IP Ownership Risk Grows In Booming Cancer Drug Market

By **Ryan Hagglund, Lewis Ho and Bonnie Lau** (November 20, 2025)

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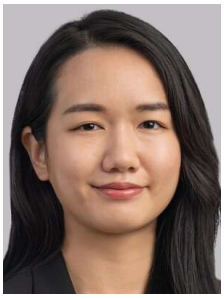

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The antibody-drug conjugate, or ADC, space is experiencing an unprecedented surge in dealmaking, establishing itself as one of the most dynamic and high-value domains within biopharma.

A licensing deal announced on Oct. 21 between Takeda and Innovent Biologics featured an up-front payment of $1.2 billion, with the total deal value exceeding $10 billion, among several other significant transactions in the past few months.[1] As the commercial momentum builds, so do the legal and contractual complexities surrounding ADC ownership and licensing.

Ownership of the relevant intellectual property occupies the core of any licensing transaction. It determines whether the licensor has the legal authority to grant the license and whether the licensee will obtain a valid and enforceable right to exploit the licensed technology. Uncertainty over ownership can expose the parties to postclosing disputes, challenges to clinical development and commercialization, litigation, and rescission or invalidation of rights.

In the ADC field, these risks have proven to be particularly acute.

Factors accounting for this include the large number of companies worldwide developing structurally similar ADC platforms; the significant differences in functionality between highly similar structures in the ADC space; the mobility of scientists working in the field, including between established employers and early-stage players; and the lucrative nature of transactions relating to ADC development and ADCs that are ultimately approved for marketing.

The Multicomponent Nature of ADCs and Resulting Legal Complexity

ADCs are targeted cancer therapeutics composed of three elements: a monoclonal antibody engineered to bind a tumor antigen, a linker that joins the antibody to the drug and a potent cytotoxic payload. By delivering the payload directly to cancer cells, ADCs aim to maximize efficacy while limiting off-target toxicity — a significant advantage over conventional cancer therapies such as chemotherapy and radiotherapy.

These same scientific complexities translate into legal challenges. Each of the three components may have been developed by separate individuals, institutions or companies.

In some cases, an antibody or linker design may trace its origins to prior employment, work-for-hire or contractor arrangements, or collaborative research relationships. When molecular or structural similarities emerge between ADCs developed at different times or by different organizations — especially where proprietary know-how or shared personnel are involved — questions arise about chain of title, inventorship and the scope of rights to practice.

The Booming Market and Cross-Border Dimension

The global ADC market was valued at over $13 billion in 2024 and is projected to reach $51.2 billion by 2033, indicating a significant growth trajectory within the biopharmaceutical sector.[2] Chinese companies are at the forefront of this trend, comprising half of the top 10 ADC developers globally and possessing over 42% of the world's ADC pipeline.[3]

In 2024, the value of ADC licensing agreements between non-Chinese and Chinese companies reached $19 billion[4] — growth that reflects both China's rising innovative output in the international ADC space and the sector's accelerating cross-border integration.

The internationalization of ADC development adds a cross-jurisdictional dimension to ownership risk. For foreign licensees collaborating with Chinese drug developers, the interpretation and enforcement of IP ownership and related rights by Chinese courts are critical in evaluating legal exposure and transaction risk — particularly where research, development and/or inventive activity occurs in China and may be governed by Chinese law.

Ownership, Misappropriation and Chinese Judicial Practice

In many instances, ownership concerns extend beyond the mere authority to license and to implicate potential IP or trade secret misappropriation. Individual inventors and licensors have been, or have later become, defendants in suits alleging their misappropriation or unauthorized use of know-how or trade secrets in developing similar ADCs. These suits have sometimes been accompanied by claims for ownership of IP relating to the ADC developed, and sometimes not.

Regardless of the outcome, trade secret litigation can create significant practical challenges for a licensee, including delays, injunction risk and reputational harm. Critically, alleged trade secret misappropriation often overlaps with — and can undermine — assertions of ownership and freedom to operate in the underlying IP.

