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Cerulean Raises $24M Series C, Heads Into Phase II Lung Cancer Trials

By Brian Gormley

Cerulean Pharma Inc., whose nanopharmaceuticals are designed to make cancer therapy more effective and less prone to side effects, has raised a $24 million Series C round to test its lead drug in Phase II trials of patients with non-small cell lung cancer.

Cerulean's nanoparticle therapies are designed to enter the tumor and release a drug payload. By concentrating a drug inside the tumor, the company aims to kill more cancer cells and fewer healthy ones.

Having seen good results in preclinical and Phase I and Phase IIa studies, it is now preparing for Phase II trials in which it will see if its lead product, CRLX101, can improve progression-free survival in non-small cell lung-cancer patients who have exhausted other options.

New investor Lilly Ventures led the round and was joined by all previous backers, including Bessemer Venture Partners, Lux Capital, Polaris Venture Partners and Venrock. The financing, closed Nov. 12, will fund Cerulean well into 2012, said Chief Executive Oliver Fetzer. That's long enough to reach important milestones with its lead drug and another product that's approaching the clinic, CLRX288, he said.

Cerulean has now raised a total of $56 million since forming in October 2006. Valuation is undisclosed.

Cerulean's CRLX101 delivers camptothecin, which is too toxic to be taken systemically. The company makes the drug tolerable by packaging it in a nanoparticle that enters tumors through their leaky vasculature.

By year-end the company expects to complete enrollment of Phase IIa study of CRLX101 of 36 patients with solid tumors, including some with non-small cell lung cancer. In 2011 it plans to begin testing the drug in a Phase II study of about 130 non-small cell lung cancer patients.

Existing drugs used in the patients Cerulean will recruit for this study -- Sanofi Aventis's Taxotere and Eli Lilly & Co.'s Alimta -- provide 2.9 months of progression-free survival, according to Fetzer. After that, patients typically die about four months later. If CRLX101 can extend progression-free survival for more than 2.9 months, Cerulean will know the product has a

chance to be a better option. If the Phase II is a success, the next step would be a Phase III trial to support U.S. approval.

Cerulean's next product, CRLX288, delivers docetaxel -- the basis for Taxotere -- and is expected to enter the clinic in late 2011 or early 2012 for solid-tumor patients. Given that docetaxel is used to treat breast and prostate cancer in addition to non-small cell lung cancer, the company sees broad potential for CRLX288.

Another venture-backed company, Bind Biosciences Inc., is also developing a targeted nanoparticle agent that delivers docetaxel to solid tumors. Its investors include Polaris, Arch Venture Partners, Endeavour Vision, NanoDimension and Flagship Ventures.

Cerulean, based in Cambridge, Mass., also intends to use the round to advance a nanoparticle product that delivers small-interfering RNA molecules. Cancer and inflammation are two potential targets of this program, Fetzer said.

Steve Hall, venture partner of Lilly Ventures, has joined the Cerulean board.