Adocia awarded $11.6 million in damages from Lilly - August 24, 2018

Adocia was just awarded, earlier this week, $11.6 million in damages from Lilly for a disputed contractual milestone payment related to the terminated licensing agreement between the two companies for BioChaperone Lispro.

The conflict dates back to Lilly's surprise decision in January 2017 to terminate its licensing agreement for the ultra-rapid-acting insulin. Lilly framed the decision as one of resource-allocation - more specifically, the company wanted to prioritize its own internally-developed next-gen mealtime insulin candidate, which is now in phase 3. In a conversation with our team, Lilly emphasized that it had been transparent with Adocia about its intention to take only one of its multiple ultra-rapid insulin programs into phase 3.

Adocia has claimed additional damages of >$200 million against Lilly for misappropriation and misuse of Adocia's confidential information. Another hearing is set for December 2018, with a decision expected in 2019. Adocia plans to submit further claims for interest, litigation fees, and costs accrued.

Meanwhile, Adocia continues to search for a new partner dedicated to phase 3-ready BC Lispro in the US. This past April, the company entered into a partnership with China's Tonghua Dongbao Pharmaceuticals (THDB) to develop and commercialize BC Lispro in China (where it will soon enter phase 3 trials). Then in June, Adocia/Tonghua Dongbao expanded their partnership, such that THDB will manufacture and supply Adocia with the active pharmaceutical ingredients for biosimilar insulin glargine and BC Lispro. This has enabled Adocia to expand its ongoing search for a partner in the US, EU, and Japan to companies without insulin manufacturing capability.

We've heard from Adocia management that a go-alone pathway for phase 3 BC Lispro studies in the US is not off the table, though we strongly suspect that the company will partner, given the resources needed to bring a new diabetes drug to market - in a pricing pressure-filled category, no less (mealtime insulin). The company is meeting with FDA sometime in 2018 to discuss plans for a phase 3 clinical program.

Adocia announced at the end of 2Q18 that it had ~€56 million (~$65 million) in cash and cash equivalents remaining. The decision by the Arbitration Panel further strengthens the company's financial position moving forward.

-- by Michael Poeschla, Peter Rentzepis, Payal Marathe, and Kelly Close