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**Nonprofit Drug Firm Launched  
EFFORT WOULD BENEFIT THIRD-WORLD PATIENTS**

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Connecticut's best-known biotech industry group has decided it wants to do more than promote hometown drug makers — it wants to make drugs, too.

New Haven-based CURE has quietly spun off a nonprofit company, Developing World Cures Inc., that intends to develop low-cost pharmaceuticals for people in the world's poorest countries.

The idea is to produce drugs that for-profit companies have found too risky as investments, while also developing Connecticut's biotechnology industry, CURE's main purpose.

"If they have a billion dollars to spend and they're a for-profit company with shareholders, they have to spend that money on something where they're likely to make it back," said Paul Pescatello, president of CURE, which stands for Connecticut United for Research Excellence.

World Cures, he said, wouldn't face the same obligation.

Modeled after California's Institute for OneWorld Health, which calls itself the "the first U.S. nonprofit pharmaceutical company," World Cures would focus on treatments for diseases such as malaria, river fever, heartworm, hookworm and tuberculosis, though the founders are just starting to consider the options.

As with for-profit drug makers, World Cures would need years and tens of millions of dollars to produce marketable drugs. Fundraising has barely begun and the company has just two employees.

But both are biotechnology veterans, and the spirit of the times may also favor the project, given an increasing push by Bill Clinton, Bill Gates and other prominent Americans to convince the corporate world that making money can be compatible with serving the needy.

"The timing of this is very good given Bill Gates' address to the World Economic Forum, where he basically called upon capitalists around the world and in the First World to think about how technology, and bioscience, as part of that, are going to alleviate issues

of human suffering," said Matthew Nemerson, president of the Connecticut Technology Council, which is not directly involved in CURE's new project.

Peter Farina, a CURE board member who recently retired from Boehringer Ingelheim Pharmaceuticals, will serve as chief executive. Denice Spero will be president. Both are Ph.Ds.

In a 28-year career at Boehringer, Farina, who is 61 and lives in Westchester County, N.Y., near Boehringer's Ridgefield operation, worked on immunology and virology projects, including HIV drugs. At retirement he was senior vice president for development. Spero, 49, of Redding, was Boehringer's vice president of drug discovery sciences.

"I've spent the majority of my adult life working on research and development in the pharmaceutical industry," Farina said Friday.

"I thought it would be appropriate for me to give something back. Working on neglected diseases in developing countries is one way for me to give back."

Farina and Spero are bringing expertise and contacts to the enterprise, not investment capital, he said.

### **Patents On A Shelf**

World Cures does not expect to grow fast, reaching perhaps 20 employees in four years, Pescatello said. But it anticipates having a big head start on traditional biotechs once it gets to the drug development stage: World Cures will rely on scientific discoveries, including actual drug compounds, donated by universities and for-profit companies that have abandoned them or simply decided not to commercialize them.

In the course of research, many biotech and drug companies make discoveries "applicable to bacterial infection or pneumonia or tuberculosis or malaria, but not relevant to what they're doing," Pescatello said. "They patent it, but it's not part of their business plan, so they put it on a shelf."

Scientists at World Cures would try to put these scraps to use. They might reformulate existing drugs for use by a greater variety of consumers, for example — making pediatric medicines safe and effective for the elderly, or altering drugs used in one climate for another, Farina said. In some cases, World Cures might even transform veterinary medicines for human use. And it would work with existing drugs no longer protected by patents.

This nonprofit business model is emerging as multinational drug companies come under criticism from activists who say the industry is putting profits ahead of world health by enforcing patent protections for costly drugs for AIDS and other conditions. The industry points to distribution programs it has in place, and says innovation flourishes best when

patent rights are protected.

The Institute for OneWorld Health has already proven that nonprofit drug development has potential. Founded in 2000, the San Francisco-based company has raised about \$100 million from the Bill and Melinda Gates Foundation alone, and is devising treatments for three diseases common in the developing world — malaria, diarrhea and visceral leishmaniasis (VL), a parasitic disease that is usually fatal if left untreated.

OneWorld is now testing an injection for VL in India.

Like any early-stage company, what World Cure now needs is money and product. CURE has made a small, undisclosed initial investment, Pescatello said, but "several million dollars" will be necessary for the first few years. The first phase of operations, barely begun, involves finding and acquiring intellectual property that could be turned into new drugs.

Small biotech firms often own discoveries they're not using, and big pharmaceutical companies "typically have very large libraries of chemical compounds" they're not planning to exploit, said Timothy Shannon, chief executive of CuraGen, a Branford biotech company specializing in cancer drugs, and a member of CURE.

Once World Cures has the materials and research it needs, and is confident of converting them into treatments for actual diseases, it will try to raise big money from philanthropies to underwrite development, testing and manufacturing of the drugs. Money raised through charity would also help establish prices affordable in the developing world. This will likely cost hundreds of millions of dollars per drug.

A Pfizer spokeswoman said the company, which is a CURE member and has major research operations in Groton and New London, has not been involved in the creation of Developing World Cures, but "sees great value in the mission of this new important venture" and is "investigating the possibility of partnering with them in the future."

The technology council's Nemerson said big pharmaceutical companies may well decide that it is economically efficient — and politically expedient — to let nonprofit drug developers put their incidental discoveries to work.

He said, "The pressure of the global community is going to come down on people who are perceived as being able to solve these problems, but are not able to convince their own investors and shareholders that there's a return in investing the money to find those solutions."

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