

Single-product deals stand out as licensing slows in 2012



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As if any more proof were needed that product licensing activity had slowed in 2012, the alliance that has emerged as the one with the highest up-front fee so far this year is the tie-up between GlaxoSmithKline's Stiefel unit and Basilea for chronic hand eczema drug Toctino.

Neither its \$232m up-front nor its therapy area is quite in the same league as last year's collaborations between Lilly and Boehringer Ingelheim or Abbott and Reata Pharmaceuticals, but despite this Toctino is in contention for 2012's biggest licensing deal. In contrast to 2011, which featured several wide-ranging alliances and Abbott's massive \$400m preclinical bet on Reata, the current year seems to be turning out slow and cautious, newly compiled data from *EvaluatePharma* reveal (see tables below).

Abbott continues to be a keen licensor willing to put big sums up front for the right biotech projects; the other stand-out partnering deal of 2012 so far is its licensing of Galapagos's JAK1 inhibitor rheumatoid arthritis project GLPG0634. This comes in at second place with an \$150m up-front fee ([Galapagos delivers in style with fat Abbott deal, February 29, 2012](#)).

The analysis below focuses only on human therapeutics, and excludes Forest Laboratories' \$357m purchase of rights to Johnson & Johnson's hypertension treatment Bystolic, given that this concerned an established product and the one-off deal effectively replaced an earlier licensing alliance.

Licensing deal with the biggest up-front payments (H1 2012)

Product	Licensor	Licensee	Up-front fee (\$m)	Deal value (\$m)	Stage
Toctino	GlaxoSmithKline	Basilea Pharmaceuticals	232	312	Marketed
GLPG0634	Abbott Laboratories	Galapagos	150	1,350	Phase II
Vintafolide (EC145)	Merck & Co	Endocyte	120	1,000	Phase III
Jetrea (ocriplasmin)	Novartis	ThromboGenics	98	488	Filed
DOT1L	Celgene	Epizyme	90	250	Preclinical

With biodollar values above \$1bn, GLPG0634 along with vintafolide, the phase III ovarian cancer project licensed from Endocyte by Merck & Co, are this year's most valuable projects by total deal value. Meanwhile, although very early-stage deals do continue to be signed this year, some worth significant total biodollar amounts, only one has made it into the 2012 top five.

The most impressive up-front payments for preclinical assets feature private companies; Celgene paid Epizyme \$90m in a discovery tie-up covering the inhibition of histone methyltransferases to treat genetically defined cancers, and Boehringer Ingelheim and Forma Therapeutics signed a small-molecule oncology collaboration with a \$65m up-front fee ([Forma keeps finding big pharma fans, January 11, 2012](#)).

However, the former was partly made up of an equity investment while the latter's \$65m included four years of research funding. Moreover, both almost pale into insignificance when compared with the \$400m that Abbott paid Reata, another private company, at the end of last year to get its hands on the second-generation oral antioxidant inflammation modulators RTA 403 and RTA 404.

This followed \$450m that Abbott had paid Reata a year earlier for rights to bardoxolone methyl, and it seems

that the Illinois firm has done all but actually buy its partner ([Stonking deal secures Reata CKD drug for Abbott, September 24, 2010](#)).

Licensing deals with the biggest up-front payments (2011)					
Project	Licensor	Licensee	Up-front fee (\$m)	Deal value (\$m)	Stage
Tradjenta & BI10773	Lilly	Boehringer Ingelheim	409	1,261	Phase III
RTA 403 & RTA 404	Abbott Laboratories	Reata Pharmaceuticals	400	400	Preclinical
Abilify Depot & OPC-34712	Lundbeck	Otsuka Holdings	200	1,800	Phase III
Ibrutinib	Pharmacyclics	Johnson & Johnson	150	975	Phase II
Tivozanib	Astellas Pharma	AVEO Oncology	125	1,480	Phase III

In terms of up-front payments in 2011 the latest Reata deal was only bettered by Boehringer Ingelheim's diabetes alliance with Lilly, which featured rights to several late-stage projects and combinations, most importantly Tradjenta and BI10773. These two products, the first of which has since been launched, significantly boosted Lilly's diabetes presence and led to it unwinding a partnership with Amylin.

Another late-stage deal, between Lundbeck and Otsuka for the CNS projects Abilify Depot and OPC-34712, came in in third place in 2011, edging out last year's biggest single-product alliance, between Pharmacyclics and Johnson & Johnson over the novel Bruton's tyrosine kinase inhibitor PCI-32765.

It is interesting that four of five deals that have secured the highest up-front fees so far this year involve the licensing of a single project. This could point to a focus on the industry's most valuable individual assets coupled with the general slowdown in partnering activity.

Of course such a slowdown is not necessarily a sign that deal-making is off the table; M&A remains in rude health and continues to drive investor sentiment. With more cash being put up by shareholders companies arguably have more scope to hold on to projects for longer and await a future big deal.

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