

United States Court of Appeals For the First Circuit

No. 20-1515

COVIDIEN LP; COVIDIEN HOLDING INC.,

Plaintiffs, Appellants,

v.

BRADY ESCH,

Defendant, Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MASSACHUSETTS

[Hon. Nathaniel M. Gorton, U.S. District Judge]

Before

Howard, Chief Judge,
Thompson, Circuit Judge,
and Gelpí,* Chief District Judge.

Mark C. Fleming, with whom Tasha J. Bahal, Adam M. Cambier,
Matthew C. Tymann, and WilmerHale LLP were on brief, for
appellants.

Lita M. Verrier, with whom Andrew L. Margulis and Ropers
Majeski, PC were on brief, for appellee.

April 8, 2021

* Of the District of Puerto Rico, sitting by designation.

GELPÍ, Chief District Judge. This appeal arises from a contract action under Massachusetts law brought by appellants Covidien LP and Covidien Holding Inc. (collectively, "Covidien") against appellee Brady Esch, a former employee who assigned medical device patent rights to a company he subsequently founded. Following a nine-day trial, a jury found that Esch incurred in a breach of confidential information and awarded Covidien \$794,892.24 in damages. Next, Covidien moved for a declaratory judgment asking that Esch be required to assign to it the inventions he made subsequently. The district court denied this request. Before this Court is Covidien's appeal of said post-trial ruling. Finding that the district court did not abuse its discretion, we affirm.

I.

A. Factual Background

Brady Esch began working for Covidien, a global healthcare company and manufacturer of medical devices and supplies, in 2009 when Covidien acquired his former employer, VNUS Technologies. In December 2009, Esch signed a Non-Competition, Non-Solicitation, and Confidentiality Agreement ("Employment Agreement"). During his employment, Esch's work focused on the field of Endovenous ("EV") products or venous radiofrequency ("RF") ablation devices, which are used to treat superficial venous disease, commonly known as "varicose veins." Esch spent much of

his time at the company working with an eight-person team on a confidential global project, Project Cattleya, aimed at developing features for a new medical device to treat varicose veins.

In 2013 Esch, who then served as Director of Global Strategic Marketing, was terminated and signed a Separation of Employment Agreement and General Release ("Separation Agreement"). The same incorporated provisions from Esch's Employment Agreement.

Subsection II.A of the Employment Agreement provides that Esch must disclose to Covidien all "Inventions" created during his employment with the company or within one year after leaving the company. Specifically, it reads:

You shall promptly disclose to the Company all Inventions (as defined in Subsection II.B), which are made or conceived by you, either alone or with others, during the term of your employment with the Company, whether or not during working hours. Such Inventions directly or indirectly relate to matters within the scope of your duties or field of responsibility during your employment with the Company, or are aided by the use of the time, materials, facilities, or information of the Company. You will not assert any rights under or to any Inventions as having been made or acquired prior to being employed by the Company unless such Inventions have been identified to the Company in writing on a document signed by you at the time of hire. In addition, in order to avoid any dispute as to the date on which Inventions were made or conceived by you, they shall be deemed to have been made or conceived during your employment with the Company if you take affirmative steps to have them reduced to practice either during the term of your employment or within one year after separation from employment.

Subsection II.B of the Employment Agreement broadly defines "Invention" to include "whether or not patentable or copyrightable, the conception, discovery or reduction to practice of any new idea, technology, device, method, design, trade secret, composition of matter or any improvement thereto." Subsection II.C of the Employment Agreement further provides that Esch:

[A]gree[s] that all Inventions that are, or are deemed to be, made or conceived by [him] during employment with the Company shall, to the extent permitted by law, be the exclusive property of the Company and [he] hereby assign[s] to the Company [his] entire worldwide right, title, and interest in and to any and all such Inventions.

Additionally, Subsection I.A of the Employment Agreement provides that Esch agrees not to disclose "to any other person or organization, or make or permit any use of" any of Covidien's "Confidential Information," which is defined in Subsection I.B.

Section 4(d) of the Separation Agreement, in turn, establishes that "any provisions of [the Employment Agreement] concerning the disclosure or ownership of inventions, methods, processes or improvements shall continue in full force and effect and shall not be superseded by any provision [thereof]." Section 4(d) further reiterates that Esch shall continue to abide by all previous agreements with respect to non-disclosure of "Confidential Information."

Shortly after Esch left Covidien, in February 2014, he

incorporated Venclose Inc. ("Venclose"), a closely-held company that would manufacture and sell a medical device to treat varicose veins. In March 2014, Esch filed Provisional Patent Application No. 61/970,498 ("the '498 Patent Application") which described the design, technology, and improvement to venous RF ablation devices. Then, in 2015, Esch and several other inventors filed Utility Patent Application No. 14/670,338 ("the '338 Patent Application") and a Foreign Patent Cooperation Treaty Application with the United States Patent and Trademark Office ("USPTO"), PCT/US2015/022849 ("the PCT Patent Application") (all three collectively, "Patent Applications"). He also filed a document with the USPTO that assigned all rights to the '338 Patent Application to Venclose.

B. Procedural Background

In November 2016, Covidien filed a five-count complaint against Esch in the United States District Court seeking declaratory judgment to the effect that Esch assign his rights, title, and interest in the Patent Applications to Covidien (Count I). Additionally, Covidien alleged that Esch breached his obligations under the Employment and/or Separation Agreements by failing to disclose "Inventions" (Count II), failing to abide by an implied covenant of good faith and fair dealing (Count III), and disclosing "Confidential Information" (Counts IV and V).

The district court issued a preliminary injunction in favor of Covidien, enjoining Esch and his agents from making,

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