

IN BRIEF

BRITECH R&D fund

At the end of May, Britain and Israel jointly established a £15.5 million (\$25 million) bilateral research and development fund, the Britain Israel Technology (BRITECH) Fund. This is the first time that Britain has been involved in such a fund, although Israel already has a number of such agreements, notably with Germany and the United States. BRITECH will provide up to 50% of the eligible funds for high-tech projects in any discipline, with biotechnology expected to be one of the principal areas of activity. If it conforms to the model of the US-Israel agreement, BIRD (Binational Research and Development), which has been running for 20 years, BRITECH will result in a number of R&D subsidiaries of UK companies being established in Israel. The bilateral collaboration will then occur between the two arms of the same firm with much, if not all, of the R&D activity taking place in Israel. In the past at least, the bilateral R&D agreements have been a mechanism for stretching small companies' R&D budgets by enabling both access to cheaper Israeli researchers and government subsidies.

British Biotech settles up

In June, British Biotech (Oxford, UK) announced a settlement with the US Securities and Exchange Commission (SEC) regarding its cancer drug, marimastat. Although an investigation started by the SEC last October concluded that British Biotech had willfully misled the public regarding progress of the

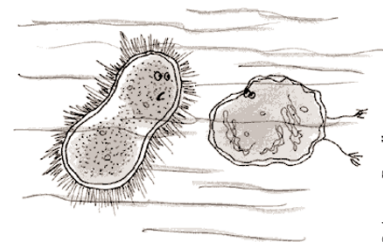
drug, the company and three former directors have simply had their knuckles rapped with an order to continue adhering to US securities laws. The settlement did not involve an admission or denial of the allegations (nor payment to the SEC). The news came two days after the company agreed to withdraw allegations of improper behavior against its former head of clinical research Andrew Millar (*Nature Biotechnology* 16, 609, 1998) and agreed to pay him an undisclosed sum.

Neuer Markt disappoints

The anticipated biotech bonanza on the Neuer Markt (Frankfurt, Germany) has not happened. The three German biotechs that went public earlier this year—Morphosys (Martinsried), MWG Biotech (Ebersberg), and Rhein Biotech (Maastricht, The Netherlands)—have all underperformed (*Nature Biotechnology* 17, 222). Since its March listing, Morphosys plunged 48% from \square 36.10 (\$37.20) to a low of \square 18.40 in May, rising slightly to \square 20.25 in June. Rhein Biotech, which listed in April, has sunk 30% to \square 23. And MWG Biotech, after listing in May, has fallen 9.6% to \square 24.5. Moreover, the Neuer Markt itself is struggling: Since recording a 1999 high at the start of February, the Neuer Markt Performance Index has lost 18%, now registering 3,208.27 points. "Compared to US biotech firms, the share prices of the newly listed German companies were too high," says Eric Bernhardt, biotechnology analyst at Clariden Bank (Zurich, Switzerland). "The market only pays for sustainable earnings and products."

New bioengineering institute

US Representative Richard Burr (R-NC) and Senator Trent Lott (R-MS) submitted legislation proposals that would establish a new Institute of Biomedical Imaging and Engineering at the National Institutes of Health (NIH; Bethesda, MD). A new institute would formalize and expand the activities of the two-year-old NIH Bioengineering Consortium, which has held successful symposiums for the past two years and taken other steps to encourage bioengineering research through grants from NIH to academic investigators and contracts with small biotechnology companies. Although such developments are encouraging, critics say that without its own institute, bioengineering research proposals stand less chance of being funded following NIH review than do hypothesis-driven proposals for conducting studies in basic research. NIH invested about \$500 million in bioengineering-related projects last year, according to official estimates.



"I've had my genetic blueprint laid bare and I feel violated."

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Research collaborations

Company 1	Company 2	\$	Details
Novartis AG (Basel, Switzerland) cells	Rigel (Sunnyvale, CA)	100	A five-year, five-disease functional genomics deal, using technology licensed by Rigel from Stanford University. The first project will focus on identifying targets that regulate T and influence the immune response, with the aim of developing drugs for use in organ transplants. Rigel could receive \$100 million in investment, funding, and milestones.
DuPont Pharmaceuticals (Wilmington, DE)	Structural Bioinformatics (San Diego, CA)	100	A multiyear agreement to discover and develop small molecule leads targeted at signal protein receptors. Structural could receive over \$100 million in technology access fees and milestones as well as royalties, while DuPont will obtain worldwide rights to resulting drugs.
Cephalon (West Chester, PA)	H Lundbeck A/S (Copenhagen, Denmark)	40	An agreement to discover, develop, and market products based on tyrosine kinase inhibitors to treat such neurodegenerative diseases as Parkinson's and Alzheimer's. Lundbeck, which will provide Cephalon \$40 million in research, license, and milestone payments, will receive European rights to resulting drugs in exchange for royalties.
Cardiodyne (Irvine, CA)	Endovasc (Montgomery, TX)	*	A collaboration to develop liposome-encapsulated agents to promote angiogenesis. By injecting Endovasc's liposome-coated agents into channels in the heart wall created by Cardiodyne's laser system, the companies hope to "revolutionize" the treatment of coronary artery disease and congestive heart failure.
SRI International (Stanford, CA)	Taiho Pharmaceutical (Tokyo)	*	As part of a series of agreements to develop a new approach to breast cancer treatment Taiho has licensed from SRI rights to develop and market SR 16234, which has been shown to inhibit breast cancer tumors resistant to tamoxifen. In exchange, SRI will receive research funding and milestone payments, as well as royalties on resulting products.

*Financial details not disclosed.