

Can Lawyers Help Treat Cancer? Transactional Lawyers Put Money Where It's Needed Most

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Cancer is expected to take an estimated 9.6 million lives worldwide in 2018, according to the World Health Organization. Additionally, about 1.7 million Americans are expected to be diagnosed with cancer in 2018. That's projected to increase to 2.2 million by 2030, states the American Institute for Cancer Research.

Pharmaceutical and biotech companies need significant resources to match the challenges they face, including funding to develop promising new drugs. What role do attorneys play in this situation? Transactional attorneys help clients structure and negotiate deals so clients can get the biggest bang for their research and development buck. That often includes making the tough decision to sell or license rights to develop one drug in order to help raise money to develop and commercialize other, more high potential drugs.

How legal services benefit the pharmaceutical industry

The trend in legal services for the industry is to help it generate more resources and focus them on drugs that could potentially benefit stockholders and patients the most, according to Teri O'Brien, partner and chair of Paul Hastings' corporate practice in San Diego. O'Brien has been working with the pharmaceutical and biotech industry for 18 years, with clients ranging from start-ups to public companies with market caps in the billions of dollars.

Over the past year, O'Brien says that attorneys in her office have been heavily involved in merger and acquisition work in the industry, as clients expand their businesses through acquisition or sell the rights to develop potential drugs to other companies. As she explains, attorneys can help clients structure deals to secure the greatest value and guard against risks and potential liabilities in the short and long term. This entails working with professionals with different expertise and factoring in concerns about regulation, accounting, taxes and costs. As facts and potential problems are discovered during the due diligence process, the proposed structure and transaction documents may need to change to keep the planned sale on track.

Companies feel mounting pressure

Stockholders are increasingly holding companies accountable, O'Brien says, demanding that boards of directors and management take a hard look at the products and services they offer. "Stockholders are a little more impatient in terms of identifying today what has significant potential future value and focusing on that right now," she says. "I'm seeing a lot of divestitures where stockholders are putting greater pressure on management to focus on higher margins or products with higher potential, and to divest others."

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O'Brien explains that clients are more driven to deliver value to shareholders in the long term. She cites a company with a number of potential drugs under development. They need to take a long-term strategic view. Due to the high cost of clinical trials and the steps needed to get a drug to market, they will need to narrow their focus on the short term.

"They're thinking, given their limited resources, where do we want to allocate those resources over the next few years? How can we monetize other assets? In the short term, a divestiture can provide capital to really double down on those things they think will bring long term value to shareholders," O'Brien says.

For more information, please contact [Teri O'Brien](#), Partner and Chair of the Corporate Practice in the San Diego office of Paul Hastings LLP or visit paulhastings.com.