Pay for Delay

Pay-for-Delay: When Drug Companies Agree Not to Compete

One of the FTC’s top priorities in recent years has been to oppose a costly legal tactic that more and more branded drug manufacturers have been using to stifle competition from lower-cost generic medicines. These drug makers have been able to sidestep competition by offering patent settlements that pay generic companies not to bring lower-cost alternatives to market. These “pay-for-delay” patent settlements effectively block all other generic drug competition for a growing number of branded drugs. According to an FTC study, these anticompetitive deals cost consumers and taxpayers $3.5 billion in higher drug costs every year. Since 2001, the FTC has filed a number of lawsuits to stop these deals, and it supports legislation to end such “pay-for-delay” settlements.