March 25, 2026

The Honorable Cecilia Aguilar-Curry
California State Assembly
1021 O Street, Suite 8210
Sacramento, CA 95814

RE: AB 1776 Cartwright Act: Violations (Aguilar-Curry) – OPPOSE

Dear Assemblymember Aguilar-Curry,

California Life Sciences (CLS) strongly opposes AB 1776--a sweeping expansion of antitrust liability that would expose ordinary business conduct to meritless lawsuits, which poses an existential threat to the ecosystem that makes California the global center of life sciences innovation. CLS represents over 1,300 pharmaceutical, biotechnology, medical technology, and academic research institutions and companies committed to advancing innovation and improving health outcomes across California. AB 1776 is not a measured or targeted improvement to California's antitrust framework. It abandons the evidentiary foundations courts have relied on for over a century to distinguish actions deemed harmful monopolization versus beneficial and healthy competition.

What AB 1776 Does and Why It Is Incredibly Problematic

AB 1776 dramatically expands when a single company can be sued for antitrust violations. Under current law, courts require plaintiffs to define the relevant market, show the defendant has significant market power, and demonstrate that the challenged conduct was "economically irrational except as a way to harm competition" — in other words, that no profit-seeking business would have acted that way unless the real goal was to hurt rivals and not to compete on the merits. These requirements exist for a reason--they separate genuinely harmful behavior from lawful competition.

This bill removes all guardrails simultaneously. As the American Bar Association Antitrust Law Section warned in a letter submitted to the Commission, without these guardrails the statute will produce "unintended or inconsistent legal outcomes." Former FTC Senior Counsel and NYU law Professor Daniel Francis put it plainly: eliminating these tools without a clear replacement framework is "certain to result in terrible confusion for courts and litigants."

Overall, AB 1776 dramatically lowers the burden of filing an antitrust lawsuit against businesses of any size, in any sector, while giving courts no reliable way to decide them. At the same time, the bill instructs courts to discard the evidentiary standards (case law) they have relied on for over a century to separate harmful conduct from legitimate competition, which would cause

massive disruption, confusion, and disingenuous litigation that ultimately harms biomedical innovation and patients.

The Life Sciences Sector Faces Significant Risk

The life sciences ecosystem depends on exactly the kinds of business conduct that AB 1776 would put at legal risk. The outcome will be significant harm to patients and major hurdles for biomedical research to lead to new cures. Below is a very small sampling of examples of how AB 1776 negatively impacts the life sciences and patients:

Patient Access

- **Patient assistance programs** offered by life science companies provide free or deeply discounted medicines to uninsured and underinsured Californians, ensuring that patients who cannot afford their prescriptions still receive treatment. These programs are entirely voluntary and impose no obligation on competitors or other market participants. However, AB 1776's incorporation of Section 16720 creates unintended risk. Because Section 16720(e)(3) treats actions that "establish or settle the price" as potential restraints of trade, a competitor could weaponize this language by arguing that providing medicine at no cost effectively sets the price at zero and steers patients to a particular product. The result would be to chill exactly the kind of voluntary price relief that benefits California's most vulnerable patients
- **Fixed-price agreements for low-income regions**, including multi-year set-price contracts for HIV/AIDS, TB, hepatitis, and COVID-19 diagnostics in underserved communities — are specifically structured to provide the pricing certainty that health systems and community providers need to build durable local health infrastructure. Again, AB 1776's incorporation of Section 16720 creates significant risk. Section 16720(d) prohibits price fixing at any standard or figure, by two entities. But, AB 1776 expands this liability to single firms, placing these arrangements at direct legal risk. These agreements could also be challenged under Section 16720(e)(3) as actions that "establish or settle the price" similar to the above example.

