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Attorneys for Plaintiff

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

BRIAN KAMLADE, on behalf of himself and
all others similarly situated,

Plaintiff,

v.

LEO PHARMA INC. and
LEO PHARMA A/S,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

1 Plaintiff Brian Kamlade (“Plaintiff”) brings this action on behalf of himself and all others
2 similarly situated against Defendants LEO Pharma Inc. and LEO Pharma A/S (collectively “LEO
3 Pharma” or “Defendants”). Plaintiff makes the following allegations pursuant to the investigation
4 of his counsel and based upon information and belief, except as to the allegations specifically
5 pertaining to himself, which are based on personal knowledge.

6 **NATURE OF THE ACTION AND FACTS COMMON TO ALL CLAIMS**

7 1. This is a class action lawsuit about LEO Pharma’s manufacturing and distribution of
8 prescription Picato gel (ingenol mebutate) (“Picato”). Picato was indicated to treat precancerous
9 actinic keratosis, but it instead increased the risk of squamous cell skin cancer. Accordingly,
10 Picato is worthless and Defendants should be required to fully refund consumers like Plaintiff.

11 2. LEO Pharma has sold Picato in the United States since 2012.

12 3. Picato is used to treat actinic keratosis, a scaly, crusty lesion on the skin, caused by
13 too much sunlight exposure.

14 4. For the treatment of actinic keratosis on the face or scalp, LEO Pharma
15 recommended applying a 0.015% formulation of Picato gel to the affected area once daily for three
16 consecutive days. For the treatment of actinic keratosis on the trunk or extremities, LEO Pharma
17 recommended applying a 0.05% formulation of Picato gel to the affected area once daily for two
18 consecutive days.

19 5. In September 2019, following reports of Picato-related skin cancer incidents, the
20 European Commission requested a safety review of the drug.

21 6. In January 2020, the European Medicines Agency (“EMA”) suspended sale of
22 Picato while its Pharmacovigilance Risk Assessment Committee (“PRAC”) conducted the review.

23 7. The January 2020 EMA suspension announcement cited troubling results from
24 several studies and clinical trials:

- 25 • The final results of a three-year study in 484 patients showed a higher incidence of skin
26 malignancy with ingenol mebutate than with the comparator imiquimod (3.3% of
27 patients developed cancer in the Picato group versus 0.4% in the comparator group).

- 1 • A higher incidence of skin tumours occurred in the ingenol mebutate arm of an 8-week
2 vehicle-controlled trial in 1,262 patients (1% of patients in the ingenol mebutate arm
3 versus 0.1% in the vehicle arm).
- 4 • In addition, in four clinical trials involving 1,234 patients with a related ester, ingenol
5 disoxate, a higher incidence of skin tumours occurred with ingenol disoxate than with a
6 vehicle control (7.7% versus 2.9% of patients, respectively). As ingenol disoxate is
7 closely related to Picato, the results were considered relevant in the ongoing review of
8 Picato.

9 8. In February 2020, LEO Pharma requested that its marketing authorization in the EU
10 be withdrawn.

11 9. In April 2020, PRAC issued a report confirming that Picato “may increase the risk
12 of skin cancer” and concluded “that the risks of the medicine outweigh its benefits.” PRAC added
13 that “Picato’s effectiveness is not maintained over time and noted that other treatment options are
14 available for actinic keratosis.”

15 10. The PRAC report included the following information for healthcare professionals:

- 16 • Studies have found a higher incidence of skin tumours, especially squamous cell
17 carcinoma, in the treatment area in patients treated with Picato (ingenol mebutate) or
18 ingenol disoxate (a related ester not currently authorised and no longer in development)
19 than with a comparator or vehicle (gel not containing any active substance).
- 20 • In the final results of a 3-year safety study in 484 patients, skin tumours were observed
21 inside the treatment area in 6.3% of patients treated with ingenol mebutate compared
22 with 2% of those treated with imiquimod. The difference was driven by squamous cell
23 carcinoma (3.3% versus 0.4% of patients) and Bowen’s disease (2.5% versus 1.2%).
- 24 • In a pooled analysis of four 14-month trials involving 1234 patients, higher incidence of
25 tumours, including basal cell carcinoma, Bowen’s disease and squamous cell carcinoma,
26 was seen with the related ester ingenol disoxate than with vehicle (7.7% versus 2.9% of
27 patients).
- 28 • Picato has already been taken off the market and is therefore no longer a treatment
 option for actinic keratosis.
- Other treatment options for actinic keratosis include topical diclofenac, fluorouracil and
 imiquimod, as well as photodynamic therapy, cryotherapy, curettage or excisional
 surgery.
- Healthcare professionals should advise patients who have been treated with Picato to be
 vigilant for any skin lesions developing and to seek medical advice promptly should any
 occur. Time to onset can range from weeks to months following treatment.

