

Judge halts Royalty Pharma's bid for Elan stock

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Irish drugmaker Elan Corp.'s fight against a takeover bid by Royalty Pharma has spilled into U.S. federal court, where a judge has issued a temporary restraining order preventing Royalty from completing its offer to buy the company.

Royalty is a privately held New York company that buys royalty interests in drugs and late-stage [drug candidates](#). It made an offer to buy Elan last month for \$12.50 per share, or about \$7.5 billion. Its offer was conditioned on shareholders rejecting an Elan push to refocus its business after selling its interest in the blockbuster multiple sclerosis treatment [Tysabri](#).

Elan has said the Royalty offer, which is scheduled to expire Thursday, undervalues Elan and is not in shareholders' best interests. It also has accused Royalty of deliberately misleading shareholders about the value of the Tysabri deal.

A Royalty Pharma representative declined to comment on that accusation.

Elan also announced Tuesday that Royalty has agreed not to distribute its proxy statement to Elan shareholders until regulators in Ireland can review it.

Elan sold its interest in Tysabri to former development partner Biogen Idec Inc. for \$3.25 billion in cash and recurring [royalty payments](#).

Royalty has said its offer represented a "compelling value" of \$4.6 billion for Elan's Tysabri royalty, and it said Elan sold about half its rights in Tysabri to Biogen.

But Elan countered that it has never suggested that the \$3.25 billion upfront payment represented half of its rights, and such an assumption was a simple attempt to overstate the premium Royalty's offer provides.

Elan recently announced a push to diversify. It will pay about \$338 million for a privately held Austrian drug developer and at least \$110 million for stakes in two other companies. The company also will pay \$1 billion for the right to future royalties from four respiratory treatments being developed by Theravance Inc. and [GlaxoSmithKline](#) as part of a push to diversify.

Royalty also had offered in February to buy Elan for \$11 per share and later raised that bid to \$11.25 per share.

U.S.-traded shares of Elan Corp. PLC climbed 10 cents to close at \$12.57. Elan's share price has climbed about 8 percent since May 17, the last trading day before Royalty made its latest offer.

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