The Impact of Patent Expiry on Global Pharmaceutical Markets: Opportunities and Challenges

The global pharmaceutical industry is one of the most innovative sectors, driven by continuous advancements in drug development and research. However, the commercial success of many pharmaceutical companies is largely dependent on the patents that protect their products. When a drug patent expires, it opens the market to generic competition, significantly reducing revenue for the original patent holder while presenting opportunities for other players. The pharmaceutical landscape is set to experience several key patent expirations from 2025 to 2035, which will dramatically reshape the market dynamics.

This article examines the implications of patent expirations on brand-name drugs, the rise of generics, and the strategies pharmaceutical companies can employ to maintain sustainable growth. Additionally, we will identify the major drugs with expiring patents, their therapeutic categories, sales volumes, major markets, and likely substitutes. We'll also analyze how prices will change, especially in developed markets, as these patents expire.

This research paper is compiled by Professor Arun Sehgal, Visiting Faculty, JBIMS, University of Mumbai, Chairman and Managing Director Chempro Pharma Private Limited, Mumbai based on data available in public domain and is meant for private circulation only.

1. Understanding Patent Expiry and Its Implications

When a pharmaceutical company develops a new drug, it is granted a patent that typically lasts 20 years from the date of filing. However, this period includes the time taken for clinical trials and regulatory approval, leaving the company with roughly 8–12 years of exclusive market rights once the drug is launched. During this period, the patent holder has a monopoly on the drug, enabling them to charge premium prices and recoup the R&D investment.

However, once the patent expires, the market opens up for generic manufacturers, who can produce bioequivalent versions of the drug at a significantly lower cost. This not only leads to price erosion for the branded product but also a rapid decline in market share as generics flood the market. The average price reduction when the first generic competitor enters is around 30-50%, and once multiple generics are introduced, prices can drop by as much as 80-90%.

2. Drugs with Expiring Patents Between 2025 and 2035

The upcoming decade will see the expiration of several high-revenue drugs, many of which are critical to treating widespread conditions such as cancer, diabetes, and autoimmune diseases. Below is a list of key drugs with expiring patents, their therapeutic categories, current sales volumes, and potential future substitutes.

a) Humira (Adalimumab)

- Therapeutic Category: Autoimmune diseases (rheumatoid arthritis, psoriasis, Crohn's disease)
- Brand Manufacturer: AbbVie
- Current Sales: Approximately $20 billion annually (2023)
- Patent Expiry: 2025 (U.S.)
- Major Markets: U.S., Europe
- Likely Substitutes: Several biosimilars such as Amjevita (Amgen), Hulio (Mylan), and Hyrimoz (Sandoz) are expected to capture the market.
- Price Impact: The U.S. market is expected to experience an 80% price reduction over time due to the entry of multiple biosimilars.

b) Keytruda (Pembrolizumab)

- Therapeutic Category: Oncology (non-small cell lung cancer, melanoma)
- Brand Manufacturer: Merck & Co.
- Current Sales: Approximately $17 billion annually (2023)
- Patent Expiry: 2028 (U.S.), 2031 (Europe)
- Major Markets: U.S., Europe, Japan
- Likely Substitutes: Generic pembrolizumab and other PD-1 inhibitors are expected to enter the market.
- Price Impact: The oncology market, being highly competitive, will likely see price reductions of 30-50% following patent expiry.

c) Eliquis (Apixaban)

- Therapeutic Category: Anticoagulant (prevention of blood clots)
- Brand Manufacturer: Bristol Myers Squibb / Pfizer
- Current Sales: Approximately $10 billion annually (2023)
- Patent Expiry: 2026 (U.S.)
- Major Markets: U.S., Europe
- Likely Substitutes: Generic apixaban will likely dominate the market, alongside other anticoagulants like rivaroxaban.
- Price Impact: Prices are expected to drop by 70-80% due to generic competition, especially in developed markets.

d) Ozempic (Semaglutide)

- Therapeutic Category: Diabetes (type 2 diabetes)
- Brand Manufacturer: Novo Nordisk
- Current Sales: Approximately $8 billion annually (2023)
- Patent Expiry: 2027 (U.S.)
- Major Markets: U.S., Europe
- Likely Substitutes: Generic semaglutide, GLP-1 receptor agonists like

Trulicity (dulaglutide), and oral semaglutide.

