

INVESTING > STOCKS

Blockbuster Drug: What it is, How it Works

By [JAMES CHEN](#) Updated September 06, 2022

Reviewed by [JEFREDA R. BROWN](#)

What Is a Blockbuster Drug?

A blockbuster drug is an extremely popular [drug](#) that generates annual sales of at least \$1 billion for the company that sells it. Examples of blockbuster drugs include Vioxx, Lipitor, and Zolof. Blockbuster drugs are commonly used to treat common medical problems like high cholesterol, diabetes, high blood pressure, asthma, and cancer.

KEY TAKEAWAYS

- A blockbuster drug is a very popular drug that generates annual sales of \$1 billion or more for the company that sells it.
- Common blockbuster drugs are Vioxx, Lipitor, and Zolof.
- Blockbuster drugs are used for common ailments, such as diabetes, cholesterol, high blood pressure, and cancer, that many individuals face.
- Pharmaceutical companies spend a lot of money on research and development (R&D) and sell a successful drug at a high price to recoup losses and earn a profit.
- When a drug's patent expires, the market is flooded with generic drugs, negatively impacting sales of the blockbuster drug.

the [research and development](#) (R&D) of new drugs. The research and development process can take years and cost hundreds of millions of dollars. When a pharmaceutical company creates a drug that works successfully and is approved by the [Food and Drug Administration](#) (FDA), they can sell the drug at a high price to recoup the R&D expenses, as well as making a profit.

Because these drugs come with a [patent](#), the pharmaceutical company is the only company allowed to sell it for a specified period of time, often many years. In essence, the pharma company has a [monopoly](#) on this drug and can charge any price.

When the patent expires, many companies flood the market with generic versions of the drug at a significantly reduced price than the original, wiping away the monopoly and creating a competitive market. This significantly cuts into the original drug's sales, negatively impacting the pharma company that created it.

A blockbuster drug can be a major factor in a pharmaceutical company's success. However, it can also cause major problems for a company if the drug is discovered to have problematic side effects or is recalled after being released. This can result in [litigation](#), high legal fees, and significant monetary compensation to affected users of the drug.



Best Brokers for Day Trading

[LEARN MORE >](#)

Biggest Blockbuster Drugs

Some of the biggest blockbuster drugs of all time, with lifetime sales of over \$100 billion as of 2018, are as follows:

Lipitor

Company: Pfizer

Lifetime sales: \$164 billion

Warner-Lambert originally developed Lipitor and it was approved in the U.S. in 1997. Pfizer acquired Warner-Lambert in 2000 to gain sole ownership of the drug; a wise investment. ^[1] Lipitor would eventually account for one-fourth of Pfizer's total sales. The patent expired in 2011, but Lipitor still lives on for Pfizer as a blockbuster drug, with most of its sales coming from China and overseas markets. Lipitor generated \$2 billion in sales for Pfizer in 2019. This is a significant decrease, however, when compared to sales in 2011, the last year Pfizer had the patent. Sales for Lipitor that year were slightly over \$9 billion.

Humira

Company: AbbVie

Treats: Ankylosing spondylitis, arthritis, Crohn's disease, plaque psoriasis, ulcerative colitis

Lifetime sales: \$137 billion

Humira is owned by AbbVie, a 2013 spin-off from Abbott Labs. ^[2] Doctors like Humira's ability to counteract inflammation caused by several diseases. The drug lost patent protection in 2018 and the FDA has approved five generic versions. However, this has not impacted Humira sales as yet, which brought in \$20.1 billion in revenues in 2021. ^[3] for AbbVie. AbbVie has also been consistently raising the price of Humira.

Advair

Company: GlaxoSmithKline

Treats: Chronic obstructive pulmonary disease, asthma

Lifetime sales: \$104 billion

Advair is used to treat asthma and breathing from other lung diseases. ^[4] Advair received its approval in 2001 and has been a big seller since the beginning. The drug's U.S. patent expired in 2010 and its inhaler pattern expired in 2016, but no successful generic competitor surfaced until 2019. The issue was not the drug but rather the device, which was difficult to reproduce around the FDA's stringent drug-device patent laws. The generic drug is made by Mylan and

High Interest Rates Are a Boon for Income Investing

SPONSORED

For income-focused investors looking beyond treasury bills and high-yield savings, the [Fundrise Income Fund](#) offers a portfolio of \$500M+ worth of cash-flowing assets aimed at [producing strong quarterly dividends](#). Interested in investing? Learn more at [Fundrise.com/Income](#). Before investing, consider the Fund's objectives, risks, charges, and expenses. Prospectus available at [Fundrise.com/Income](#).

ARTICLE SOURCES ▼

Take the Next Step to Invest

[Advertiser Disclosure](#)



Unbiased

LEARN MORE

Get matched with your perfect financial advisor today



Vanguard Personal Advisor

LEARN MORE

Maximize your retirement savings. Start a conversation with a Vanguard Personal Advisor.



OANDA

LEARN MORE

Start trading with a globally recognized provider on an award-winning trading platform.

Patent Cliff: What It Means, How It Works

A patent cliff occurs when a company's patents expire, thus losing its monopoly on its associated intellectual property rights.. [more](#)

What Is a Drug? Definition in Pharmaceuticals and How They Work

A drug is a substance used to prevent or cure a disease or ailment or to alleviate its symptoms. In the U.S., drugs may be bought over-the-counter or by doctor's prescription. [more](#)

Biotechnology

Biotechnology is the scientific study of using living organisms to develop healthcare products and processes. Learn how to invest in biotech companies. [more](#)

European Medicines Agency (EMA): Meaning and Examples

European Medicines Agency (EMA) is a government entity that promotes access to and approval of medications in European countries. [more](#)

Biotechnology ETF: What It Is and How To Invest

A biotechnology industry exchange-traded fund (ETF) invests in companies that combine biology and technology to develop innovative products and services. [more](#)

Healthcare Sector: Industries Defined and Key Statistics

The healthcare sector consists of companies that provide medical services, manufacture medical equipment or drugs, provide medical insurance, or otherwise facilitate the provision of healthcare to patients. [more](#)

Related Articles

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.