



Federal Trade Commission Protecting America's Consumers

For Release: 08/16/2010

FTC Order Protects Consumers in U.S. Market for Eye Care Drug Used in Cataract Surgery

Novartis Must Sell Assets to Bausch & Lomb After Acquiring Alcon

Novartis AG will be required to sell an injectable eye care drug used in cataract surgery as part of a settlement which resolves Federal Trade Commission charges that Novartis's proposed acquisition of Alcon, Inc., would be anticompetitive. Novartis and Alcon are the only two U.S. providers of the class of drugs known as injectable miotics, and the FTC alleges that the acquisition would have created a monopoly in injectable miotics. The settlement requires Novartis to sell its drug Miochol-E to Bausch & Lomb, Inc.

Injectable miotics are a class of prescription drugs used to induce miosis, or constriction of the pupil. Primarily surgeons use miotics during cataract surgery to shrink the pupil, which helps them determine whether a rupture has occurred in the eye. The only two miotics products in the market are Miochol-E, owned by Novartis, and Miostat, owned by Alcon. U.S. sales of injectable miotics totaled \$12.4 million in 2009, and Novartis and Alcon have shares of 67 percent and 33 percent respectively.

According to the FTC's complaint, Novartis's acquisition of Alcon would harm consumers, who have in the past benefitted from the direct competition between Novartis and Alcon. If Novartis were allowed to purchase Miochol-E consumers of injectable miotics likely would face higher prices, according to the FTC.

To preserve competition, the settlement requires Novartis to sell the rights and assets related to Miochol-E to Bausch & Lomb (B&L) within 10 days of when the acquisition is consummated. The FTC believes B&L, which is a major international eye-health company, is well-positioned to manufacture and market Miochol-E and compete effectively against Novartis.

Also under the settlement order, Novartis must provide transitional services to ensure that the divestiture to B&L is successful and must transfer its third-party manufacturing arrangements for Miochol-E to B&L as part of the sale. Novartis also must provide technical assistance to help B&L implement procedures to other parts of the manufacturing process. The FTC has appointed Karl L. Hoffman of Rondaxe Pharma to oversee the transfer of the assets to B&L and ensure that Novartis complies with the terms of the order.

The FTC vote approving the complaint and proposed settlement order was 4-0-1, with Commissioner William E. Kovacic recused. The order will be subject to public comment for 30 days, until September 16, 2010, after which the Commission will decide whether to make it final. Comments should be sent to: FTC, Office of the Secretary, 600 Pennsylvania Avenue, N.W., Washington, DC 20580. To submit a comment electronically, please click on: <https://ftcpublic.commentworks.com/ftc/novartis>.

International Cooperation

During the FTC's investigation, staff communicated and cooperated with enforcement counterparts in Australia, Canada, Mexico, and the European Commission (EC) that also reviewed this proposed transaction. This cooperation was conducted pursuant to the respective bilateral cooperation agreements with these jurisdictions and, in the case of the EC, the 2002 Best Practices on Cooperation in Merger

Investigations.

NOTE: The Commission issues a complaint when it has “reason to believe” that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. The issuance of a complaint is not a finding or ruling that the respondent has violated the law. A consent agreement is for settlement purposes only and does not constitute an admission of a law violation. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of up to \$16,000.

Copies of the complaint, consent order, and an analysis to aid in public comment can be found on the FTC’s website at <http://www.ftc.gov> and also from the FTC’s Consumer Response Center, Room 130, 600 Pennsylvania Avenue, N.W., Washington, DC 20580. The FTC’s Bureau of Competition works with the Bureau of Economics to investigate alleged anticompetitive business practices and, when appropriate, recommends that the Commission take law enforcement action. To inform the Bureau about particular business practices, call 202-326-3300, send an e-mail to antitrust@ftc.gov, or write to the Office of Policy and Coordination, Room 383, Bureau of Competition, Federal Trade Commission, 600 Pennsylvania Ave, N.W., Washington, DC 20580. To learn more about the Bureau of Competition, read “Competition Counts” at <http://www.ftc.gov/competitioncounts>.

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Related Items:

In the Matter of Novartis AG, a corporation.

Docket No. C-4296

File No. 101-0068

Last Modified: Monday, August 16, 2010