- Price Impact: A significant reduction of up to 70% in prices is expected once generics hit the market.

e) Revlimid (Lenalidomide)

- Therapeutic Category: Oncology (multiple myeloma)
- Brand Manufacturer: Bristol Myers Squibb / Celgene
- Current Sales: Approximately $12 billion annually (2023)
- Patent Expiry: 2026 (U.S.)
- Major Markets: U.S., Europe
- Likely Substitutes: Generic lenalidomide is expected to take a large share of the market.
- Price Impact: A decrease in price by 50-70% is likely in developed markets, with multiple generics entering the market.

f) Januvia (Sitagliptin)

- Therapeutic Category: Diabetes (type 2 diabetes)
- Brand Manufacturer: Merck & Co.
- Current Sales: Approximately $6 billion annually (2023)
- Patent Expiry: 2025 (U.S.)
- Major Markets: U.S., Europe, Japan
- Likely Substitutes: Generic sitagliptin and newer diabetes treatments such as SGLT2 inhibitors (e.g., Jardiance).
- Price Impact: As one of the leading diabetes treatments, prices are expected to fall by 70-80% as generics become available.

7. Xarelto (Rivaroxaban)

- Therapeutic Category: Anticoagulant (stroke prevention, deep vein

thrombosis)

- Originator: Bayer / Johnson & Johnson
- 2023 Sales: Approximately $6.5 billion
- Patent Expiry: 2026 (U.S.), 2024 (EU)
- Impact on Price Post-Generics: Expected price reduction of around 50 -70% following generic competition, particularly in the U.S. where the demand for anticoagulants is high.

8. Entresto (Sacubitril/Valsartan)

- Therapeutic Category: Heart failure
- Originator: Novartis
- 2023 Sales: Approximately $4.2 billion
- Patent Expiry: 2025 (U.S.)
- Impact on Price Post-Generics: A price reduction of around 60-70% is expected in developed markets, especially as generics enter the U.S. market.

9. Imbruvica (Ibrutinib)

- Therapeutic Category: Oncology (leukemia, lymphoma)
- Originator: AbbVie / Janssen
- 2023 Sales: Approximately $9.5 billion
- Patent Expiry: 2027 (U.S.)
- Impact on Price Post-Generics: Biosimilar competition is expected to lead to price reductions of 50-60% in the oncology space.

10. Opdivo (Nivolumab)

- Therapeutic Category: Oncology (non-small cell lung cancer, renal cell carcinoma)
- Originator: Bristol Myers Squibb
- 2023 Sales: Approximately $8 billion

- Patent Expiry: 2028 (U.S.)
- Impact on Price Post-Generics: The introduction of biosimilars is likely to cause a price drop of around 30-50%, as with other checkpoint inhibitors in the oncology market.

11. Farxiga (Dapagliflozin)

- Therapeutic Category: Diabetes (type 2 diabetes), heart failure, chronic kidney disease
- Originator: AstraZeneca
- 2023 Sales: Approximately $5 billion
- Patent Expiry: 2027 (U.S.)
- Impact on Price Post-Generics: Price reductions of up to 60-70% are expected following generic competition, especially in the U.S. and European markets.

12. Cosentyx (Secukinumab)

- Therapeutic Category: Autoimmune diseases (psoriasis, ankylosing spondylitis)
- Originator: Novartis
- 2023 Sales: Approximately $5.5 billion
- Patent Expiry: 2028 (U.S.)
- Impact on Price Post-Generics: Biosimilars are expected to lead to price reductions of 50-60%, particularly in developed markets like the U.S. and Europe.