Recent decisions by China's Supreme People's Court outside of the ADC context demonstrate that findings of trade secret misappropriation can affect, or even reallocate, ownership of related IP. The impact, however, depends on case-specific facts. The following key decisions illustrate the range of outcomes that may arise once misappropriation is established:

- In 2020, in Tianjin Greenpine Pharma Co. v. Huabei Pharmaceutical Hebei Huamin Pharmaceutical Co., the court held that the patent was jointly owned under circumstances where the plaintiff's trade secret was misappropriated and formed part of the patent-in-dispute, yet both parties made a creative contribution to the patent.[5]

- The same year in VMI Holland BV v. Safe-Run, under circumstances where the plaintiff's trade secret was misappropriated and formed part of the patents-in-dispute, and where the defendant was deemed not to have made a creative contribution to the patents' substantive features, the court ordered transfer of ownership of the patents to the plaintiff, VMI.[6]

- In Geely v. WM Motor, the defendants were found to have misappropriated trade secrets to the 12 patents. The court ordered in 2023 that defendants could not enforce, permit others to enforce, transfer, pledge or otherwise dispose of the 12 patents involved in the case without the plaintiff's consent.[7]

While these cases do not specifically involve ADCs, they illustrate the potential for misappropriation findings to reallocate ownership and control — issues that can be even more intricate in multicomponent ADCs with a vast range of chemical combinations and overlapping contributions.

Implications for Licensing and Due Diligence Practice

Accordingly, parties contemplating entry into an ADC licensing, assignment or acquisition transaction — or any complex cross-border licensing, assignment or acquisition arrangement — should undertake comprehensive due diligence and implement robust risk-mitigation measures. Such due diligence often involves a potential licensee's insistence that the counterparty provide items often resisted by putative licensors in due diligence, such as invention records and interviews with inventors.

Likewise, for instance — especially where issues concerning the potential for IP or trade secret misappropriation and/or significant structural similarity to ADC technology of an inventor's or joint inventor's former employer is uncovered during the due diligence process — strong representations and warranties regarding the development, provenance and ownership of the ADC of interest, and/or the linker, payload and/or antibody incorporated in it, can help mitigate the risk to the licensee, assignee or acquirer.

Conclusion

As the economic value of the ADC market continues to rise, the legitimate origin of technology and the ownership of intellectual property have become strategically decisive. The commercial value of a license rests on the integrity and defensibility of the underlying technology; decisions to transact, pricing and risk allocation should account for risks of ownership disputes.

Given up-front payments reaching hundreds of millions or even billions of dollars, and the high intrinsic value of the underlying assets, ownership certainty is of fundamental importance to sustainable and defensible dealmaking.

Rigorous due diligence and targeted risk mitigation measures stand as effective safeguards.

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[1] "Takeda pays Innovent $1.2B upfront, offers whopping $10B-plus in biobucks for cancer assets." https://www.fiercebiotech.com/biotech/takeda-pays-innovent-12b-upfront-rights-2-cancer-candidates.

[2] "Antibody Drug Conjugates Market By Product (KADCYLA, ENHERTU, ADCETRIS, PADCEV. TRODELVY, POLIVY, and Other Products), By Target Type, By Technology, By Payload Type, By Application, By End-User - Global Industry Outlook, Key Companies (Hoffmann-La Roche Ltd., Pfizer Inc., AstraZeneca and others), Trends and Forecast 2024-

2033." https://dimensionmarketresearch.com/report/antibody-drug-conjugates-market/#:~:text=The%20Global%20Antibody%20Drug%20Conjugates,at%20a%20CAGR%20of%2015.8%25.

[3] "APAC Focus: China ADC drugs—a rising force in cancer treatment." https://www.ubs.com/global/en/investment-bank/insights-and-data/2023/adc-drugs.html.

[4] "China's mAb and ADC licensing was 3xUS's in 2024—will trade tensions slow it?" https://www.pharmaceutical-technology.com/analyst-comment/china-mab-adc-licensing-trade-tensions/?cf-view.

[5] (2020) Supreme Court Intellectual Property Civil Appeal No. 871.

[6] (2020) SPC IP Civil Final No. 661, 902 and 1003.

[7] (2023) SPC IP Civil Final No. 15910.