

Glaxo Settles Paxil Suit for \$40 Million

By Jeanne Whalen, *The Wall Street Journal*, 3 Oct 2008

GlaxoSmithKline PLC agreed to pay \$40 million to settle allegations in a class-action lawsuit that it improperly promoted the antidepressant Paxil for use in children. The suit alleged Glaxo had withheld information that the drug was neither safe nor effective in this age group.

The money will be used to reimburse health plans that paid for Paxil use by children younger than 18, according to a copy of the settlement approved this week by the U.S. District Court for the District of Minnesota. During litigation, Glaxo asserted Paxil was safe and effective, and denied promoting it for children and concealing information. In an emailed statement Thursday, Glaxo said it agreed to the settlement to “avoid the costs, burdens and uncertainties of ongoing litigation.” Glaxo added that it denies any wrongdoing or liability.

Other health plans are suing drug makers on similar grounds, alleging they withheld information that led the health plans to unnecessarily pay for drugs, according to Steve Swedlow, a lawyer with Swedlow & Associates in Chicago who represented plaintiffs in the Paxil case. But the Paxil case is the first time a drug company has agreed to pay a settlement in such a case, he said.