
Ninth Circuit Rules That Biopharmaceutical Company’s Announcement of COVID-19 “Cure” Did Not Violate Securities Laws

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On March 25, 2024, the Ninth Circuit Court of Appeals affirmed the dismissal of securities fraud claims against biopharmaceutical company Sorrento Therapeutics, its CEO, and vice president, based on allegedly false and misleading statements about the company’s potential COVID-19 “cure.” In a unanimous decision, the Ninth Circuit held that Sorrento’s statements did not violate Section 10(b) of the Securities Exchange Act of 1934 or the Securities and Exchange Commission’s Rule 10b-5, because (1) the statements were not materially false or misleading when considered in their full context, and (2) the complaint failed to sufficiently plead scienter.

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