1 The Picato that Mr. Kamlade purchased was manufactured by LEO Pharma A/S, distributed by
2 LEO Pharma Inc. and sold by CPMC. After using the Picato gel as directed, he developed cancer
3 in the area where the Picato was applied. When purchasing the Picato, Mr. Kamlade reviewed the
4 accompanying labels and disclosures, and understood them as representations and warranties by
5 the manufacturer, distributor, and pharmacy that the medications were properly designed, effective,
6 free from defects and safe. Mr. Kamlade relied on these representations and warranties in deciding
7 to purchase Picato from Defendants, and these representations and warranties were part of the basis
8 of the bargain, in that he would not have purchased Picato if he had known that it was not, in fact,
9 properly designed, effective, free from defects and safe.

10 20. Defendant LEO Pharma Inc. is a corporation incorporated under the laws of
11 Delaware with a principal place of business at 7 Giralda Farms, 2nd Floor, Madison, New Jersey
12 08807. LEO Pharma Inc. is a wholly owned subsidiary of Defendant LEO Pharma A/S. LEO
13 Pharma Inc. conducts substantial business in the United States, and specifically in the State of
14 California. LEO Pharma Inc. distributes and sells Picato in the United States, including in the State
15 of California.

16 21. Defendant LEO Pharma A/S is a corporation incorporated under the laws of
17 Denmark with a principal place of business at Industriparken 55, DK-2750, Ballerup, Denmark.
18 LEO Pharma A/S conducts substantial business in the United States, and specifically in the State of
19 California. LEO Pharma A/S manufactures Picato, which it sells in the United States, including in
20 the State of California, through its agent and wholly-owned subsidiary LEO Pharma Inc.

21 **JURISDICTION AND VENUE**

22 22. The Court has jurisdiction over this action pursuant to 28 U.S.C. § 1332(d)(2)(A), as
23 modified by the Class Action Fairness Act of 2005, because at least one member of the Class, as
24 defined below, is a citizen of a different state than Defendants, there are more than 100 members of
25 the Class, and the aggregate amount in controversy exceeds \$5,000,000 exclusive of interest and
26 costs.

1 questions of law and fact exist as to all members of the Class and predominate over any questions
2 affecting only individual Class members. These common legal and factual questions include, but
3 are not limited to, the following:

- 4 (a) whether the Picato manufactured, distributed, and sold by Defendants poses an
5 unreasonably high risk of causing cancer in users;
- 6 (b) whether Defendants breached implied warranties to Plaintiff and the Class and
7 California Subclass; and
- 8 (c) whether Plaintiff and the Class and California Subclass have sustained monetary
9 loss and the proper measure of damages.

10 29. **Typicality.** Plaintiff's claims are typical of the claims of the other members of the
11 Class and New York Subclass in that Defendants mass marketed and sold defective Picato to
12 consumers throughout the United States. This defect was present in all of the Picato manufactured,
13 distributed, and sold by Defendants. Therefore, Plaintiff's claims are typical in that Plaintiff and
14 Class members were uniformly harmed in purchasing and using the defective Picato. Plaintiff's
15 claims are further typical in that Defendants deceived Plaintiff in the very same manner as they
16 deceived each member of the Class and California Subclass. Further, there are no defenses
17 available to Defendants that are unique to Plaintiff.

18 30. **Adequacy of Representation.** Plaintiff will fairly and adequately protect the
19 interests of the Class and California Subclass. Plaintiff has retained counsel that is highly
20 experienced in complex consumer class action litigation, and Plaintiff intends to vigorously
21 prosecute this action on behalf of the Class and California Subclass. Furthermore, Plaintiff has no
22 interests that are antagonistic to those of the Class and California Subclass.

23 31. **Superiority.** A class action is superior to all other available means for the fair and
24 efficient adjudication of this controversy. The damages or other financial detriment suffered by
25 individual Class and California Subclass members are relatively small compared to the burden and
26 expense of individual litigation of their claims against Defendants. It would thus be virtually
27 impossible for the Class and California Subclass, on an individual basis, to obtain effective redress
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1 for the wrongs committed against them. Furthermore, even if Class and California Subclass
2 members could afford such individualized litigation, the court system could not. Individualized
3 litigation would create the danger of inconsistent or contradictory judgments arising from the same
4 set of facts. Individualized litigation would also increase the delay and expense to all parties and
5 the court system from the issues raised by this action. By contrast, the class action device provides
6 the benefits of adjudication of these issues in a single proceeding, economies of scale, and
7 comprehensive supervision by a single court, and presents no unusual management difficulties
8 under the circumstances.

