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Cerulean Grabs \$24M for Nano Drugs

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[Correction---8:16 pm Eastern time on 11/15/10. See editor's note.] Tiny drugs just got a big endorsement. Cambridge, MA-based Cerulean Pharmaceuticals has closed a \$24 million Series C funding round to fuel development of its nanoparticle drugs, the company [announced](#) this morning. The deal gives the startup funding for a mid-stage clinical trial of its lead nanoparticle drug, CRLX101, for patients with lung cancer.

Lilly Ventures, the venture arm of drug giant Eli Lilly (NYSE:[LLY](#)), led the third-round financing, which included investments by previous Cerulean backers Bessemer Venture Partners, Lux Capital, Polaris Venture Partners, and Venrock Associates, according to the company. Steve Hall, a venture partner at Lilly, has joined the startup's board of directors in connection with the funding round. Cerulean (formerly [Tempo Pharmaceuticals](#)) says it has now raised \$56 million in venture capital. [*Editor's note: Because a company spokesman overstated a financing sum by \$5 million, the original version of this story misreported the total amount of venture capital the company has raised.*]

[Oliver Fetzer, Cerulean's chief executive, told Xconomy in this September 7 story that his firm was out hunting for financing.](#) And, as Fetzer said back then that his firm would do, the plan is to use a portion of the new financing for CRLX101. The drug is a nanoparticle that contains a tumor-killing agent called camptothecin, which was scrapped as a stand-alone drug years ago because of its side effects. But the startup's nanoparticles might be able to limit those side effects by keeping the agent concentrated in tumor cells and away from healthy tissues, Fetzer told me.

Cerulean said today that it plans to advance CRLX101 into a randomized Phase II clinical trial for treating non-small cell lung cancer. (Here's more on [other efforts to develop drugs for this top cause of cancer deaths](#).) The company will use overall patient survival as a goal or endpoint of the study. Also, the firm aims to use the new capital to move into clinical trials with its second drug candidate, CRLX288, which is a nanoparticle containing the chemotherapy drug docetaxel.

“Cerulean's nanopharmaceutical platform has enabled new product candidates that demonstrate dramatic pre-clinical efficacy in multiple disease models,” said Lilly's Hall in a press release. “We are excited to join the existing investors as Cerulean advances CRLX101 and additional candidates through clinical development.”

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