

**IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MINNESOTA**

ST. JUDE MEDICAL S.C., INC.,
ABBOTT LABORATORIES INC., and
ABBOTT LABORATORIES,

Plaintiffs,

v.

BIOTRONIK, INC., and
JOHN N. PHILLIPS,

Defendants.

Case No. 21-cv-1340

JURY TRIAL DEMANDED

COMPLAINT

Plaintiffs St. Jude Medical S.C., Inc. (“St. Jude”), Abbott Laboratories Inc. (“ALI”), and Abbott Laboratories (collectively with ALI, “Abbott”), by and through their undersigned counsel, bring this Complaint against Defendants Biotronik, Inc. (“Biotronik”) and John N. Phillips (“Phillips”) and allege as follows:

INTRODUCTION

1. Plaintiffs bring this action to put an end to Defendants’ illegal scheme to steal Plaintiffs’ trade secrets and customers, hatched while Phillips was still a St. Jude employee. This is not the first time St. Jude has had to sue Biotronik over such allegations, *see St. Jude Medical, Inc. et al. v. Biotronik SE & Co. KG, et al.*, Case No. 15-cv-3134 (D. Minn.), and the same pattern is now repeating itself again.

2. St. Jude and its corporate affiliate, Abbott, are among the leaders in medical devices related to cardiac rhythm management (“CRM”), such as pacemakers, that use electrical pulses to treat improperly beating hearts and other cardiac conditions.

3. Biotronik competes with Plaintiffs in the extremely competitive United States CRM market, but has had little success penetrating it. As a result, Biotronik has once again resorted to unlawful competition to try to steal business from Plaintiffs.

4. CRM devices are technologically complex, which requires CRM sales professionals to be versed in both technical knowledge and clinical application of the devices. Because of this necessary expertise, and the sensitive trade secrets and confidential pricing information involved in the sale of these devices, both Plaintiffs and Biotronik require sales representatives to sign employment agreements that include post-employment confidentiality, non-competition, and non-solicitation obligations.

5. Phillips was St. Jude's Regional Sales Director of CRM in Eastern Pennsylvania and Delaware for over six years. He promised Plaintiffs, in multiple agreements, that he would protect their confidential information and would not solicit employees to work for a competitor or perform certain work for a competitor himself while employed by St. Jude, and for one year thereafter. Biotronik knew of these restrictive covenants because Phillips provided Biotronik his St. Jude Employment Agreement during the hiring process, because St. Jude's restrictive covenants were the subject of the parties' prior litigation, and because Biotronik employs similar restrictions (including when it hired Phillips).

6. Biotronik offered to hire Phillips by no later than January 28, 2021, and Phillips accepted Biotronik's offer by signing his employment agreement on February 5, 2021. However, Phillips did not immediately resign from St. Jude; instead he waited two full weeks to inform Plaintiffs that he was leaving for Biotronik.

7. As set out in further detail below, it is now clear that during that time—while Phillips was still legally employed by St. Jude—Biotronik schemed with Phillips to effectuate a common plot to (i) have Biotronik use Plaintiffs’ confidential contract, pricing, and rebate information obtained from Phillips to displace Plaintiffs as the preferred CRM vendor at Einstein Healthcare Network (“Einstein”) and (ii) solicit St. Jude’s CRM representatives to join Biotronik to help take over Biotronik’s new Einstein account, in violation of their own non-compete agreements with St. Jude and its affiliates.

8. And Einstein is only the tip of the iceberg. Just days before tendering his resignation, beginning on the evening of Saturday, February 13, 2021, Phillips marched through Plaintiffs’ customer files for his region in alphabetical order, methodically accessing electronic versions of contracts and pricing information for at least 14 accounts. He then picked up again where he left off on Sunday, February 14, accessing sensitive documents for more than a dozen additional accounts. Typically accessing a document no more than a minute or two after he accessed the previous document, Phillips accessed at least 50 sensitive documents related to at least 28 accounts over three weekend sessions. During this time, he was printing material.

9. When Phillips was confident he had taken all he and Biotronik needed, he resigned, notifying Plaintiffs on February 19, 2021, of his intention to leave.

10. Plaintiffs bring this action for (a) breach of contract; (b) violation of the Defend Trade Secrets Act of 2016, 18 U.S.C. § 1836 (the “DTSA”); (c) violation of the Minnesota Uniform Trade Secrets Act, Minn. Stat. § 325 (“MUTSA”); (d) tortious interference with business relations; (e) constructive trust and unjust enrichment; (f) breach

of fiduciary duty; (g) civil conspiracy, and (h) tortious interference with contract to stop Defendants' illegal actions and obtain redress for the harm they have caused Plaintiffs.

PARTIES

11. St. Jude Medical S.C., Inc., is a Minnesota corporation with a place of business at One St. Jude Medical Drive, St. Paul, MN.

12. Abbott Laboratories Inc. is a Delaware corporation with its principal place of business in Abbott Park, Illinois.

13. Abbott Laboratories is organized under the laws of the State of Illinois and has its principal place of business in Abbott Park, Illinois.

14. Abbott Laboratories is the ultimate parent of St. Jude Medical S.C., Inc., and Abbott Laboratories Inc., and as such all three entities are affiliates of each other.

15. Biotronik, Inc., is a Delaware corporation with its principal place of business in Lake Oswego, Oregon. According to the Office of the Minnesota Secretary of State, Biotronik, Inc. is a foreign corporation registered to do business in Minnesota since May 27, 2015.

16. John N. Phillips is a resident and citizen of Pennsylvania.

JURISDICTION AND VENUE

17. This Court has subject matter jurisdiction over the claim asserting violation of the DTSA under 28 U.S.C. § 1331. The Court has supplemental jurisdiction over the remaining state law claims under 28 U.S.C. § 1367 because those claims are so closely related to Plaintiffs' federal claim for misappropriation of trade secrets under the DTSA that they form part of the same case or controversy.

18. This Court has personal jurisdiction over Phillips because he has consented to this Court's jurisdiction over him. Ex. 1 ¶ 10H.

19. The forum selection clause in Phillips's Employment Agreement may be enforced against Biotronik because it engaged Phillips as its agent for purposes of carrying out its illicit plot while Phillips was still employed by St. Jude, with full knowledge that disputes arising out of and relating to Phillips's Employment Agreement with St. Jude would be subject to the Employment Agreement's forum-selection clause, and because Biotronik's conduct in engaging Phillips and otherwise ratifying and benefitting from his conduct is closely related to Phillips's contractual relationship with St. Jude giving rise to this action.

20. Biotronik has admitted that this Court has personal jurisdiction over it. *See St. Jude Medical S.C., Inc., v. Christopher Delgado and Biotronik, Inc.*, No. 14-cv-04418 (D. Minn.).

21. Venue is proper in this Court because St. Jude and Phillips irrevocably agreed that "[a]ll actions or proceedings relating to [Phillips] Agreement" with St. Jude "will be tried and litigated only in the Minnesota State or Federal Courts located in Ramsey County, Minnesota." Ex. 1 ¶ 10H. Additionally, venue is proper under 28 U.S.C. § 1391 because this Court has personal jurisdiction over Defendants.

FACTS

The Cardiac Rhythm Management Market

22. Plaintiffs are among the leaders in the cardiac rhythm management space and manufacture and sell CRM devices to physicians and hospitals. CRM products are a subset

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