

**UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS**

_____, Individually and on Behalf of All
Others Similarly Situated,

Plaintiff,

v.

MERSANA THERAPEUTICS, INC., ANNA
PROTOPAPAS, and BRIAN C.
DESCHUYTNER,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff _____ (“Plaintiff”), individually and on behalf of all others similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through Plaintiff’s attorneys, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States (“U.S.”) Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Mersana Therapeutics, Inc. (“Mersana” or the “Company”), analysts’ reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial, additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons and entities other than Defendants that purchased or otherwise acquired Mersana securities

between February 28, 2022 and June 14, 2023, both dates inclusive (the “Class Period”), seeking to recover damages caused by Defendants’ violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. Mersana, a clinical stage biopharmaceutical company, develops antibody drug conjugates (ADC) for cancer patients with unmet needs.

3. Throughout the Class Period, Defendants made materially false and misleading statements regarding the Company’s business, operations, and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) Mersana’s clinical trials of UpRi in platinum-sensitive ovarian cancer yielded serious bleeding events appear to occur at a higher rate than background; (ii) accordingly, the Company had overstated the clinical and/or commercial prospects of the Company’s clinical trials of UpRi; and (iii) as a result, the Company’s public statements were materially false and misleading at all relevant times.

4. On June 15, 2023, Mersana issued a press release “announc[ing] that the U.S. Food and Drug Administration (FDA) has issued a partial clinical hold pausing new patient enrollment in UP-NEXT and UPGRADE-A, the company’s ongoing clinical trials of UpRi in platinum-sensitive ovarian cancer. UPLIFT, Mersana’s ongoing clinical trial of UpRi in platinum-resistant ovarian cancer, completed enrollment in October 2022.” Mersana stated that “[t]he partial clinical hold follows a submission by Mersana of a recent aggregate safety report of all patients dosed with UpRi (approximately 560 patients) evaluating bleeding events” and that “Mersana’s recent assessment determined that serious bleeding events appear to occur at a higher rate than background. While most bleeding cases in this aggregate safety analysis were low-grade, five

(<1%) Grade 5 (fatal) bleeding events were observed among the approximately 560 patients dosed to date. The causes of bleeding events remain under investigation.”

5. On this news, Mersana’s stock price fell \$5.66 per share, or 59.27%, to close at \$3.89 per share on June 15, 2023.

6. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

7. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

8. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331 and Section 27 of the Exchange Act.

9. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1391(b). Mersana is headquartered in this Judicial District, Defendants conduct business in this Judicial District, and a significant portion of Defendants’ actions took place within this Judicial District.

10. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

11. Plaintiff, as set forth in the attached Certification, acquired Mersana securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

12. Defendant Mersana is a Delaware corporation with principal executive offices located at 840 Memorial Drive Cambridge, MA 02139. Mersana's common stock trades in an efficient market on the Nasdaq Global Select Market ("NASDAQ") under the ticker symbol "MRSN".

13. Defendant Anna Protopapas ("Protopapas") has served as Mersana's Chief Executive Officer at all relevant times.

14. Defendant Brian C. DeSchuytner ("DeSchuytner") served as Mersana's Chief Financial Officer at all relevant times.

15. Defendants Protopapas and DeSchuytner are sometimes referred to herein as the "Individual Defendants."

16. The Individual Defendants possessed the power and authority to control the contents of Mersana's SEC filings, press releases, and other market communications. The Individual Defendants were provided with copies of Mersana's SEC filings and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected. Because of their positions with Mersana, and their access to material information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public, and that the positive representations being made were then

materially false and misleading. The Individual Defendants are liable for the false statements and omissions pleaded herein.

17. Mersana and the Individual Defendants are collectively referred to herein as “Defendants.”

SUBSTANTIVE ALLEGATIONS

Background

18. Mersana, a clinical stage biopharmaceutical company, develops antibody drug conjugates (ADC) for cancer patients with unmet needs.

Materially False and Misleading Statements Issued During the Class Period

19. The Class Period begins on February 28, 2022, when Mersana issued a press release announcing the Company’s Q4 and full year 2021 financial results. The press release stated, in relevant part:

“We are executing on a differentiated UpRi development plan with the potential for a BLA submission in 2023 based on UPLIFT data, and we are progressing further development into earlier lines of therapy with UP-NEXT and UPGRADE, all in support of our goal of building UpRi into a foundational therapy in ovarian cancer. Leveraging our three innovative platforms, the advancement of XMT-2056, XMT-1660 and XMT-1592 provides additional opportunities to have a meaningful impact on patient outcomes. Our recently announced Janssen partnership further validates our differentiated Dolasynthen platform and highlights the strategic importance placed by major oncology players on ADC innovation,” said Anna Protopapas, President and Chief Executive Officer of Mersana Therapeutics. “With our enhanced capital position and meaningful clinical progress, we stand well positioned for the future, as we strive to transform Mersana into a commercial stage company with a deep pipeline of first in class molecules.”

