

FEATURE ARTICLE

Canada: Capital Partnership

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– Jeff Abbey, vice president business development, Argos Therapeutics

Canada's 532 biotechnology and life sciences companies earned 4.2 billion Canadian dollars in revenue, spent 1.7 billion Canadian dollars for research and development and employ over 13,000 people. According to BIOTEC Canada, the biotech expertise of Canadian educational and research institutions and private companies spans industrial and environmental, therapeutics and drug delivery, bioelectronics, genomics and proteomics, stem cell research and agricultural bio and biofuels.

“I don't know that people appreciate how much is going on in Canada and the quality of the institutions that we have or the type of work that they are doing in basic research,” said Michael Herman, partner and vice chair of the Life Sciences Industry Group at Gowling Lafleur Henderson, one of Canada's largest law firms.

“People get nervous about cross border transactions. Where there are cross border issues, they can be worked out. There is a lot going on in Canada. It's worth taking a look at.”

– Michael Herman, partner and vice chair The Life Sciences Industry Group, Gowling Lafleur Henderson

Gowling has eight offices in Canada and locations in London and Moscow.

The firm is handling an increasing amount of U.S.-Canadian transactions spurred in part by Canada's basic research capabilities. “Canada has more publicly funded research and development than almost any other country,” Herman said. “The consequence is that we are very strong in basic research that's being done at a wide variety of both educational and research institutions.”

Durham-based Argos Therapeutics is developing immunotherapies for personalized treatment of cancer and infectious diseases based on RNA-loaded dendritic cells. These cells initiate and direct immune responses. Argos' focus is in line with research specialties in Canada such as vaccines and treatments for cancer and infectious diseases and therapeutics for heart disease, arthritis, diabetes, cancer, Alzheimer's and HIV.

Argos' treatments for HIV and for metastatic renal cell carcinoma or kidney cancer (mRCCC) are both in Phase II trials in Canada. The Phase I trial for the HIV treatment was held at McGill University in Montreal. The Phase II HIV trial is ongoing at 12 clinical sites in Canada and the U.S.

“On the clinical side we were able to get to a Phase II HIV study more quickly than if we had gone first to the U.S. The Canadian Regulatory Authority is just quicker at turning things around,” Jeff Abbey, Argos' vice president of business development, said. “We need to get answers on whether or not our technology works as fast as we can. We can get it more quickly by being in Canada.”

A second collaboration is with researchers at Montreal University. “We do very extensive immune monitoring (for) the HIV patients. All of that analysis is being done at Montreal University,” he said. “We've collaborated extensively coming up with the proper tests to monitor the progress of patients and looking at potentially new HIV treatments.”

With other partnerships in Japan, the U.K. and Australia, Argos considers one primary criterion. “I think first and foremost you have to look for who is doing good work. After that it doesn't matter where they are. There are top shelf scientists and top clinical researchers in Canada – as good as you can find anywhere in the world,” Abbey said.


One advantage that Canada's biotech sector has is the Scientific Research and Experimental Development Tax Credit (SR&ED) program. “Canada has one of the most generous tax credit programs for research and

development relative to the international marketplace," Herman explains. "Our tax credit is permanent and unlimited in terms of the amount available, which gives companies the certainty that if they do the research and development they are going to get the credit. Secondly, it also includes a refundable tax credit program for smaller biotech companies enabling them to actually get non-dilutive cash."

With limited Canadian venture capital, U.S. investment into Canadian companies is common. The partnerships can be structured so that U.S. firms can take advantage of the SR&ED program. In 2005, Argos formed a partnership with Toronto's DC Bio Corp. to conduct research and development of their Arcelis technology, a personalized immunotherapy platform for cancer and infectious diseases. SR&EDs refunded up to a third of the research dollars spent annually in Canada, which Argos then reinvested into additional research.

The country offers another financial advantage, the Toronto Stock Exchange for small to midsize public companies and the TSX Venture Exchange for even smaller companies. Both options are viable financial stepping stones for companies, are less expensive than other exchanges and are not subject to U.S. Sarbanes-Oxley requirements.

"They (The Toronto Stock Exchange and TSX Venture Exchange) have the ability to be effective for companies that are looking for a public market, but they're not big enough for the New York Stock Exchange and will probably get lost on the NASDAQ," Herman said. "So the TSX becomes a very good alternative stock exchange. It's easy to get listed and, unlike other exchanges, it operates just like the U.S. exchanges."

Both Herman and Abbey acknowledge that overall business is less expensive in Canada and that concerns about business in a foreign country shouldn't be a barrier. "People get nervous about cross border transactions," Herman said. "Where there are cross border issues, they can be worked out. There is a lot going on in Canada. It's worth taking a look at." 

For more information visit:

Argos Therapeutics www.argostherapeutics.com
BIOTEC Canada www.biotech.ca
Canadian Consulate www.can-am.gc.ca or 919- 573-1810
Gowling Lafleur Henderson www.gowlings.com
Toronto Stock Exchange www.tsx.com



CED'S BIOTECH 2009 FEBRUARY 16 – 17, 2009 RALEIGH CONVENTION CENTER

For 18 years, the Council for Entrepreneurial Development has hosted the state's premier biotechnology conference. Biotech 2009, presented in partnership with the North Carolina Biotechnology Center and NCBCIO, is February 16 and 17 at the new Raleigh Convention Center on South Salisbury Street. Speakers and breakout sessions will address biotech in the new administration, the university landscape, healthcare and life science policy, the globalization of healthcare, agricultural biotechnology and biofuels.

FEATURED SPEAKERS INCLUDE:

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Founder, Chairman and Chief Executive Officer, Campbell Alliance

Victor J. Dzau, M.D.

Chancellor, Health Affairs, Duke University; President and CEO, Duke University Health System; James B. Duke Professor of Medicine

Dennis Gillings, CBE, Ph.D.

Chairman and Chief Executive Officer, Quintiles Transnational Corp.

Colin Goddard, Ph.D.

Chief Executive Officer, OSI Pharmaceuticals, Inc.

The Honorable James C. Greenwood

President and Chief Executive Officer, Biotechnology Industry Organization (BIO)

Richard Kent, M.D.

Venture Partner, Intersouth Partners

Viren Mehta

Managing Member, Viren Partners, LLC

James C. Mullen

President and Chief Executive Officer, Biogen Idec

Maureen O'Connor

Chief Administrative Officer, General Counsel and Corporate Secretary, Blue Cross and Blue Shield of North Carolina

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Nobel Laureate, Excellence Professor, Department of Pathology, University of North Carolina at Chapel Hill

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