



ANIMAL MICROBIOME CONGRESS

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Craig Thomson is a patent attorney and partner with the European Intellectual Property firm, HGF. Craig is one of the founding members of the HGF microbiome IP team, and has been providing commercially focused advice to a wide range of clients in the microbiome field for about 18 years. Craig advises those involved with animal health and nutrition, human health and nutrition, and investors in these technologies.

Last week, Craig discussed commercially important issues for Animal Microbiome with Chris Belnap (CEO, Resilient Biotics), Claire Smith (Associate, Anterra Capital) and Scott Carter (VP, Microbiome Business, Phibro Animal Health) in a webinar in advance of the 4th Animal Microbiome Congress. Ahead of the Congress, we asked Craig a few questions in relation to developments he sees for the future of Animal Microbiome.

What trends are you seeing in human microbiome that can be translated to the animal microbiome?

The rapid growth and interest in the field of human microbiome is undeniable. As clinical products edge ever closer to approval, and over-the-counter (OTC)

microbiome products become more mainstream, more and more companies are joining the field. I would not necessarily say the field is now crowded to the extent you would find in more established human bio-pharmaceutical product fields, but it certainly feels a lot more crowded than it did only 5 years ago. Whilst this is a great sign of health of the industry, it is beginning to bring challenges that many companies in this area have not had to address before:

- Investors are now requiring a greater understanding of how a business presenting for investment is differentiated from others in the field. If you have a great business proposition for animal microbiome, you are likely to be playing in an area with more “white space” surrounding it than those seeking investment in, for example, gut dysbiosis therapeutics in man. Differentiation should be less of an issue (for now).
- In order to better demonstrate differentiation, human microbiome companies are beginning to expand their IP strategies from one focused solely on protecting their own innovations, to one that includes



aggressive strategies. We are now seeing more companies raising challenges to the validity of the IP rights of others. On the one hand, this helps clear away poor-quality IP and makes freedom-to-operate analysis simpler, on the other hand this means that investors may not so easily assume that a granted IP right is valid.

- There are plenty of companies in the human health space that have good, broadly applicable technology, but are still far from a revenue earn position. The field has reached an age that many such companies are finding the repetitive rounds of fund raising to be increasingly challenging and distracting from developing their business. A few companies are therefore looking for ways to



generate direct income from their technology now, whilst continuing in parallel down the longer track required to develop human therapeutics. Common directions being looked at are developing CRO arms, OTC product development and animal microbiome product development.

What are the most interesting commercial opportunities in animal microbiome?

Following on from my comments above, one opportunity surely must be in collaborating with companies innovating in human health. Many such companies have well developed technologies, with IP rights that are not restricted to use in the human. However, such companies generally have no experience, and likely knowledge, of the commercial and technical difficulties in applying and exploiting microbiome technologies in the animal space.

For me, the clearest commercial opportunities lie in the work that has shown that the manipulation of microbiome can influence efficacy of some established therapeutics, or direct metabolism of such therapeutics, down a path that is associated with less side effects. This work has the potential to enhance the standard of care for a treatment that is already established and demonstrated to have clear value. If you can align your

microbiome technology with the ability to enhance a highly profitable therapeutic, particularly if exclusivity for sale of that therapeutic is likely to end in the near future, then identifying a market, a partner and the financial value of your technology is perhaps easier than other developments.

“ IP alone can be relatively worthless without a robust IP strategy that... underpins the business you are driving. ”

What is your advice for start-ups in the industry?

I am best placed to advise on Intellectual Property matters. Accordingly, my advice to any start-up when it comes to Intellectual Property Rights (IPR) is as follows.

IPRS are one of the range of tools available to businesses in the microbiome field for optimising a return on investment in R&D and in reputational growth. Like any tool, they can only optimise

the benefit to your business if you have a commercially relevant strategy for employing the correct choice of available IPR tools in the correct manner within the context of your business.

An IPR strategy aims, by the strategic selection of IPRs, to build an “exclusivity cloud” that defines a space in the market that corresponds to at least the commercial focus of your business and one that is difficult for others to enter. When achieved, this can enable you to enhance your profit margin from sale of goods or services and thereby recoup on investment in R&D, whilst at the same time securing your ability to compete effectively in the market based on the provision of a unique beneficial offering to that market.

Clearly, therefore, the correct application of IPRs as a business tool can assist in attracting investment to your business and in increasing the net value of that business. When such tools are not chosen in a strategic way, or simply “left in the shed” without being used, they can represent a significant drain on resources that can likely be put to better use elsewhere.

In short, IP alone can be relatively worthless without a robust IP strategy that appropriately underpins the business you are driving.



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