

# Medinol: Boston Scientific stole NIR technology

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Medinol, controlled by Drs. Kobi and Judith Richter, filed an extremely angry lawsuit in Federal Court in New York on Thursday against Boston Scientific. Boston Scientific holds 20% of Medinol and was on the verge of acquiring complete ownership of the company. Medinol announced it is claiming that Boston Scientific attempted to steal its technology for manufacturing NIR stents, "the company's main product."

Medinol is asking the Court to require Boston Scientific to pay compensatory and punitive damages, the amount of which it leaves to the Court's discretion. Also named as respondents in the suit were Boston Scientific chairman Peter M. Nicholas, CFO Lawrence C. Best, and Michael Berman, who recently served as president of Scimed, Boston Scientific's cardiology division.

The claim centers around the founding of BBD by Boston Scientific in 1998 in Dublin, Ireland. According to Medinol, BBD was a dummy corporation, designed to enable Boston Scientific to secretly set up a NIR production line to replace Medinol's line. Medinol's claim relies to a large degree on information and documents supplied by former Boston Scientific CEO James Tobin, who Medinol said refused to cooperate in the plot to steal the technology behind Medinol's NIR stents.


Tobin gave the information to Medinol last April, after Boston Scientific's accountants, Ernst & Young, refused to submit BBD's falsified reports to the Irish authorities. Medinol quotes Tobin as saying that he had not known he was dealing with such crooks and that he is ashamed to represent such a dishonest company.

Among other things, Medinol is alleging that the BBD is a dummy corporation, whose initials stand for "Bringing a Better Deal," than Boston Scientific had with Medinol. According to Medinol, the Irish branch of Boston Scientific provided the equipment and know-how required to operate the dummy corporation, after it had been claimed that this branch would openly manufacture NIR. Medinol claimed that the entire plot was designed to enable Boston Scientific to avoid paying royalties for manufacturing NIR stents, as required by the 1995 agreement between Medinol and Boston Scientific.

Medinol is in effect asking the Court to terminate the company's relations with Boston Scientific by invalidating Boston Scientific's rights, as determined in the agreement between the two companies. Medinol is also asking the court to receive marketing rights for NIR stents, and asking for the right to use Boston Scientific's distribution network in order to receive what it claims to be its just rights.

It is practically certain that filing the claim eliminates any possible remaining chance for the sale of control of Medinol to Boston Scientific. According to reports in recent months, the Richter couple demanded billions of dollars for control of the company, while Boston Scientific was willing to pay "only" \$2-2.5 billion in cash.

The Boston Scientific share plunged 8.6% with the announcement of the claim, in contrast with the surge posted by the leading New York stock exchange indices. Boston Scientific had not responded to the claim as of web posting.

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