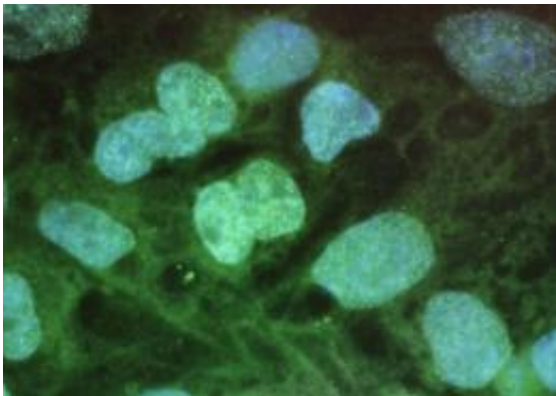


First US embryonic stem cell trial is halted

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Stem cells are viewed on a computer screen in August 2010 in Farmington, Connecticut. The first-ever trial using human embryonic stem cells to treat paralysis has been halted due to high costs and the company, Geron, said it will focus instead on new cancer treatments.

The first-ever trial using human embryonic stem cells to treat paralysis has been halted due to high costs and the company will focus instead on new cancer treatments, Geron said Tuesday.

The California-based biotech firm, which had bypassed federal funding to get its pioneering but controversial trial off the ground in October 2010, said it was also cutting 66 full-time jobs, or 38 percent of its workforce.

"Geron plans to close the GRNOPC1 trial for spinal cord injury to further enrollment," the company said in a statement, adding that the

decision was made after a "strategic review" of costs and "regulatory complexities."

The study was meant to include up to 10 people in the first trial of embryonic stem cell therapy on humans.

Another company, Advanced Cell Technology, began its first-ever trial on a form of juvenile blindness earlier this year, followed by a second on people with a type of macular degeneration. Those trials are ongoing.

In Geron's phase I trial, which was meant primarily to gauge safety, the therapy showed no harmful effects on the four patients enrolled so far, the company said.

Geron chief executive John Scarlett told a conference call of investors that the company was seeking partners to take up the costs of the stem cell unit, which it began in 1999.

"Deciding to move out of the stem cell business was a very difficult decision to make. Our stem cell programs and assets are widely recognized as being among the world's most comprehensive and advanced," Scarlett said, describing the move as a "business decision."

"Let me be very clear that in this trial, the treatment has been well tolerated with no serious adverse events reported," he added. "These therapies have held, and continue to hold, great promise."

Geron plans to focus instead on a pair of cancer treatments that are in phase II studies.

"We are making these changes because in the current environment of capital scarcity and uncertain economic conditions, we need to focus our resources," Scarlett said.

The company's chief financial officer, David Greenwood, said that without the changes, Geron would have "expected to incur stem cell related R and D (research and development) costs of approximately \$25 million per year for the next several years."

Geron said in its statement that it now expected to "end 2011 with cash and investments in excess of \$150 million."

The Christopher and Dana Reeve Foundation, founded by the late "Superman" actor and his wife to cure spinal cord injury by funding new paths of research, declined an AFP request for formal comment.

However, a spokeswoman noted that staff member Sam Maddox had blogged about the decision, calling it "a major blow to the notion that eSC (embryonic stem cells) could return function to people the way the cells seemed to in rats."

Maddox said Geron lost \$110 million last year and about \$60 million so far in 2011. "Totally unsustainable," he wrote, adding that Scarlett had joined Geron "just six weeks ago and quickly took out the hatchet."

The chief executive of ACT, Gary Rabin, told AFP that Geron was engaged in a "very expensive and complicated trial," in contrast to ACT's trials which he said are much more simple and straightforward.

"We are basically putting in new, very vibrant highly productive retinal pigment cells into people's eyes to take the place of retinal cells that have died. So it is a much more logical approach," he said.

"It is the equivalent of replacing a person's heart with a heart. You wouldn't replace a heart with a liver."

Those who support embryonic stem cell research believe the field holds

great promise for a host of ailments, from Alzheimer's to diabetes and more.

But the research is controversial because it requires the destruction of human embryos, and opponents say it violates their religious beliefs and is unethical.

Federally funded stem cell research was halted under the George W. Bush administration, and though President Barack Obama lifted the ban in 2009, several legal battles have followed.

Scientists have also complained that a rush for patents on nearly every step of the process has made it almost impossible to advance their work.

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