13. Ibrance (Palbociclib)

- Therapeutic Category: Oncology (breast cancer)
- Originator: Pfizer
- 2023 Sales: Approximately $6 billion
- Patent Expiry: 2027 (U.S.)

- Impact on Price Post-Generics: Expected price reductions of 50-60% following the entry of generics and biosimilars into the oncology market.

14. Stelara (Ustekinumab)

- Therapeutic Category: Autoimmune diseases (psoriasis, Crohn's disease)
- Originator: Johnson & Johnson
- 2023 Sales: Approximately $9 billion
- Patent Expiry: 2025 (U.S.)
- Impact on Price Post-Generics: Price reductions of 50-60% are expected due to the arrival of biosimilars.

15. Zytiga (Abiraterone)

- Therapeutic Category: Oncology (prostate cancer)
- Originator: Johnson & Johnson
- 2023 Sales: Approximately $3.5 billion
- Patent Expiry: 2027 (U.S.)
- Impact on Price Post-Generics: Prices could drop by 50-70% once generic competition takes over.

3. Challenges Faced by Pharmaceutical Companies Post-Patent Expiry

When patents on blockbuster drugs expire, pharmaceutical companies face several challenges:

a) Revenue Loss

The most immediate challenge is the substantial loss of revenue. For many companies, blockbuster drugs can account for a large percentage of total revenues, sometimes up to 40%. As generics enter the market and prices drop, the original manufacturers experience drastic revenue declines. For example, when Lipitor (atorvastatin) from Pfizer lost its patent in 2011, the company saw its sales fall from $13 billion in 2006 to under $2 billion by 2014.

b) Increased Competition

The entry of generic and biosimilar drugs leads to increased competition, not just in pricing but also in market share. Companies must now contend with generic manufacturers who have much lower production and marketing costs.

c) Market Share Erosion

Following patent expiry, brand-name drugs typically lose 50-80% of their market share within the first two years. For example, when Crestor (rosuvastatin), a cholesterol-lowering medication by AstraZeneca, went off-patent in 2016, it rapidly lost market share to generics.

4. Opportunities Arising from Patent Expiry

While patent expiry presents challenges, it also offers opportunities for both innovator companies and generics manufacturers:

a) The Rise of Biosimilars

One of the most significant opportunities comes from the growing market for biosimilars, particularly in the biologics sector. Biologics, which include treatments for cancer, autoimmune diseases, and other complex conditions, are significantly more expensive than traditional small-molecule drugs. When biosimilars enter the market, they provide a lower-cost alternative while maintaining the efficacy of the original biologic drug. For example, the introduction of biosimilars for Humira is expected to provide savings of billions of dollars for healthcare systems worldwide.

b) Generic Drug Manufacturers

For generic manufacturers, patent expirations represent a major business opportunity. Companies such as Teva Pharmaceuticals, Mylan, and Sandoz are poised to capitalize on the expiration of major drugs, offering cheaper alternatives to patients. The global generics market is projected to grow significantly in the coming years, particularly as healthcare systems seek to control costs.

c) Developing New Therapies

Pharmaceutical companies can focus on developing next-generation therapies or new formulations of their existing drugs. For instance, GlaxoSmithKline developed a next-generation inhaler for Advair (fluticasone/salmeterol) after its patent expired, which helped maintain a portion of its market share.

d) Expanding into Emerging Markets

Patent expirations also present opportunities for pharmaceutical companies to expand into emerging markets. As healthcare access improves in countries like China, India, and

Brazil, demand for generics is expected to rise, providing opportunities for companies to capture new markets and offset revenue losses in developed regions.

