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Tech vet sticks with hydrogel IP, launches firm

Mass High Tech: The Journal of New England Technology - February 9, 2007 by [Ryan McBride](#) Mass High Tech

Just months after his latest medical devices company, Confluent Surgical Inc., was sold for nearly \$250 million, Amar Sawhney has now launched a startup in Waltham, with plans to develop a sealant for eye surgeries.

I-Therapeutix Inc. is one of several ventures working to commercialize various medical uses for hydrogel -- the underlying technology for products developed by Confluent and at least two other companies.

Sawhney and his team have profited nicely by licensing hydrogel through a holding company, Incept LLC, formed in 1998.

Sawhney, as CEO of I-Therapeutix, has assembled a small, experienced team of medical technology veterans to serve as the startup's initial staff. The group includes general manager William Ransone, a former employee of medical tech giant Becton, Dickinson and Co.'s ophthalmology business. And Patrick Campbell, who was vice president of R&D at Confluent, has followed Sawhney to the new venture.

"It's fun to go back to starting something from the ground floor again," said Sawhney, who at 40 already has several major exits under his belt. "It's challenging but a lot of fun."

With operations beginning late last year, he said, I-Therapeutix is studying multiple uses of hydrogel for eye procedures. Hydrogel, a synthetic polymer-based material, begins as a liquid and turns into a solid after a chemical reaction. He indicated that hydrogel could be used both as a sealant applied to the surface of the eye after surgeries and as a means to deliver drugs to the eye.

Incept, the holding company that owns the intellectual property for hydrogel, has proven to be a prolific source of spinoffs and exits for Sawhney and his team. The holding company has now licensed its technology to I-Therapeutix, Confluent, Embolic Protection Inc., as well as Bay Area startups Access Closure Inc. and Nellix Inc., he said. Natick-based Boston Scientific Corp. acquired Embolic in Campbell, Calif., for \$75 million in 2001. Confluent, for which Sawhney served as CEO, was sold to the health-care unit of Bermuda-based Tyco International Ltd. last summer for \$245 million.

A protected business model

Sawhney, pleased with the results of owning hydrogel technology in a holding company, expressed regret for not using that business model with his other inventions. For example, Genzyme Corp. gained title to the IP of Focal Inc., which Sawhney founded to commercialize a liquid polymer for surgeries, when the Cambridge-based biotechnology firm bought the company for \$10 million in 2001.

Sawhney said that Genzyme has not developed Focal's technology for other uses, but he has been unable to pick it up because he no longer owns the IP.

Conversely, Confluent developed hydrogel as a dural sealant for cranial and spinal surgeries, and Nellix -- as well as Access Closure -- want to apply the technology to vascular treatments. Developing multiple hydrogel uses in a single company would have been difficult, he said.

Industry experts praised Sawhney's strategy of using a holding company to own IP. "It's a good idea," said Matthew Henshon, a partner with Boston law firm Henshon Parker Vyadro PC. On top of offering the ability to form multiple companies, the attorney said, a holding company would protect the IP from falling into the hands of a creditor if one of the spinoffs filed for bankruptcy.

Beth Arnold, a partner at law firm Foley Hoag LLP in Boston, noted holding companies for IP are typically used for tax advantages. Yet the obvious benefit is the inventor "retains control over the patent's ultimate exploitation."

But the strategy can limit the upside for acquirers of a spinoff that doesn't own the underlying IP, particularly when new uses for a product are discovered, said Sarah Cabot, a principal with law firm Faber Daeufer & Rosenberg PC in Waltham.

For Sawhney, the success of his business model for developing hydrogel has also relieved him from having to raise seed money for I-Therapeutix. "When we need money, we'll go get it," he said. "Funding is not an issue at this stage."



Stuart Garfield
Amar Sawhney's protection of the intellectual property for hydrogel has helped him avoid seeking investors for his new firm, I-Therapeutix, he said.
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