

Life Sciences Group Of The Year: Latham & Watkins

By Kat Greene



Law360, Los Angeles (January 13, 2015, 7:44 PM ET) -- The life sciences industry was flush with initial public offerings and mergers in 2014 as investors sought yield in the relative risk of cutting-edge companies, and Latham & Watkins LLP's attorneys advised on \$354 billion in deals, including the \$66 billion Actavis PLC purchase of Allergan Inc., landing the firm among Law360's Life Sciences Practice Groups of the Year.

Latham attorneys worked on nearly a third of the IPOs in the life sciences industry since 2013, and handled half of the top 10 biotech company IPO deals in 2014, according to the firm. With 200 lawyers spread across 23 offices in the U.S., Germany, England, France, China and Japan, the team has worked with its life sciences clients — the makers of pharmaceuticals, devices, cosmetics and more — on every aspect of their businesses, but the year was dominated, the lawyers said, by deals. Latham lawyers advised on 350 deals in 2014.

Practice group co-chair Alan Mendelson told Law360 that the IPO market for life sciences was the most robust he's seen in at least 15 years, triggering some companies who might have otherwise waited to hit the markets to go out for investor cash sooner.

"It's no secret that we're at a good point in the stock market since the 2009 bottom. Whenever you have a bull market, that money starts going into the major corporations first, and then as investors get returns they start looking for opportunities that are going to give them more than average returns," Mendelson said. "They'll look to more risky investments, and risky is certainly biotech."

Because the companies are often depending on making a major discovery or getting a drug approved, for example, their success isn't easily guaranteed to investors. That higher risk leads to higher reward if the company succeeds, Mendelson said.

The market hasn't always looked this way, he said. Three years ago, the IPO markets were dry, with little or no capital for the risky-but-exciting life sciences companies, he said.

This year, the firm handled a slew of life sciences IPOs, some of which outperformed the market. For example, it advised private equity-backed medical device company Nevro Corp., which is developing proprietary technology to treat leg and back pain, on its \$126 million raise in an IPO that saw shares skyrocket 40 percent after they broke for trading above the company's projected range.

Latham also advised as underwriter counsel on \$100 million-plus deals for top-10 biotech IPO performer Ultragenyx Pharmaceuticals, Civitas Solutions, K2M and Akebia Therapeutics.

The firm also handled headline mergers and acquisitions, including Allergan's offer to sell itself in lieu of accepting a \$55 billion hostile buyout campaign launched by Valeant Pharmaceuticals International Inc.

and activist investor Bill Ackman.

Valeant and Ackman had tried since April to swing the Botox maker in favor of a deal, a pursuit that swelled into the year's most acrimonious — and litigious — deal-making saga. Ackman, whose Pershing Square Capital Management LP holds a 9.7 percent Allergan stake, intensified the efforts with a proposed boardroom shakeup, while Valeant slammed the target's top brass for shunning negotiations.

Latham's life sciences practice kicked into gear, pulling in lawyers with experience in securities law and litigation to cover all the potential angles, Boston-based partner Peter Handrinos told Law360.

"We had to take a posture where we were dealing with a hostile actor in a novel space," Handrinos said. "And as that deal was turning into a transaction, it was calling to the forefront several different legal theories, so we were also dealing with those in the boardroom."

And earlier in the year, Latham worked with Actavis on its \$25 billion buy of Forest Laboratories Inc. that delivered a major win for activist investor Carl Icahn, a Forest investor who had become a vocal proponent for change at the company.

Icahn said at the time the deal would provide some much-needed stability for Forest, but it provided him with another benefit, as well: a 209 percent return on his initial investment in Forest in 2009.

"Investors are doing well and companies are doing well, so the deals are getting done. That is quite a change from just a few years ago," Handrinos told Law360. "It has helped a lot of companies be able to go public with less of a regulatory burden, especially in life sciences."

Handrinos credits the firm's geographic footprint and team approach to its success in life sciences. In addition to capital markets offerings, the firm advises life sciences companies on strategic alliances and joint ventures, government approvals and oversight, and in litigation matters ranging from intellectual property disputes to white collar investigations and defense.

Its attorneys work where the life sciences companies are based, and the bench is deep, Handrinos noted. For example, Latham has many life sciences attorneys in San Diego, Silicon Valley and Boston, where the heaviest hitters set up headquarters, he said.

"We're large enough and have such a deep bench in terms of partners, associates and other support areas given the way that Latham is set up," Handrinos said. "It's truly group success."

Mendelson agreed, saying that the team approach has allowed him to work with clients on matters they might otherwise not call on him, a corporate lawyer, for. Having attorneys in Japan, or attorneys with advanced science degrees, adds to his own appeal, he said.

"If my colleagues can understand the science behind a product, that becomes particularly important when doing deals," Mendelson said. "When biotech or device companies are looking for a lawyer, they want someone who's been through the war, but also who has a great team with strong experience."

--Additional reporting by Karlee Weinmann and Tom Zanki. Editing by Patricia K. Cole.