Evaluate Vantage

October 24, 2014

Biotech’s immuno-oncology laggards place their bets

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Any company wanting to be a serious oncology contender needs to be active in immune therapies. And any that does not already have a presence here had better go out and buy some assets.

Such a desire to gain lost ground on immuno-oncology leaders is the logic behind two deals struck yesterday, by Celgene and Medivation. While neither tie-up can realistically enable the leaders to be challenged, it might just tap into an interesting niche in what is, after all, a hugely lucrative area.

As such, the collaborations are of more immediate relevance to the junior partners – Sutro Biopharma and CureTech – providing these private groups with vital financing lines and possibly setting them up to be bought out.

Celgene already had a broad collaboration with Sutro dating back two years. The new deal focuses the partners on immuno-oncology, as well as formalising, for the first time, an exclusive option for Celgene to buy out its partner after an initial collaborative period.

In the meantime, Celgene pays the California-based Sutro $95m in a combined signing fee plus equity investment. The partnership will focus on generating multispecific antibodies and antibody-drug conjugates, including those targeting PD-1 and PD-L1, using Sutro’s cell-free biologicals development technologies.

Liquidity event?

For Sutro’s investors, which include Alta Partners, SV Life Sciences, and the venture capital arms of Amgen and Lilly, the deal clearly brings forward the possibility of a trade sale. In the case of Israel’s Clal Industries, the majority owner of CureTech, a buyout seems far less likely, however.

The asset Medivation has picked up for a mere $5m is CureTech’s pidilizumab (CT-011), an anti-PD-1 MAb. While pidilizumab has been around for at least as long as the rival anti-PD-1s from Bristol-Myers Squibb (Opdivo) and Merck & Co (Keytruda), it has struggled to make progress.

It has been studied in phase II in diffuse large B-cell lymphoma and follicular lymphoma, and had been licensed to Teva in 2006. But, despite the huge promise of this field and over $100m invested in this programme, Teva pulled out of the deal in January 2013.

In the meantime, of course, Opdivo and Keytruda have both reached the market, and other immuno-oncology projects have taken leaps forward in development. So what could have attracted Medivation, itself a laggard, to one of this sector’s near-moribund assets?

One clue is provided by an ongoing phase II trial in advanced prostate cancer, sponsored by Georgia Regents University, testing pidilizumab combined with Dendreon’s Provenge. Prostate cancer is the indication that made Medivation, but is an area in which for various reasons anti-PD1s have not really been tested.

Medivation must surely be planning a combo of its marketed prostate cancer therapy Xtandi with pidilizumab, either in prostate or other tumour types.

Either way, the trick at this stage – both for Medivation and Celgene – will be to identify niches in which immuno-oncology has made little headway. This is the strategy that Merck KGaA, another laggard, has taken, positioning its anti-PD-L1 MAb MSB0010718C in Merkel cell carcinoma and ovarian cancer.

In addition, the prospect of having molecules at the ready for combination approaches, even in relatively well served tumour types, is now seen as important – at least by the markets.

Some of these considerations could allay the obvious conclusion that, in immuno-oncology, Celgene and Medivation have done too little and came to the party too late. At least neither company has handed over an exorbitant amount of cash yet.

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