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J&J Settles Risperdal Lawsuit on Opening Day of Trial

By Jeff Peckley and Margaret Cronin Pick - Sep 10, 2012

Johnson & Johnson (JNJ) settled a lawsuit on the first day of a trial over claims its antipsychotic drug Risperdal caused a male plaintiff to grow breast tissue, one of his lawyers told a state judge in Philadelphia.

The lawsuit by Aron Banks, 21, was the first to go to trial on claims that Risperdal caused boys to grow breasts. Another trial on the same claim is set to begin Sept. 20 in Philadelphia. The terms of the settlement are confidential, Steve Sheller, another of Banks's attorneys said following the announcement in court today.

"The case resolved and the client is satisfied," Sheller said in an interview.

The lawsuit is one of about 420 against J&J and its Janssen unit that allege personal injuries caused by Risperdal, the company said in a regulatory filing last month. About 130 of the suits involve claims that the drug caused young males to grow breasts, Sheller said.

Banks claimed he sustained psychological trauma from breast growth he experienced while taking the drug as a child from 2000 to 2004 when it wasn't approved for children.

The Food and Drug Administration gave its approval to Risperdal for psychotic disorders including schizophrenia in 1993. It was later approved for other uses.

Teresa Mueller, a spokeswoman New Brunswick, New Jersey- based Johnson & Johnson, didn't immediately return a phone call for comment on the settlement.

'Human Cost'

"The billions J&J made had a terrible human cost," Bob Hilliard, one of Banks's lawyers, said in an e-mailed statement. "This drug caused female breasts to grow on little boys around the country. Their childhoods were stolen, but billions were made."

J&J and Janssen's marketing of Risperdal has also been the subject of government investigations and lawsuits.

The U.S. has been investigating Risperdal sales practices since 2004, including allegations that the company marketed the drug for unapproved uses, J&J executives said in a regulatory filing.

J&J officials reached an agreement with the U.S. Justice Department to pay as much as \$2.2 billion to resolve probes of its sales of drugs, including Risperdal, according to people familiar with the matter, Bloomberg News reported earlier this year.

The company last month agreed to pay \$181 million to resolve claims by 36 states that it improperly marketed and advertised Risperdal and Invega, another antipsychotic.

Arkansas Order

In April, a judge in Arkansas ordered the drugmaker to pay \$1.2 billion in fines over Risperdal marketing. That verdict came three months after J&J decided to end a trial in Texas over the drug's sales with a \$158 million settlement. The Texas case included claims that the company marketed the drug for children while lacking approval by regulators for such use.

In June 2011, a judge in South Carolina ordered J&J to pay \$327 million in penalties for deceptively marketing the medicine. The company on Aug. 31 lost a bid to have a Louisiana appeals court throw out an award of almost \$258 million that a jury ordered it to pay over Risperdal marketing in that state.

The drug's global sales peaked at \$4.5 billion in 2007 and declined after the company lost patent protection. It generated \$3.4 billion in sales in 2008, or 5.4 percent of J&J's revenue, according to company filings. Sales of the drug fell to \$527 million in 2010, according to earnings reports.

Lawyers for Banks intended to call J&J Chief Executive Officer Alex Gorsky as the second witness in the trial, Sheller said. Gorsky had been vice president of sales and later president of J&J's Janssen unit.

The case is Banks v. Janssen Pharmaceuticals, Philadelphia Court of Common Pleas, January Term 2010, No. 00618.

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