territories.

Previously the two companies shared the global rights, with Merck

receiving 58 percent of sales income and the other 42 percent going to Johnson subsidiary Centocor Ortho Biotech Inc.

In the joint statement issued by Merck, both company CEOs said they were "pleased to have reached" the agreement.

"These important medicines provide very meaningful benefit to the patients who depend upon them, and our first priority will be to ensure the continued availability... to healthcare providers and patients around the world," said Johnson & Johnson chief executive officer Bill Weldon, Chairman and Chief Executive Officer,

"We are working closely with [Merck](#) to make certain this is a seamless transition in the relinquished territories," he added.

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