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Dr Reddy's Laboratories and XenoPort has announced that they have entered into a license agreement pursuant to which Dr Reddy's Laboratories will be granted exclusive US rights for the development and commercialization of XenoPort's clinical-stage oral new chemical entity, XP23829.

Dr Reddy's plans to develop XP23829 as a potential treatment for moderate-to-severe chronic plaque psoriasis and may potentially develop XP23829 for relapsing forms of multiple sclerosis (MS).

Under the terms of the agreement, Dr Reddy's will receive exclusive US rights to develop and commercialize XP23829 for all indications. In exchange for these rights, XenoPort will receive a $47.5 million up-front payment and an additional $2.5 million for transfer of certain clinical trial materials to Dr Reddy's Laboratories.

XenoPort will also be eligible to receive up to $190 million upon the achievement by Dr Reddy's of certain regulatory milestones, which could be achieved over a period of several years. In addition, XenoPort will be eligible to receive up to $250 million upon the achievement of commercial milestones, and up to mid-teens royalty payments based on potential net sales of XP23829 in the United States.

Dr Mark Jackson, clinical professor of medicine, Dermatology, University of Louisville, stated, "Based on today's available treatments, physicians need additional oral medications that are both safe and effective for patients with psoriasis. Fumaric acid esters possess a unique anti-inflammatory mechanism of action and have been used to treat psoriasis in Germany for over 20 years. XP23829, a novel fumaric acid ester, has the potential to be a meaningful treatment option for patients with moderate-to-severe psoriasis."

"XP23829 complements our internal development efforts, which have primarily focused on the mild-to-moderate psoriasis segment to date. In other markets, fumarates have been used as first line choices of treatment prior to initiation of biologic therapies in patients with moderate-to-severe psoriasis. We intend to initiate the registration program for XP23829 as soon as feasible so that we can accelerate the availability of this important treatment choice for moderate-to-severe psoriasis patients in the U.S. market," said Mr Raghav Chari, executive vice president, Proprietary Products Group, Dr Reddy's Laboratories.

"We are very pleased to announce this agreement with Dr Reddy's Laboratories," said Mr Vincent J Angotti, chief executive officer, XenoPort. "As one of our key objectives for 2016, we were interested in finding a strong partner that would recognize the opportunity of this innovative therapy that we believe will make a significant difference in the lives of psoriasis and MS patients. We are now fully focused on our HORIZANT (gabapentin enacarbil) Extended-Release Tablets commercialization effort."

The agreement is subject to review by the US Government under the Hart-Scott-Rodino (HSR) Antitrust Improvements Act, as amended, and will become effective only after clearing HSR review.