

an uptick in the number and in the quality of those interactions,” says Wager. He sees the Merck-Cubist and other deals, such as Dublin-based Actavis’ buyout of Durata Therapeutics earlier in 2014, as validating for the space. “Certain large pharmas are recognizing that there’s a significant unmet medical need, and hence a significant opportunity for them,” he says.

In fact a report on antimicrobial resistance, commissioned by the UK government and published in December 2014 by former Goldman Sachs chief economist Jim O’Neill, concluded that drug-resistant infections, if left unchecked, could cause 10 million deaths annually with a cumulative cost of up to \$100 trillion by 2050 (antibiotic-resistant infections currently kill about 700,000 people a year).

For Cubist, signing the deal with Merck came just in time. It turns out that one day later might have been too late. Hours after the deal was signed, a federal district judge in Wilmington, Delaware, ruled that several Cubicin patents—which would protect that \$1-billion drug from generic competition through 2020—were invalid. As a result, Hospira of Lake Forest, Illinois, could now launch a generic Cubicin as early as June 2016. Beyond scuttling the deal and paying Cubist a \$250-million break-up fee, there doesn’t appear to be much Merck can do about it.

According to a US Securities and Exchange Commission filing, discussions between Merck CEO Kenneth Frazier and Cubist CEO Michael Bonney first turned toward a potential acquisition in early October, and Merck had indeed

attempted to link some of the value of the deal to the outcome of the Hospira litigation as well as to regulatory approvals for Zerbaxa. But Cubist held firm, and eventually, Merck yielded to Cubist’s terms

Analysts have questioned whether, in light of the Hospira ruling, Merck paid too much. But on the morning of the deal, before the litigation announcement, Adam Schechter, Merck executive vice president and president of Merck’s global human health division defended the valuation. He told analysts that regardless of any outcome of the Hospira litigation, “we still think the deal makes a significant amount of sense” given its strategic importance to Merck and its attempts to bulk up in acute care drugs administered in hospitals, where the company sees “significant unmet medical need.”

**Chris Morrison** *Yardley, Pennsylvania*

## Around the world in a month



### SCOTLAND

The Universities of Edinburgh and Glasgow partner with Illumina to establish The Scottish Genomes Partnership, which will study the genomes of both healthy and sick people on a large scale. The £15 (\$23)-million project will link genetic data with clinical information to enable more precise molecular diagnoses for patients in the Scottish National Health Service, leading to more personalized treatment and safer selection of drug therapies.



### CHINA

For the first time, China has approved the import of three genetically modified crops from the US: DuPont Pioneer’s Plenish soybean, Bayer CropScience’s LL55 LibertyLink and Syngenta’s Agrisure Viptera corn. China is a key market for the \$12-billion US agricultural seeds business, accounting for nearly 60% of US soybean exports and 12% of corn exports two years ago. China also renews approval for local GM pest-resistant rice, although commercialization is still years away.



### ISRAEL

Two companies begin operations at FutuRx, a year-old biotech incubator established by Johnson & Johnson Innovation, OrbiMed Israel and Takeda Ventures at Weizmann Science Park. Cancer drug developer Hepy Biosciences and neurodegenerative disease-focused XoNovo are the first of 30–40 planned startups at FutuRx during the next eight years.



### SINGAPORE

The Agency for Science, Technology and Research (A\*STAR) launches the first of four centers funded by a \$200-million innovation cluster program. The Diagnostics Development (DxD) Hub will speed the development of new diagnostics by connecting academic researchers with industry professionals. Launch partners include SingHealth, National University Health System, National Healthcare Group, Singapore Clinical Research Institute, BGI, Johnson & Johnson and Thermo Fisher Scientific.



### MALAYSIA

Brooke Renewables will spend up to \$1 billion to develop an ethanol refinery in Malaysia, expected to be the first commercial-scale plant in Southeast Asia to make fuel from nonedible crops. The plant will use technology developed by Beta Renewables and enzymes from Novozymes.