

IN brief

Patent income tax slashed

To make UK biopharma more attractive to potential investors, the UK government plans to cut taxes on revenue generated from research-related patents. As from April 2013, the so-called 'patent box' will charge a 10% corporate tax rate, rather than the usual 28%, on revenues stemming from products patented and manufactured in the UK. Industry players and analysts are enthusiastic. "We are completely behind the government's announcement," says Joseph Wildy, joint head of external relations for the London-based BioIndustry Association. Similar schemes that are already in place in other countries such as Belgium and Spain have already yielded encouraging results, he says: "We can only imagine it will work here, too." The initial signs are positive; GlaxoSmithKline, a London-based drug firm, has said it will invest £500 million in the UK to capitalize on the new initiative. The government will disclose details of the patent box—such as what, exactly, companies must do to qualify for relief—and solicit feedback during a three-month consultation with industry. It will then finalize the scheme in time for inclusion in next year's Finance Bill. Although the future of the scheme depends on government support, and New Labour is up for re-election this year, Wildy says that the opposition party has provided encouraging signs that it, too, would back the scheme.

Asher Mullard

Abbott hit with record fine

A Texas jury has ordered Abbott Laboratories to pay \$1.8 billion—the largest award in a patent infringement case to date. The case over breakthrough rheumatoid arthritis drug Humira pitted Centocor Ortho Biotech, of Horsham, Pennsylvania, and New York University (NYU) against Illinois-based drug giant Abbott Labs and its subsidiaries Abbott Bioresearch Center and Abbott Biotechnology. The dispute was over US Patent No. 7,070,775, issued to Centocor and NYU in July 2006, with Centocor as the exclusive licensee. At a jury trial in June 2009, the plaintiffs alleged that Abbott, in developing Humira (adalimumab) infringed their monoclonal antibody and antibody fragments patent. Worldwide sales of Humira topped \$1.66 billion last year, making it by far Abbott's biggest product. The jury deliberated for five hours before ruling for the plaintiffs, finding that Abbott had infringed four claims of the '775 patent. Abbott was found not guilty of willful infringement, however. In December, US district judge T. John Ward ordered Centocor and NYU to recover from Abbott \$1,168,466,000 in lost profits and \$504,128,000 in reasonable royalties and awarded an additional \$175,641,661 in prejudgment interest. Abbott has appealed the judgment to the Federal Circuit Court of Appeals. "While there are many issues still to be addressed by the Federal Circuit on the appeal," says Thomas Kowalski of Frommer Lawrence & Haug, "the case shows that biotech patents are being upheld as valid, enforceable and infringed and serious defenses are being carefully considered."

Michael Francisco

Resuscitated deCODE refocuses on diagnostics

A group of US investors has acquired the assets of deCODE genetics, the Icelandic genomics company that filed for bankruptcy in November (*Nat. Biotechnol.* **28**, 5–6, 2010). Saga Investments—formed by Polaris Ventures of Waltham, Massachusetts, and ARCH Venture Partners, in Seattle, Washington—has put up \$13.9 million to bring deCODE through the bankruptcy process and recapitalize the firm. Going forward, deCODE expects to make deals around its genomics resources, which are built around a detailed genetic profiling of the Icelandic population and ancestral data. But unlike that of companies (including deCODE) set up in the 1990s offering genomics services, the focus of the new firm will now be on diagnostics, not drug discovery. deCODE's cofounder Kári Stefánsson will continue to lead the research team, which will remain in Reykjavik. Business operations will now be run out of Boston, Massachusetts and led by Earl Collier Jr., a former strategist (exec VP) for Cambridge, Massachusetts-based Genzyme, who takes over the CEO reins from Stefánsson.

Despite its financial difficulties, deCODE has a clear track record of scientific productivity, says Collier. "We've been deepening our abilities and broadening them at a time when the field itself is moving forward." But although its genetic research flourished, the company found its products in development difficult to market and service contracts difficult to execute. "The last conversations deCODE was able to have in a serious way about commercial things were almost two years ago," Collier says. Now, with the reorganization, "the commercial aspects can be put back in balance with the scientific assets," he says. deCODE expects to benefit from increasing awareness that genetic stratification of patients can improve the likelihood of clinical success as well as patient management and treatment. The long-term nature of genomics-based drug development was one reason the partnerships cut by the first generation of genomics companies—Millennium Pharmaceuticals (now wholly owned by Takeda of Osaka, Japan), Human Genome Sciences (Rockville, Maryland) and Incyte Pharmaceuticals (Wilmington, Delaware), for example, as well as deCODE—were unsuccessful. "This is the model for the second decade" of genomics, says Terry McGuire of Polaris Ventures, one of the venture capital firms that formed Saga. deCODE expects to ink partnerships in which disease-related genetic discoveries will be applied to risk assessment and pharmacogenomics tests. "It's fair to say we will be more focused in terms of commercialization of intellectual property in the diagnostics direction, not so much in the drug development direction," says Collier. As part of the reorganization, deCODE shelved three drugs in development, which are now owned by Saga. It had already shuttered its Emerald Biosciences and Emerald Biostructures drug discovery operations in Bainbridge Island, Washington, and its structural chemistry site in Woodridge, Illinois, in 2009, prior to the bankruptcy filing.

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AFP PHOTO/Leon Neal

Iceland not only has natural beauty but also a population with detailed genealogical information and medical records that has enabled deCODE to uncover genetic causes of common diseases.