

# The value of beating a generic litigation to the punch<sup>+</sup>

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We examine the relationship between, and implications of, the market entry and intellectual property litigation of brand and generic pharmaceuticals from 2003 to 2012 in Japan. This study focuses on the effect of a firm's litigation behavior on market competition including not only anticipated damage or injunction costs but also reputation and reliability costs. The results show that generic market entry decreases brand market sales by 45%. However, in the case of intellectual property rights, litigation increases brand market sales by 120%.

Keywords: generic pharmaceutical, intellectual property litigation, market entry

## Highlights:

We estimate the value of generic entry and intellectual property litigation.

The unique panel data allow us to examine the value via difference-in-differences.

Generic market entry decreases brand market sales by 45%.

Litigation of intellectual property rights increases brand market sales by 120%.

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