Clinical Trials

- **Proprietary clinical trial networks** require controlled participation to ensure consistent protocols, rigorous data integrity, and full regulatory compliance — standards the FDA demands before any therapy can be approved. This is a scientific and regulatory necessity, not a competitive restriction: inconsistent protocols or compromised data can invalidate an entire trial, delay approval by years, or prevent a therapy from reaching patients at all. Yet under AB 1776, a competing trial service provider could challenge these participation limits as an unlawful restraint of trade under Section 16731 with no obligation to show any harm to competition or patients.
- **FDA-approved combination therapies** for lung cancer, breast cancer, and leukemia routinely require one partner to provide its drug free of charge during joint clinical trials, because combination efficacy can only be demonstrated when both agents are administered

together. This is a standard feature of co-development agreements, and it is what allows promising combination regimens to advance through trials and reach patients who have exhausted other options. Under AB 1776, that arrangement could be characterized as unlawful price-setting under Section 16720(e)(3) because of AB 1776's incorporation of Section 16720.

COVID-19

- **mRNA COVID-19 vaccines** depended on exclusive platform licenses and preferred manufacturing agreements that gave companies and their partners the certainty to commit billions in capital and retool production lines in months rather than years. Under AB 1776, those same agreements could be challenged as unlawful "restraints of trade" under Section 16731, through its reference to Section 16720. This creates a threat that the very legal structures that enabled one of the most successful public health responses in history could be treated as presumptively suspect.
- **Pandemic production pivots** like the COVID-19-era shift toward diagnostic tests and monoclonal antibody treatments required companies to unilaterally reduce production of legacy products. AB 1776's incorporation of Section 16720 could again create unintended consequences. Under Section 16720(b), decisions to strategically shift production to meet a public health need could be challenged as unlawful. Meanwhile, Section 16732(f) would bar courts from weighing the public health benefit of the increased output against any claimed harm.

Rare Disease Research

Specific segments of the life sciences ecosystem — particularly rare disease research — face heightened risk under AB 1776. Rare disease markets are small, and companies that command significant market share in these areas typically do so because they developed the only available treatment, not because of exclusionary conduct. Regulatory frameworks such as Orphan Drug exclusivity exist precisely to incentivize this kind of high-risk, high-cost investment, which in practice is often sustained by revenue from blockbuster therapies for more common conditions — a cross-market funding model that underpins continued rare disease innovation.

AB 1776 undermines this model in two critical ways. First, it introduces effectively unlimited antitrust exposure without a clear evidentiary threshold, creating significant legal uncertainty for firms engaged in rare disease research. Second, it bars courts from considering the economic reality that profits from one market frequently subsidize investment in another. It is difficult to envision sustained investment in rare disease development when both the collaborative arrangements that support these programs and the cross-market dynamics that make them viable can be challenged absent any demonstrable harm to competition.

Impact to Life Sciences Start-Up Community

AB 1776's proponents argue it will help small businesses by reining in dominant incumbents. The reality is more complicated, especially in the life sciences in which 90% of the ecosystem

are very small businesses/start-ups (10 employees or less). Early-stage biotechs and small medical device companies depend on integrated partnerships, platform services, and specialized data tools to run clinical operations, manage supply chains, and access research infrastructure they cannot build themselves. AB 1776's removal of evidentiary standards does not selectively target large firms; it applies to any company whose conduct a competitor decides to challenge.

A small or mid-size company that gains market share through better pricing, a strong exclusive partnership, or a successful distribution arrangement is just as exposed under this bill as a dominant platform. The legal costs of defending even a weak antitrust claim are substantial. For a large company, those costs are a significant burden. For a startup or growing company, they can be existential.

AB 1776 is a deeply flawed approach that recklessly expands antitrust liability without demonstrating that our current antitrust laws (federal & state) are not working in the life sciences. It discards the analytical standards courts need to function, invites opportunistic litigation, and would impose irreparable harm on California's life sciences ecosystem — penalizing exactly the conduct that lowers costs, expands patient access, and accelerates the path from scientific discovery to treatment. For these reasons, California Life Sciences strongly opposes AB 1776. We welcome the opportunity to engage further on this issue. If you have questions, please contact me at schung@califesciences.org.

Sincerely,

Sam Chung
Senior Vice President, Government Relations & External Affairs
California Life Sciences