

Do “Reverse-Payment” Settlements of Pharmaceutical Patent Disputes Constitute an Anticompetitive Pay-for-Delay?

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110 settlements with news in Lexis/Nexis or Factiva

68 settlements meeting requirements for event-study:

- 27 reverse-payment settlements: Later generic entry date + some compensation to generic (cash, no AG, other deal) => 31 events
- 41 'other' settlements: Terms not suggestive of a reverse payment or not disclosed => 44 events

Compute *abnormal returns* => returns in excess of what would have been expected

Cumulative Abnormal Returns: Market model

	Event window			
	(0,0)	(0,1)	(0,2)	(0,3)
<i>Average for:</i>				
Settlements with reverse payments	2.6*	6.5*	6.4*	6.0*
Others	0.6	0.9	0.6	0.4
Difference	2.0	5.6*	5.7*	5.6*

* statistically significant at 5% or better.