

Long-suffering Idenix buffeted again by J&J deal



[Jonathan Gardner](#)

It did not help Idenix Pharmaceuticals that investors' loss of confidence in its one remaining hope occurred on the same day as the biotech market suffered one of its biggest stumbles in months. The worries were understandable, however, given that Johnson & Johnson appeared to be moving to end a non-exclusive partnership to test samatasvir, rather than planning to license in the hepatitis C pill as shareholders had hoped.

With small players looking outmatched by big pharma as the new generation of hep C drugs nears approval, Idenix needed a clear sign of interest in its candidate to sustain hope. Still, yesterday's 16% drop to \$3.99 might have been overplayed, as the NS5A inhibitor could yet have a place in the drug cocktails that are expected to emerge ([Event - Hep C advances await panel votes](#), October 7, 2013).

Always a bridesmaid

For an undisclosed fee, J&J bought GlaxoSmithKline's

NS5A inhibitor GSK2336805, a compound about which there has been little news. Last November, Vertex Pharmaceuticals and Glaxo had signed a non-exclusive collaboration – a popular arrangement as the drug cocktail approach takes shape – to test the now-delayed VX-135 with '6805.

That partnership ended in June “to prioritise other products”, according to Vertex. The sale of '6805 signals that Glaxo has little interest in entering the hep C derby that will likely be dominated by Gilead Sciences, AbbVie, J&J and Bristol-Myers Squibb.

The signal the transaction sent to Idenix investors, on the other hand, was one of a suitor losing interest in matrimony. With a hepatitis C NS5A inhibitor in house, the New Jersey giant may have little need for a second to test with the hepatitis C NS3/4A protease inhibitor backbone simeprevir, and the fact that it was willing to open its chequebook was a sign of greater faith in the Glaxo compound.

Bulls might argue that Glaxo was in a better negotiating position and thus could command a payment where Idenix, damaged by numerous pipeline setbacks, could not. However, the implausibility of this claim is probably demonstrated by the stock's continued weakness today, as it sank another 7% to \$3.71 in early trading.

Disappointment

After a struggle to get any of its candidates into advanced stage trials, including two clinical holds on onetime lead IDX184, the fourth quarter should have held positive catalysts with the phase II Helix trial of simeprevir and samatasvir with ribavirin due to read out viral cure data.

The bull thesis for Idenix, to the extent that there is one, is an acquisition for full ownership of samatasvir as a best-case scenario, or at a minimum a big pharma partnership that can generate milestones and royalties to allow for advancement of some of its preclinical projects or acquisition of other compounds. In theory, J&J could yet make that deal, if it feels it needs two compounds to improve its chances of success. However, that is not an outcome anybody is betting on.

Still, it is not out of the game. Samatasvir is the most advanced NS5A not in the hands of the big companies. Bristol-Myers Squibb's daclatasvir, AbbVie's ABT-267 and Gilead Sciences' ledipasvir are all in this class – the last two being tested primarily in wholly owned regimens and daclatasvir in both proprietary and non-exclusive protocols, such as with J&J's simeprevir.

The one thing Idenix lacks, however, is any sign of a phase III initiation. For a positive scenario to remain conceivable, there needs to be signs of a wedding rather than a courtship.

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