

Silicon Scene

DEALINGS IN A HIGH-TECH WORLD

Deals show biotech, pharma flexing muscle

Three just-inked, multimillion-dollar deals between Bay Area biotech firms and large pharmaceutical companies are proof that biotech firms have more negotiating power than in the past, says **LATHAM & WATKINS** senior associate John Wehrli.

Wehrli just helped Berkeley-based Plexxikon and Brisbane's InterMune raise millions from Switzerland's Roche and France's Servier to develop drugs. These days, competition among big pharmaceutical corporations to partner with small biotech companies in such deals is stiffer than ever, Wehrli said.

"In the last 18 months or so, I've seen the velocity of corporate partner deals picking up," the Menlo Park-based associate said. "It's not so much a product of the industry growing and maturing as it is major pharmaceutical companies becoming very, very hungry for pipeline-filling opportunities. They're absolutely rabid for drugs."

For the biotech companies, "their bargaining position in these big deals has really improved," Wehrli said. "You're seeing increased valuation in these deals."

On Oct. 2, Servier agreed to give Plexxikon more than \$100 million, which includes an upfront payment, research funding and additional funds as the company passes regulatory hurdles with its hypertension drug, which falls into the renin-inhibitor category. Plexxikon could also receive royalties from eventual sales of the drug. Plexxikon announced a similarly structured deal Oct. 4 with Roche, this time totaling up to \$706 million for its PLX4032 cancer drug.

And on Monday, InterMune announced its own agreement valued at \$530 million with Roche to develop protease-inhibitor drugs for the treatment of hepatitis C.

"More than five years ago, \$500 million would have been the largest deal of the year," Wehrli said.

Wehrli led Latham's team on the Plexxikon deals from the firm's Menlo Park office with help from partner **Charles Hoyng** and associates **Christopher Hazuka** and **Signe Holmbeck**, and with advice from partner **Alan Mendelson**.

Roche declined to name the attorneys who represented it in the deal. Servier did not respond by press time to questions about its attorneys.



HIRED MUSCLE: Latham & Watkins senior associate John Wehrli says pharmaceutical makers have more leverage in negotiating deals these days.

SHELLEY EADES

The legal team leading the transaction at InterMune included General Counsel **Robin Steele**, director of legal affairs **Lucinda Quan**, and vice president of intellectual property **John Bendrick**.

Wehrli and San Diego partner **Faye Russell**, as well as Menlo Park's Hazuka, Holm-

beck and **Connie Chen**, helped put together the InterMune deal. **Sydney Smith** of the Washington, D.C., office and San Francisco senior associate **Joshua Holian** provided antitrust advice.

— Jessie Seyfer