Licensed to deal

A pharmaceutical start-up takes its first steps toward cashing in on its years of research

By Chris Bannister Staff Writer

If NEW ORLEANS is able to translate research at its two medical schools into a booming new pharmaceutical industry, it may owe a debt of gratitude to Spain.

A compound that starts-up drug company St. Charles Pharmaceuticals hopes to develop into a drug was discovered at Louisiana; a world-famed restaurant in Madrid known for its Galician cuisine. In September 1992, two chemists from the Universidad de Alcali, Julio Alvarez-Balle and Cacho Susko, were having dinner with LSU Health Sciences Center neuroscientist Dr. Nicolas Bazan. Talk gravitated toward European headlines. Some young people in the United Kingdom had recently died by overdosing on alcohol and Tylenol.

It wasn’t long before the scientists discussing the drug “Tylcom” to avoid its tens effects on their lives.

“We had a hunch and it worked in the laboratory,” Bazan says. Out of the dinner

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grew a collaboration between the Universidad de Alcali and the LSU Neuroscience Center of Excellence, which Bazan chairs.

The collaboration culminated in the patent of a new class of analogues of anti-inflammatory pain killers, as well as a patent that protects the process for making the new compound and prevents other researchers from marketing similar variants.

Last month, the foundation for the LSU Health Sciences Center (formerly LSU Medical Center), which held the patents, licensed them to St. Charles Pharmaceuticals, a start-up company founded by Bazan. So far, he and two other executives have provided the company with about $1.2 million.

Terms of the licensing deal have not been disclosed.

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Tough tests ahead

Both the analogues and the antinociceptor compound have a long road ahead, though, to make it to the corner drug store. First, they must go through preclinical trials on animals to establish their safety and efficacy. That helps researchers who “Investigative New Drug” status for their discoveries.

Next, the researchers enter a three-phase clinical trial process, during which it is tested on humans throughout the country. It’s an arduous and expensive process, but if all goes well, the drugs win FDA approval.

Now that St. Charles has received the license for the analogues, LeBlanc says he has priority to use show capital to get the clinical trial process off the ground. He says he will target venture capitalists and “angel investors,” individuals who see the value in developing the drugs and a local pharmaceutical company.

LeBlanc says having a locally based start-up counter the funding for the clinical trials stays close to home. "A large portion of the funds go back to LSU, paying the salaries of the very people who worked on this," he says.

St. Charles Pharmaceuticals’ site with LSU also gives it a boost in the pharmaceutical industry because it doesn’t have to make the investment in laboratories.

"It’s very efficacious," LeBlanc says. "We don’t have to have a facility. It allows our investors to see that we’re getting started without bricks and mortar."
Local investor puts $4 million into fledgling drug company

By Chris Bonura Staff Writer

NEW ORLEANS BUSINESS and medical leaders have lately preached the wisdom of developing a local pharmaceutical and biotechnology sector rooted in research conducted at Louisiana State University and Tulane University medical centers. Last week, a local investor kicked the effort into gear by making a $4 million commitment to a pharmaceutical start-up.

Koerner Capital Corp. invested the money to bring St. Charles Pharmaceutical Inc.'s low-toxic painkiller through the pre-clinical trials that precede the long Food and Drug Administration approval process.

Koerner Capital is a company owned primarily by John Koerner III, the executive known for brewing up a national market for Barq's root beer and selling it to the Coca-Cola Co. Koerner has invested in other medical technology companies located outside of Louisiana. His company will gain an undisclosed equity stake in St. Charles Pharmaceuticals with the capital investment.

He says there is ample opportunity to make money and grow jobs from the drugs and therapies that New Orleans' best doctors are concocting in their research labs.

"I'm going to continue to do more of this, if I don't run out of capital first," he says.

Koerner says usually a medical technology sector develops around the periphery of medical schools, but that hasn't happened yet in New Orleans. Nevertheless, he thinks the quality of the Crescent City's two medical schools, some of the genetic features of Louisiana's population and a lifestyle centered on eating and partying prime the city for medical research.

Koerner says he has been keeping an eye on cancer and genetic research at Tulane Medical Center.

St. Charles Pharmaceuticals is a company started by Dr. Nicolas Bazan, director of LSU's Neuroscience Center. The Foundation for the LSU Health Sciences Center has licensed to the company the patent that it holds for a series of compounds that Bazan and a chemist from Spain designed as an alternative to Tylenol and other analgesics. Bazan and Julio Alvarez-Builla of the Universidad de Atenas designed the compound to avoid the toxic effect on the liver that most analgesics have.

Some analgesics are not ideal for after-surgery pain relief because they reduce fever, which can be an important sign that a patient has a surgery-related infection. If a patient is developing an infection, doc-

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tors and nurses need to know about it so they can treat it. Bazan thinks his compound could fill the after-surgery pain relief niche because it doesn't mask the indication that infection could be setting in.

"We need this type of pain reliever at patients' bedsides," Bazan says.

St. Charles Pharmaceuticals has the right of first refusal to license other discoveries that arise from the collaboration between Bazan and Alvarez-Builla. Koerner says he is investing in Bazan as well as the new pain killer. "I'm betting on Nick, the man. I'm investing in a pipeline for fresh ideas that will come out of his collaboration."

Bazan says he is focusing his research attention on ailments that lead to blindness, such as strokes and retinitis pigmentosa, an inherited disease that causes the retina to deteriorate.

LSU Health Sciences Center Chancellor Merv Trail says the infusion of venture capital in St. Charles Pharmaceuticals speaks to the quality of Bazan's research. He hopes St. Charles will become a model for more companies that arise from research at New Orleans' medical centers.

"Once this becomes successful, people are going to start looking at us. You need to gradually build these things," he says.

Barry LeBlanc, chief administrative and financial officer for St. Charles Pharmaceuticals, says the financial backing from Koerner will fund the testing on animals that is required before the FDA allows clinical trials on human volunteers to proceed. These pre-clinical trials are done in laboratories that specialize in this kind of research. LeBlanc says St. Charles Pharmaceuticals is in the process of choosing a lab.

"This will allow us the funds to submit an investigational new drug application in an 18-month time period. If approved, that will allow us to proceed in the human clinical trials," LeBlanc says.

During that time, the company will decide which of several similar compounds that it has a license for under the agreement with LSU offers the most promise as a low-toxicity analgesic.

LeBlanc says once St. Charles Pharmaceuticals gets the go-ahead from the FDA, it will look for a large drug company to partner with to help bring the drug through clinical trials.