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BUSINESS

Generic Nexium Pill Blocked in U.S. Over Purple Color

Court sides with AstraZeneca, halts sales of Dr. Reddy's version of the heartburn drug



AstraZeneca has spent billions over the years marketing its Nexium as the 'purple pill.' PHOTO: DANIEL ACKER/BLOOMBERG NEWS

By **CHELSEY DULANEY**

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A generic drug maker's purple heartburn pill has hit a red light.

Indian company Dr. Reddy's Laboratories Ltd. has been temporarily blocked from selling its generic version of Nexium in the U.S. after AstraZeneca PLC complained of the pills' purple color, saying it encroached on its trademarks.

U.K.-based AstraZeneca has spent billions over the years marketing its Nexium as the “purple pill.” But the plum-colored capsule started to face generic competition earlier this year, including from Dr. Reddy’s, which launched its capsule with two shades of purple in September.

A Delaware district court ruled Friday that, by using the purple branding, Dr. Reddy’s will likely create the false impression that its drug is identical to Nexium or is a generic authorized by AstraZeneca. That could dilute the value of AstraZeneca’s purple brand and put the company at risk if there are safety issues with Dr. Reddy’s generic, the court said.

The court’s temporary restraining order bars Dr. Reddy’s from selling or delivering the drug in the U.S. The company said Tuesday that it is complying with the order and working to resolve the matter.

AztraZeneca, meanwhile, said it was pleased with the court’s decision and that it has “full confidence” in its trademark rights.

The Nexium generic was expected to be hugely successful for Dr. Reddy’s, India’s second-biggest drug maker by sales, and a temporary ban could impact near-term growth and hurt earnings next quarter, analysts say.

Dr. Reddy’s said in an emailed statement that it was too early to comment on a projected sales figure. It also said the court has asked the companies to propose a next step.

Dr. Reddy’s American depositary shares fell 7.2% to \$49.01 a share in late afternoon trading.

Pfizer Inc. has sold an over-the-counter authorized version of Nexium, called Nexium24HR, since May 2014. Pfizer’s pills come in purple-and-gold capsules nearly identical to AstraZeneca’s Nexium, and it promotes the pills on a website dominated by purple.

But Pfizer shelled out \$250 million and agreed to pay milestone and royalty payments to AstraZeneca for the rights sell the drug and use the purple branding, according to court documents.

Drug makers Teva Pharmaceutical Industries Ltd. and Mylan NV also began selling generic versions of Nexium this year, but in blue and white capsules, respectively.

AstraZeneca filed its complaint against Dr. Reddy's in late October, arguing that Nexium's purple color is protected by three federal trademarks, and the similarity of Dr. Reddy's pill could be confusing to customers.

AstraZeneca has poured around \$5 billion into building its purple brand over the past 20 years, according to court documents, through television, radio and Internet advertising.

The company sold more than 15.5 billion purple Nexium pills in the U.S. from 2001 to 2014, according to the documents, and the drug accounted for \$3.66 billion in sales in 2014.

—Suryatapa Bhattacharya contributed to this article.

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