20. On August 8, 2022, Mersana issued a press release announcing the Company’s Q2 2022 financial results. The press release stated, in relevant part:

“We are incredibly pleased by all of the progress Mersana has made thus far in 2022, as we have continued to build UpRi as a potential foundational medicine in ovarian cancer, achieved key regulatory goals with XMT-1660 and XMT-2056 and entered into two exciting new strategic partnerships,” said Anna Protopapas,

President and Chief Executive Officer of Mersana Therapeutics. “UpRi’s advancement remains a primary focus for the organization, and we are excited to be approaching enrollment completion in UPLIFT, our potential registrational trial, and to have patient screening in UP-NEXT underway. At the same time, Mersana’s proprietary ADC platforms are allowing us to advance new candidates into the clinic while also enabling significant collaborations with Janssen and GSK. We believe these recent accomplishments have strengthened both our balance sheet and our position as an ADC leader.”

21. On November 7, 2022, Mersana issued a press release announcing the Company’s

Q3 2022 financial results. The press release stated, in relevant part:

“The year 2022 has already been an incredibly productive period for Mersana as we have advanced UpRi, expanded our clinical pipeline and strengthened our balance sheet with two notable partnerships,” said Anna Protopapas, President and Chief Executive Officer of Mersana Therapeutics. “With significant support from global investigators, we were able to enroll approximately 270 patients in UPLIFT within just one year, positioning us for a planned top-line data readout and potential BLA submission next year. We also initiated UP-NEXT, our randomized Phase 3 clinical trial that has the potential to be our post-approval confirmatory trial in the United States, support approvals in other countries and bring UpRi into an earlier disease setting. Additionally, we view our recent collaborations as a reflection of the progress we have made in advancing our three innovative platforms and our position as a partner of choice within the ADC field. We believe these accomplishments strengthen our foundation and will enable us to enter 2023 with momentum.”

22. The statements referenced in ¶¶ 19-21 were materially false and misleading because Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company’s business, operations, and compliance policies. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) Mersana’s clinical trials of UpRi in platinum-sensitive ovarian cancer yielded serious bleeding events appear to occur at a higher rate than background; (ii) accordingly, the Company had overstated the clinical and/or commercial prospects of the Company’s clinical trials of UpRi; and (iii) as a result, the Company’s public statements were materially false and misleading at all relevant times.

The Truth Emerges

23. On June 15, 2023, Mersana issued a press release “announc[ing] that the U.S. Food and Drug Administration (FDA) has issued a partial clinical hold pausing new patient enrollment in UP-NEXT and UPGRADE-A, the company’s ongoing clinical trials of UpRi in platinum-sensitive ovarian cancer. UPLIFT, Mersana’s ongoing clinical trial of UpRi in platinum-resistant ovarian cancer, completed enrollment in October 2022.” Mersana stated that “[t]he partial clinical hold follows a submission by Mersana of a recent aggregate safety report of all patients dosed with UpRi (approximately 560 patients) evaluating bleeding events” and that “Mersana’s recent assessment determined that serious bleeding events appear to occur at a higher rate than background. While most bleeding cases in this aggregate safety analysis were low-grade, five (<1%) Grade 5 (fatal) bleeding events were observed among the approximately 560 patients dosed to date. The causes of bleeding events remain under investigation.”

24. On this news, Mersana’s stock price fell \$5.66 per share, or 59.27%, to close at \$3.89 per share on June 15, 2023.

25. As a result of Defendants’ wrongful acts and omissions, and the precipitous decline in the market value of the Company’s securities, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF’S CLASS ACTION ALLEGATIONS

26. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Mersana securities during the Class Period (the “Class”); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate

families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

27. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Mersana securities were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Mersana or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

28. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

29. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

30. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Mersana;

- whether the Individual Defendants caused Mersana to issue false and misleading financial statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of Mersana securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

31. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

32. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Mersana securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NASDAQ and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold Mersana securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

33. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

34. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)

35. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

36. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

37. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Mersana securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Mersana

securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

38. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Mersana securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Mersana's finances and business prospects.

39. By virtue of their positions at Mersana, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for the truth. In addition, each Defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

40. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors of Mersana, the Individual Defendants had knowledge of the details of Mersana's internal affairs.

41. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Mersana. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Mersana's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Mersana securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Mersana's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Mersana securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

42. During the Class Period, Mersana securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of Mersana securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Mersana securities was substantially lower than the prices paid by Plaintiff and the other

members of the Class. The market price of Mersana securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

43. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

44. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against the Individual Defendants)

45. Plaintiff repeats and re-alleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

46. During the Class Period, the Individual Defendants participated in the operation and management of Mersana, and conducted and participated, directly and indirectly, in the conduct of Mersana's business affairs. Because of their senior positions, they knew the adverse non-public information about Mersana's misstatement of income and expenses and false financial statements.

47. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Mersana's financial condition and results of operations, and to correct promptly any public statements issued by Mersana which had become materially false or misleading.

48. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Mersana disseminated in the marketplace during the Class Period concerning Mersana's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Mersana to engage in the wrongful acts complained of herein. The Individual Defendants, therefore, were "controlling persons" of Mersana within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Mersana securities.

49. Each of the Individual Defendants, therefore, acted as a controlling person of Mersana. By reason of their senior management positions and/or being directors of Mersana, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Mersana to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Mersana and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

50. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Mersana.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;
- B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;

C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: _____, 2023