

**COMMENT**

**In the Matter of Perrigo Company and Paddock Laboratories, Inc.**

*File No. 111-0083 C-4329*

**I. Introduction**

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an Agreement Containing Consent Orders ("Consent Agreement") from Perrigo Company ("Perrigo") and Paddock Laboratories, Inc. ("Paddock") that is designed to remedy the anticompetitive effects resulting from Perrigo's acquisition of Paddock. Under the terms of the proposed Consent Agreement, the companies would be required to divest to Watson

## II. The Products and Structure of the Markets

The proposed acquisition would reduce the number of generic suppliers in six generic drug markets. The number of generic suppliers has a direct and substantial impact on generic pricing, as each additional generic supplier can have a competitive impact on the market. Because there are multiple generic equivalents for each of the products at issue here and the branded products are substantially more expensive than the generic versions, the branded versions no longer significantly constrain the generics' pricing.

The proposed acquisition would reduce the number of competitors from three to two in four markets: (1) ammonium lactate cream; (2) ammonium lactate lotion; (3) ciclopirox

follows:

- The ammonium lactate cream and lotion products are both prescription moisturizers used to treat dry, scaly skin conditions, and help relieve itching. In 2010, annual sales of ammonium lactate cream were approximately \$9.7 million, while sales of the ammonium lactate lotion totaled \$19 million. The same firms compete in both markets –



The proposed acquisition also eliminates or delays important future competition between

Perrigo and Paddock in the U.S. markets for clobetasol spray and diclofenac solution. Perrigo's