5. Strategies for Sustainable Growth Post-Patent Expiry (continued)

Pharmaceutical companies must implement strategies to sustain growth after the expiration of their blockbuster drugs. Key strategies include:

a) Investing in Research and Development (R&D) for New Drugs

The most traditional yet effective approach is to continue investing in the development of new drugs and therapies. By maintaining a robust R&D pipeline, companies can create a steady stream of innovative products to replace revenue lost from expired patents. For instance, Pfizer, after losing the patent for Lipitor, focused heavily on developing innovative therapies such as its cancer drug Ibrance, which became a blockbuster.

Additionally, investing in R&D for new therapeutic areas or indications can be crucial. For example, as companies lose patents in oncology, investing in rare diseases, neurodegenerative disorders, or gene therapy can open new revenue streams.

b) Developing Next-Generation Drugs or Reformulations

Another strategy is to develop next-generation versions of existing drugs or new formulations that offer enhanced efficacy, fewer side effects, or more convenient dosing. For instance, after the patent expiry of Advil (ibuprofen), Pfizer developed Advil Liqui-Gels, a new formulation that provided faster relief, allowing the company to maintain its market share despite generic competition.

In the biologics space, companies are increasingly focusing on biobetters—improved versions of existing biologics that offer superior performance compared to biosimilars or the original biologic.

c) Entering into Licensing and Partnerships

Many pharmaceutical companies enter into strategic alliances or licensing deals with biotech firms to co-develop new drugs or acquire rights to promising therapies. For example, Merck entered into a licensing deal with Ridgeback Biotherapeutics to develop Molnupiravir, an antiviral treatment for COVID-19, which helped Merck quickly bring a new product to market. Such partnerships can help companies diversify their portfolios and tap into innovations that complement their in-house research capabilities.

d) Focusing on Biologics and Specialty Drugs

As the pharmaceutical industry shifts towards more personalized and precision-based medicine, biologics and specialty drugs present lucrative growth opportunities. These drugs are complex to manufacture and typically command higher prices, making them more resilient to generic competition. Furthermore, biosimilars take longer to develop and face higher regulatory hurdles compared to small-molecule generics, giving companies more time to maintain exclusivity even after patent expiration.

e) Emphasizing on Global Expansion

Pharmaceutical companies can counter revenue losses in developed markets by focusing on expanding into emerging markets. Countries such as China, India, Brazil, and parts of Southeast Asia have growing healthcare needs and are seeing increased demand for both branded drugs and generics. By expanding into these markets, companies can capture new customer segments and build long-term growth prospects.

For example, Sanofi and Roche have significantly expanded their presence in China and India in recent years, recognizing the potential for long-term growth in these regions, even as their flagship products face generic competition in the U.S. and Europe.

f) Filing for Patent Extensions or Data Exclusivity

Where applicable, companies may seek patent extensions or additional exclusivity protections by filing for new indications or formulations of existing drugs. Regulatory pathways such as pediatric exclusivity, orphan drug designation, and supplemental patent filings can provide additional protection, helping companies delay generic entry.

For instance, Gilead Sciences was able to extend market exclusivity for its HIV drug Truvada by developing new combination therapies such as Descovy, ensuring continued market dominance even after the patent for Truvada expired.

6. Generic Competition and Market Dynamics Post-Patent Expiry

The introduction of generic drugs following patent expiry fundamentally changes the competitive landscape. Generic manufacturers aim to undercut the prices of branded drugs, often leading to a significant reduction in healthcare costs for both patients and healthcare systems. However, this price erosion can be a double-edged sword for innovator companies, as the reduced pricing leads to decreased revenue.

a) The Rise of Low-Cost Generics

One of the most notable market dynamics following patent expiry is the rise of low-cost generics, which often take over a substantial market share in a short amount of time.

Countries such as India, home to several major generic manufacturers like Sun Pharma, Cipla, and Dr. Reddy's Laboratories, have become global leaders in the production and export of generics.