9 32. In the alternative, the Class and California Subclass may also be certified because:

10 (a) the prosecution of separate actions by individual Class and California Subclass
11 members would create a risk of inconsistent or varying adjudications with respect to individual
12 Class and California Subclass members that would establish incompatible standards of conduct for
13 the Defendants;

14 (b) the prosecution of separate actions by individual Class and California Subclass
15 members would create a risk of adjudications with respect to them that would, as a practical matter,
16 be dispositive of the interests of other Class and California Subclass members not parties to the
17 adjudications, or substantially impair or impede their ability to protect their interests; and/or

18 (c) Defendants have acted or refused to act on grounds generally applicable to the Class
19 and California Subclass as a whole, thereby making appropriate final declaratory and/or injunctive
20 relief with respect to the members of the Class and California Subclass as a whole.

21 **COUNT I**

22 **Breach Of The Implied Warranty Of Merchantability
(On Behalf Of Plaintiff And The Class And California Subclass)**

23 33. Plaintiff hereby incorporates by reference the allegations contained in all preceding
24 paragraphs of this Complaint

25 34. Plaintiff brings this claim individually and on behalf of the members of the
26 proposed Class and California Subclass against Defendants.

1 35. Defendants, as the designers, manufacturers, and marketers of Picato, impliedly
2 warranted that Picato was (i) fit for use as a medication to treat precancerous actinic keratosis, and
3 (ii) generally recognized as safe for human consumption.

4 36. Defendants breached the warranty implied in the contract for the sale of the
5 defective Picato medications because they could not pass without objection in the trade under the
6 contract description, the Picato medications were not of fair or average quality within the
7 description, and the Picato medications were unfit for their intended and ordinary purpose because
8 the Picato medications manufactured, distributed, and sold by Defendants were defective in that
9 they are carcinogenic and not fit for use, and as such are not generally recognized as safe for
10 human consumption. The fact that Defendants voluntarily ceased manufacturing and distributing
11 the medications after recalls in other countries shows that they are unmerchantable and unfit for
12 human use. As a result, Plaintiff and Class and California Subclass members did not receive the
13 goods as impliedly warranted by Defendants to be merchantable.

14 37. Plaintiff and Class and California Subclass members purchased Picato medications
15 in reliance upon Defendants' skill and judgment and the implied warranties of merchantability and
16 fitness for the purpose.

17 38. The Picato medications were not altered by Plaintiff or Class and California
18 Subclass members.

19 39. The Picato medications were defective when they left the exclusive control of
20 Defendants.

21 40. Defendants knew that the Picato medications would be purchased and used without
22 additional testing by Plaintiff and Class and California Subclass members.

23 41. The defective Picato medications were defectively manufactured and unfit for their
24 intended purpose, and Plaintiff and Class and California Subclass members did not receive the
25 goods as warranted.

26 42. As a direct and proximate cause of Defendants' breach of the implied warranty,
27 Plaintiff and Class and California Subclass members have been injured and harmed because: (a)
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1 they would not have purchased Picato if they knew the medications caused a significantly elevated
2 risk of cancer and that the medications are not generally recognized as safe for human
3 consumption; and (b) the Picato medications do not have the characteristics, ingredients, uses, or
4 benefits as promised by Defendants. Plaintiff and members of the Class and California Subclass
5 would have used a different medication had they known the truth about Picato.

6 43. On March 23, 2021, Plaintiff provided Defendants with timely notice of this claim
7 by letter that complied in all respects with U.C.C. § 2-607(3)(a). The March 23, 2021 letter is
8 attached hereto as **Exhibit A**.

9 **PRAYER FOR RELIEF**

10 WHEREFORE, Plaintiff, individually and on behalf of all others similarly situated, seeks
11 judgment against Defendants, as follows:

- 12 A. For an order certifying the nationwide Class and the California Subclass
13 under Rule 23 of the Federal Rules of Civil Procedure and naming Plaintiff
14 as representative of the Class and California Subclass and Plaintiff's
15 attorneys as Class Counsel to represent the Class and members of the
16 California Subclass;
- 17 B. For an order declaring the Defendants' conduct constitutes a breach of its
18 implied warranty of merchantability;
- 19 C. For an order finding in favor of Plaintiff, the nationwide Class, and the
20 California Subclass on all counts asserted herein;
- 21 D. For compensatory damages in amounts to be determined by the Court and/or
22 jury; and
- 23 E. For prejudgment interest on all amounts awarded.

