# News Release

PhRMA

**FOR IMMEDIATE RELEASE**
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## PhRMA Statement on Patent Settlements

**Washington, D.C. (September 12, 2011)** — Pharmaceutical Research and Manufacturers of America (PhRMA) Vice President Karl Uhlendorf issued the following statement today regarding patent settlements:

"Patent settlements are a vital aspect of a patent owner's ability to protect intellectual property. At the most fundamental level, a patent owner has the right to defend a valid patent, and settlements are a tool that can allow this to happen without the burden of engaging in a costly, extensive legal battle.

"Retaining this ability to manage litigation is particularly critical for research-intensive biopharmaceutical companies, which rely on their patents as a major incentive for the innovative work they do – work that supports roughly 4 million jobs across the U.S. Just as they help create jobs, those patents, by fostering innovative R&D, also help to save millions of lives.

"Meanwhile, restricting patent settlements can discourage pro-consumer settlements that do not delay generic entry past patent expiration, but instead often bring generics to market years before patent expiration. Without settlements, these generics may not be available to patients for years. Basic economics shows us that this can help increase competition between brand-name and generic companies, lower costs for American consumers and increase access and choice for patients.

"Law and public policy have always favored settlements, including patent settlements. PhRMA continues to believe that legislation that would impose overly broad restrictions on certain types of patent settlements could decrease the value of patents and reduce incentives for future innovation of new medicines. The Federal Trade Commission (FTC) and Department of Justice already have the authority to review and evaluate any patent settlement agreement between a brand-name company and a generic company. The courts and enforcement agencies like the FTC are in the best position to review these settlements on a case-by-case basis to ensure that they are not harmful to competition. By imposing harsh restrictions, pending legislation would effectively chill all settlements, even those that help patients.

"Our number one priority is to help patients win their battles against disease. We believe that this can continue to be achieved with policies that help foster innovation and promote patient access to life-saving and life-enhancing medicines, rather than legislation that

imposes blanket bans or disincentives that could stymie this goal. PhRMA believes that each settlement between a brand and generic should be judged on its own merit, taking all the facts into account, and the FTC, Department of Justice and the courts are well-equipped to evaluate individual settlements and determine whether they will help or hurt consumers."

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The Pharmaceutical Research and Manufacturers of America (PhRMA) represents the country's leading pharmaceutical research and biotechnology companies, which are devoted to inventing medicines that allow patients to live longer, healthier, and more productive lives. PhRMA companies are leading the way in the search for new cures. PhRMA members alone invested an estimated $49.4 billion in 2010 in discovering and developing new medicines. Industry-wide research and investment reached a record $67.4 billion in 2010.

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