2. Commercial breakthrough and reports of side effects

As sales grew, the Contergan product range was expanded step-by-step to include drops, syrup and suppositories. Various combinations containing thalidomide, such as Grippex and Algosediv, were added to the mix. Contergan achieved a commercial breakthrough in 1959. Six-figure sales revenues were reported for the first time in June. Chemie Grünenthal continued to pursue its advertising strategy for the most part, although the company toned down some its claims. In 1959, however, the first reports of severe side effects were received at corporate headquarters. In a letter to the company dated October 2, 1959, neurologist Ralf Voss of Düsseldorf reported a case of severe nerve damage, which he attributed to Contergan. The company rejected his suspicions, despite the fact that it had already received similarly alarming news beginning in March 1959. Initially, that had no impact on the product's commercial success – on the contrary, Contergan advanced to the status of the top-selling sleeping medication in the Federal Republic of Germany in the spring of 1960.

Rising sales were accompanied by an increasing number of reports of side effects. In the late summer of 1960, the problem associated with the requirement that certain medications be sold only on prescription became more acute for the company, which took a number of different measures to circumvent it. From that point on, the Chemie Grünenthal made an effort (successfully in many cases) to dissuade critical physicians and prevent or at least delay the publication of negative reports. In order to be on the safe side, the company decided in November 1960 to print an equally vague and trivializing reference to neural side effects on the package leaflets that had been back-dated to September. But when the wave of negative reports refused to abate, Chemie Grünenthal intensified its contacts with state and federal health authorities in order to dispel any reservations about Contergan they may have had at the time and to prevent the adoption of a prescription requirement.

The financial success of Contergan continued in the meantime. Sales revenue peaked at roughly DM 1,350,000 in December 1960, and reports of side effects multiplied in response. By February 1961, over 120 physicians

(including more than ten professors) had notified the company of more than 400 cases of severe nerve damage. Added to those were several thousand reports of other, milder side effects. An increasing number of physicians abroad had become aware of the Contergan problem, the first published reference to which appeared on December 31, 1960. In a letter to the editor, the Scottish physician Leslie Florence reported four cases of nerve damage following the consumption of a thalidomide monodrug.

A debate on Contergan-related nerve damage began to emerge among medical experts in February 1961. Although the incidence of reports of side effects also rose in response, the company stubbornly continued to pursue a marketing strategy devoted to downplaying such negative aspects. By then, however, the responsible corporate executives had become well aware that thalidomide could indeed cause massive damage. Not only did the company attempt to clarify the causal relationships through experimentation, it was also expressly informed of possible liability risks by its insurer. Chemie Grünenthal virtually ignored the rapidly rising tide of criticism. The benefits of the medication were emphasized in dispatches, while the side effects were played down.