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Amarin languishes as Vascepa's NCE non-status takes centre stage

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How frustrating is it for a company to jump through all the development and regulatory hurdles and secure US approval for a drug, only to be unable to launch it? Just ask Amarin, which seems no closer to seeing Vascepa on pharmacy shelves than it was before the purified fish-oil drug got the green light on 26 July.

Amarin has made a herculean effort to bolster Vascepa's patent estate. But it is now obvious that the drug's NCE status is at least as important as its patent status, and the FDA's tardiness in granting Vascepa a new chemical entity (NCE) designation has become a very real problem. Amarin stock has languished since the drug secured US approval, and was off another 6% yesterday to close at $11.20 as another deadline passed for the agency to rule on the matter.

No progress

The FDA staff usually meet during the first full week of each calendar month to make NCE designations for newly approved drugs, and the regulator is now three for three in monthly non-decisions since Vascepa's July 26 approval (*Event – US filing is only part of the Amarin puzzle, July 6, 2012*).

For Vascepa the proof of the pudding lies in Amarin's lack of progress on the launch or business development fronts. The company has floated the possibility of building an in-house sales force and launching itself, but such a move would come up well short of expectations; rather, investors have been pinning their hopes on a lucrative licensing deal or, even better, a takeover of the company.

Neither deal-based scenario has materialised, and the lack of an NCE designation is the most obvious reason.

NCE status, granted to drugs that contain no previously approved active moiety, is vital because it would give Vascepa five years of market exclusivity – irrespective of the validity of its patents. If Vascepa fails to secure this it will only have three years' data exclusivity in return for having undergone clinical studies essential for its approval.

That two-year difference represents an important period for a potential blockbuster drug to establish itself in the market. Consensus analyst data compiled by *EvaluatePharma* sees total Vascepa revenue reaching $1.6bn by 2018, giving the drug an NPV of a massive $5.9bn; in contrast, Amarin's current share price values the one-drug company at $1.7bn.

The Lovaza question

At the heart of the issue lies the similarity between Vascepa, which comprises "not less than 96% icosapent ethyl", and GlaxoSmithKline's established drug Lovaza, of which icosapent ethyl makes up around 47%.

Vascepa therefore does contain "an active moiety that has been approved", albeit at a much higher concentration, and by the strict letter of the law does not therefore pass the NCE test. However, the reality is far more complicated and there is certainly a precedent for the FDA not following such a literal interpretation.

However, the longer the delay drags on the bleaker the prospects become. In an October 3 downgrade, Wedbush analysts wrote: "The continued absence of a takeover increasingly signals that Amarin lacks the 'must have' status necessary to justify the Street's bullish M&A expectations ... If a potential buyer is indeed waiting on NCE, demand is likely lower than we had anticipated, pointing to a takeout price below expectations."

Indeed, some fear that the agency has already make up its mind in the negative, but is stalling making a formal statement because of strong lobbying from Amarin; since approval the company is known to have repeatedly pressed the FDA for a determination. Nor have several Amarin stock sales by company executives since approval helped sentiment.

But do Vascepa's patents not provide additional barriers against competitors? On this point the jury is still out; although the company has been building the IP estate – a further four US patents were allowed since Vascepa's

approval – the real strength of a patent only becomes apparent when it is challenged in court by a generic filer.

However much Amarin's most bullish followers had played down the NCE issue and however strong the patents are, the past three months' inertia – and the company's inability to strike a licensing deal for a potential blockbuster drug – speaks volumes.

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