For example, when Protonix (pantoprazole), a drug for acid reflux, went off-patent, Indian generics manufacturers quickly entered the market, capturing significant market share in both developed and emerging markets. Generics accounted for over 80% of the prescriptions filled within a few years of Protonix's patent expiry.

b) Biosimilars and Their Impact on Biologic Drugs

Biosimilars are emerging as the new frontier in post-patent competition, particularly for biologic drugs that treat complex diseases such as cancer and autoimmune disorders. Unlike small-molecule generics, which are identical to their branded counterparts, biosimilars are highly similar but not identical to the original biologic. This slight difference makes biosimilars more expensive to produce and more complex to get regulatory approval.

However, once approved, biosimilars can offer substantial cost savings. For example, the biosimilar version of Herceptin (trastuzumab), a drug used to treat breast cancer, led to price reductions of around 30% in markets such as the U.S. and Europe.

c) Market Access Strategies for Generics

Generic manufacturers often employ aggressive market access strategies to ensure they can rapidly capture market share post-patent expiry. These strategies include:

- Entering into exclusive licensing deals with pharmacies and hospitals to secure preferential treatment for their generics.
- Offering deep discounts to payers and insurers in exchange for higher prescription rates.
- Launching marketing campaigns that highlight the cost savings of generics compared to branded drugs.

7. The Pricing Impact in Developed Markets

Patent expiry leads to dramatic price reductions, especially in developed markets such as the U.S., Europe, and Japan. As multiple generics enter the market, competition increases, driving prices down.

a) Price Erosion in the U.S. Market

In the U.S., the world's largest pharmaceutical market, prices of branded drugs typically drop by 80-90% within a few years of generic entry. The Hatch-Waxman Act has been instrumental in facilitating the entry of generics into the U.S. market. It allows generic manufacturers to apply for FDA approval to market generics even before the branded patent expires, ensuring that generics are available immediately once the patent does expire.

For instance, when Lipitor (atorvastatin), the cholesterol-lowering drug, lost its U.S. patent in 2011, the price plummeted from over $3 per pill to less than $0.30 per pill within a few years due to generic competition.

b) Pricing in Europe and Japan

In Europe, pharmaceutical pricing is more regulated than in the U.S., but similar price reductions are observed post-patent expiry. Countries like Germany, France, and the UK negotiate prices through national healthcare systems, ensuring that generics are priced at a fraction of the branded drug's cost.

In Japan, the government has been encouraging the use of generics to reduce healthcare costs, with a target of having generics account for over 80% of all prescriptions by 2025. This shift has been accompanied by substantial price reductions in off-patent drugs, with some generics priced as low as 10% of the original branded price.

Conclusion

Patent expiry is a critical juncture for the pharmaceutical industry, bringing both challenges and opportunities. For innovator companies, the loss of market exclusivity can lead to significant revenue declines, but with strategic planning—such as investing in R&D, developing next-generation therapies, and entering new markets—these companies can mitigate the impact.

At the same time, generic and biosimilar manufacturers stand to gain from the wave of patent expirations, offering cheaper alternatives and driving down healthcare costs globally. The rise of generics and biosimilars will continue to reshape the pharmaceutical landscape, particularly in high-cost therapeutic areas such as oncology, autoimmune diseases, and diabetes.

In the coming decade, as blockbuster drugs like Humira, Keytruda, and Ozempic lose their patents, the global pharmaceutical market will experience significant price reductions, increased competition, and new growth opportunities in the fields of biosimilars, biologics, and emerging therapies. Companies that can adapt to these

changes and leverage the opportunities presented by patent expirations will be best positioned for long-term success in the evolving pharmaceutical industry.

Patent expirations from 2025 to 2035 will have a profound impact on the global pharmaceutical market, particularly for blockbuster drugs in high-demand therapeutic areas like oncology, autoimmune diseases, and diabetes. As generics and biosimilars enter the market, prices in developed regions such as the U.S., Europe, and Japan are expected to drop by as much as 50-80%, depending on the drug and its market competition. For originator companies, patent expirations represent a critical challenge, but strategic responses such as innovation, next-generation therapies, and expansion into emerging markets can help mitigate revenue loss.

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