

Medinol wins legal battle over stent

Boston Scientific infringing on patent, German court rules, in 'first round'

By Ami Ginsburg

Haaretz Correspondent

More than two years after the legal bout began, medical equipment maker Medinol yesterday chalked up its first win against arch rival Boston Scientific.

"The walls of Jericho didn't fall, either, until they had been circled seven times," Medinol vice president Tamarra Sogor said yesterday. "This is the first round and there will be more."

A court in Dusseldorf ruled yesterday that Boston Scientific's Express stent is an infringement of a Medinol patent. A stent is a metal component inserted in cardiac arteries. It supports the sides of the artery against collapse.

Boston Scientific formerly was the exclusive distributor of stents developed by Medinol, but in early 2001, when talks to buy the Israeli company ran aground, the U.S. healthcare company began marketing a stent it had developed and manufactured in-house.

The German verdict states that the Express makes use of Medinol's intellectual property. The court ruled that Medinol is entitled to demand Boston Scientific stop selling the Express in Germany, the largest European stent market; recall the entire inventory already distributed; and pay

compensation. The ruling also states that Boston Scientific must open its books to Medinol in order to determine the compensation amount.

"We are going to stop them from using our stents worldwide," controlling shareholder Kobi Richter said yesterday in an interview with news service Bloomberg. He added that a court in Holland will also soon rule on the intellectual property issue, in Medinol's favor according to Richter.

Boston Scientific's spokeswoman in Israel said in response that, "Boston Scientific believes it is not infringing a patent and this will be proven on appeal." The company added that the ruling applies only to a German subsidiary and not to the parent company.

"The Boston response is understandable, they are trying to control the damage," Medinol CEO Judith Richter said yesterday. "But it is a loss in a big trial. In addition, the Express is the basis for the drug-coated stent on which its future plans rely." She said she could not yet estimate the scope of financial compensation.

Some analysts estimate that the launch of drug-coated stents – designed to reduce injuries to arterial walls during insertion – will double the size of the global stent market within four years. In the United States, stents are already a \$2-billion-a-year business.