24 **DEMAND FOR TRIAL BY JURY**

25 Pursuant to Federal Rule of Civil Procedure 38(b), Plaintiff demands a trial by jury of any
26 and all issues in this action so triable of right.
27
28

1 Dated: March 29, 2021

Respectfully submitted,

2 **BURSOR & FISHER, P.A.**

3 By: /s/ L. Timothy Fisher
4 L. Timothy Fisher

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20 *Attorneys for Plaintiff*

EXHIBIT A

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March 23, 2021

Via Certified Mail – Return Receipt Requested

LEO Pharma Inc.
7 Giralda Farms, 2nd Floor
Madison, New Jersey 08807

LEO Pharma A/S
Industriparken 55, DK-2750, Ballerup, Denmark

Re: *Notice and Demand Letter Pursuant to U.C.C. § 2-607; California Civil Code § 1782; and all other relevant state and local laws*

To Whom It May Concern:

This letter serves as a preliminary notice and demand for corrective action by LEO Pharma, Inc. and LEO Pharma A/S pursuant to U.C.C. § 2-607(3)(a) concerning breaches of express and implied warranties – and violations of state consumer protection laws – related to our client, Brian Kamlade, and a class of all similarly situated purchasers (the “Class”) of defective Picato gel (ingenol mebutate) (“Picato”) manufactured and distributed by LEO Pharma Inc. and LEO Pharma A/S. This letter also serves as a preliminary notice and demand for corrective action pursuant to numerous provisions of California law, including but not limited to subsections (a)(5), (7), and (9) of the Consumers Legal Remedies Act, California Civil Code § 1782; § 1770.

Mr. Kamlade was prescribed, purchased and used Picato. However, Mr. Kamlade’s Picato medication was defective because use of Picato exposed him to an elevated risk of skin cancer, as noted by the European Medicines Agency (“EMA”) following several studies and clinical trials of the product. Indeed, the Pharmacovigilance Risk Assessment Committee (“PRAC”) conducted a review and determined that Picato “may increase the risk of skin cancer” and “that the risks of the medicine outweigh its benefits.” In October 2020, LEO discontinued manufacture of Picato. This defect rendered the products unusable and unfit for use. In short, the Picato medications that Mr. Kamlade and the Class were purchasing are worthless, as the risk of using the product outweighed any benefit of the same. LEO Pharma Inc. and LEO Pharma A/S each violated express and implied warranties made to our clients and the Class regarding the quality and safety of the Picato medications they purchased. *See* U.C.C. §§ 2-313, 2-314.

Additionally, this letter also serves as notice of violation of California’s Consumer Legal Remedies Act, and all other relevant state and local laws. Had LEO Pharma Inc. and LEO Pharma A/S disclosed on the label that Picato exposed him to an elevated risk of skin cancer, Mr.

Kamlade would have been aware of that fact and would not have purchased Picato. Mr. Kamlade intends to bring an action on behalf of a class defined as all persons in the United States who purchased Picato. Ms. Baker also intends to bring an action on behalf of a subclass of persons who purchased Picato in the state of California. Mr. Kamlade sustained injury as a result of LEO Pharma Inc. and LEO Pharma A/S's actions.

On behalf of Mr. Kamlade and the Class, we hereby demand that LEO Pharma Inc. and LEO Pharma A/S immediately make full restitution to all purchasers of Picato of all purchase money obtained from sales thereof.

We also demand that LEO Pharma Inc. and LEO Pharma A/S preserve all documents and other evidence which refer or relate to any of the above-described practices including, but not limited to, the following:

1. All documents concerning the packaging, labeling, and manufacturing process for Picato;
2. All documents concerning the design, development, supply, production, extraction, and/or testing of Picato;
3. All testing of Picato, including all clinical trials and the findings thereof;
4. All documents concerning the pricing, advertising, marketing, and/or sale of Picato;
5. All communications with customers involving complaints or comments concerning Picato;
6. All documents concerning communications with any retailer involved in the marketing or sale of Picato;
7. All documents concerning communications with federal or state regulators and foreign regulators concerning Picato; and
8. All documents concerning the total revenue derived from sales of Picato.

If you contend that any statement in this letter is inaccurate in any respect, please provide us with your contentions and supporting documents immediately upon receipt of this letter.

Please contact me right away if you wish to discuss an appropriate way to remedy this matter. If I do not hear from you promptly, I will take that as an indication that you are not interested in doing so.

Very truly yours,

A handwritten signature in blue ink that reads "L. Timothy Fisher". The signature is written in a cursive style with a large, sweeping flourish at the end.

L. Timothy Fisher