

Pfizer stock trades halted over drug patent ruling

March 12 2014, by Linda A. Johnson

A U.S. court on Wednesday invalidated the key patent for one of Pfizer's most lucrative medicines, potentially opening the door for cheaper generic versions 18 months sooner than expected and cutting into the drugmaker's profit.

Pfizer Inc., still trying to make up for the loss of about \$7 billion in annual sales since [generic competition](#) hit its cholesterol fighter Lipitor in December 2011, could lose a couple billion more if the court decision on the Celebrex [patent](#) stands. The world's second-biggest drugmaker said it disagrees with the ruling and will "pursue all available remedies," including immediately appealing Wednesday's ruling by U.S. District Judge Arenda Allen of Virginia's Eastern District in Norfolk.

Celebrex, Pfizer's fourth-best-selling product, brought in \$2.9 billion in worldwide sales last year. The anti-inflammatory pill is widely used for arthritis and acute pain. Celebrex has been on the market for more than a decade, so Pfizer's gross profit margin on the drug may exceed 90 percent.

Trading of Pfizer shares on the New York Stock Exchange was briefly halted before the announcement. Shares closed at \$31.98, down 44 cents, or 1.4 percent, but still near Pfizer's 52-week high. In after-hours trading, shares fell another 7 cents.

The case involves a "reissue patent" that prevented U.S. sales of generic versions until Dec. 2, 2015. Last March, the U.S. Patent & Trademark

Office granted Pfizer the "reissue patent," which corrected what Pfizer called technical deficiencies in the original patent covering the diseases treated by the drug's active ingredient, celecoxib. Those include acute and menstrual pain, rheumatoid and osteoarthritis, and a painful spinal joint disorder called ankylosing spondylitis.

Five makers of generic drugs have been seeking Food and Drug Administration permission to sell generic Celebrex starting on May 30, when the drug's original patent expires.

New York-based Pfizer sued, alleging patent infringement by the companies: Teva Pharmaceuticals USA Inc., Mylan Pharmaceuticals Inc., Lupin Pharmaceuticals USA Inc., Apotex Inc. and Watson Laboratories Inc., which became Actavis Inc. early last year after a merger.

The lawsuit had been scheduled for a trial beginning on March 19, but last week Judge Allen notified the parties that she would rule on motions they had filed in the case, instead of holding a trial.

"Odds are in favor of generics launching early," Bernstein Research analyst Dr. Timothy Anderson wrote to investors. He estimates Pfizer's earnings per share would then be reduced by 4 percent this year and 8 percent in 2015.

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